



U.S. Citizenship
and Immigration
Services

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: May 24, 2011

Re:

RCW1031910157/City of Dallas
RCW1031910300/City of Dallas (Amendment)
RCW1031910302/City of Dallas (Amendment)
RCW1031910309/City of Dallas (Amendment)

This memo is in reference to request for four (4) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W/RCW-files, please return the W/RCW-files to the California Service Center, attention – SAO George Eberling, Work Station 22141, after your office has fulfilled the FOIA requests.



U.S. Citizenship
and Immigration
Services

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: January 5, 2011

Re: W08001180/Regional Center Properties Inc
W09001390/Regional Center Properties Inc (Amendment)
W09001860/New York Proton Regional Center LLC
W09000080/City of Dallas Regional Center
W09001660/City of Dallas Regional Center (Amendment)
W09002190/City of Dallas Regional Center (Amendment)
W09002570/City of Dallas Regional Center (Amendment)
W09001940/Manhattan Regional Center LLC

This memo is in reference to request for eight (8) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W-files, please return the W-files to the California Service Center, attention – SAO George Eberling, Work Station 24064, after your office has fulfilled the FOIA requests.

CALIFORNIA SERVICE CENTER ROUTING SLIP

WAC / WSC # _____

A # _____

Rev.08/26/09

USCIS Director (AA003) Deputy Director (AA002) Special Assistant (AA007) Duty Officer

<p>ASST</p> <p><input type="checkbox"/> QA Incoming: <u>EX801</u></p> <p><input type="checkbox"/> MR Returns: _____</p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION I</p> <p><input type="checkbox"/> Incoming: <u>AD477</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION II</p> <p><input type="checkbox"/> Incoming: <u>EX925</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION III</p> <p><input type="checkbox"/> Incoming: <u>EX641</u></p> <p><input type="checkbox"/> QA Corrections: <u>ET116</u></p> <p><input checked="" type="checkbox"/> W/S: <u>24066</u></p> <p>ATTN: _____</p>
<p>DIVISION IV</p> <p><input type="checkbox"/> Incoming: <u>EX641</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION VII</p> <p><input type="checkbox"/> CPAU Incoming: <u>RS601</u></p> <p><input type="checkbox"/> CFF Incoming: <u>RS902</u></p> <p><input type="checkbox"/> RRU BIA <u>RS339</u></p> <p><input type="checkbox"/> RRU Incoming: <u>RS554</u></p> <p style="font-size: small;">Outside</p> <p><input type="checkbox"/> RRU Ponds: <u>W/S 24201</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION VII</p> <p><input type="checkbox"/> N-400 Incoming: <u>RS274</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION X - Background Check Unit</p> <p><input type="checkbox"/> Rap Sheets/ EPS Incoming: <u>AD800</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>
<p>DIVISION V</p> <p><input type="checkbox"/> Incoming: <u>EX641</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION VII/COUNSEL</p> <p><input type="checkbox"/> Incoming: <u>WR000</u></p> <p><input type="checkbox"/> CSC Counsel</p> <p><input type="checkbox"/> ATTN: _____</p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>SCOSS</p> <p><input type="checkbox"/> NTA Shelf (TPS / 1-485 / 1-751 / 1-539 B1/B2 / 1-360- / Misc.): <u>RC445</u></p> <p><input type="checkbox"/> Non-EPS Incoming (1-485 / 1-130 / Misc.): <u>RC448</u></p>	
<p>DIVISION VI</p> <p><input type="checkbox"/> Incoming: <u>EX641</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION XII</p> <p><input type="checkbox"/> Incoming: <u>EX619</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>DIVISION XI/CFDO</p> <p><input type="checkbox"/> CFDO: <u>DU000</u></p> <p><input type="checkbox"/> Incoming: <u>H1B ASVVP</u></p> <p><input type="checkbox"/> Incoming: <u>AD701</u></p> <p><input type="checkbox"/> Religious Worker Incoming: <u>AD700</u></p> <p><input type="checkbox"/> W/S: _____</p> <p>ATTN: _____</p>	<p>SCOSS</p> <p>ATTN: _____</p> <p>W/S: _____</p> <p>RPC: _____</p>
<p><input type="checkbox"/> NRC Hold Approved: _____</p> <p><input type="checkbox"/> NRC Hold Denied: <u>RC417</u></p> <p><input type="checkbox"/> HBG Hold Approved: _____</p> <p><input type="checkbox"/> HBG Hold Denied: <u>RC418</u></p>	<p><input type="checkbox"/> Return to JIT * <u>RC419</u></p> <p style="font-size: small;">* Specify application / petition type in Comments field below</p> <p><input type="checkbox"/> SCAN CR I-89 / 698 / 829: <u>RC318</u></p> <p><input type="checkbox"/> FR Backend Appeal Pod: <u>RC410</u></p>	<p><input type="checkbox"/> Routing Hub: <u>RC422</u></p> <p>ATTN: _____</p> <p><input type="checkbox"/> CIS FTR Review Complete * <u>RC442</u></p> <p style="font-size: small;">* Attach sheet and / or file</p>	<p><input type="checkbox"/> BCU/Non Top 4 Shelf: <u>RC441</u></p> <p><input type="checkbox"/> BCU Top 4 Shelf: <u>RC441</u></p> <p>ATTN: _____</p> <p><input type="checkbox"/> FBI # / CIS Shelf: <u>RC441</u></p>
<p><input type="checkbox"/> NATZ Unit: <u>RC411</u></p> <p><input type="checkbox"/> NATZ Picklist: <u>RC436</u></p> <p><input type="checkbox"/> Interfiling: <u>WS23222</u></p> <p><input type="checkbox"/> Front End Request: <u>RC427</u></p>	<p><input type="checkbox"/> Backend Scan: <u>RC307</u></p> <p><input type="checkbox"/> SNAP Incoming: <u>RC302</u></p> <p><input type="checkbox"/> NBC 103 Hold (RFE / ITD): <u>RC449</u></p> <p><input type="checkbox"/> 103 Hold (RFE / ITD): <u>RC420</u></p> <p><input type="checkbox"/> I-512 Incoming: <u>RC313</u></p>	<p><input type="checkbox"/> Transfer to FCO: <u>RC421</u></p> <p><input type="checkbox"/> Transfer to NVC: <u>RC438</u></p> <p><input type="checkbox"/> FTC Incoming: <u>RC437</u></p> <p><input type="checkbox"/> I-130 Upgrades: <u>RC055</u></p>	<p><input type="checkbox"/> F/R A-File Create: <u>RC413</u></p> <p><input type="checkbox"/> File Consolidate: <u>RC423</u></p> <p><input type="checkbox"/> I-485 File Consolidate: <u>RC439</u></p> <p><input type="checkbox"/> Approved Awaiting I-89: <u>RC428</u></p>

Comments Below: _____

EBS Rc proposal (RFE)

If not pre-printed on form - include entire WS number
Rev. 08/26/09

Note: The current printable format can be found @ O:\Common\Forms\CSC Routing Slip. Incomplete or outdated routing slip

From: **SCOSS CORR UNIT** Date: **08/27/09** Ext: **3030** RPC: **256** DIV: **AL3100621**

Receipt # W09 000 080		Application/Petition REGIONAL CENTER PROPOSAL
Notice Date March 11, 2009	Page 1 of	City of Dallas Regional Center

Karl Zavitkovsky
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm Street, Suite 4100, Lock Box 50
Dallas, TX 75279

Request for Evidence

IMPORTANT: WHEN YOU HAVE COMPLIED WITH THE INSTRUCTIONS ON THIS FORM, RESUBMIT THIS NOTICE ON TOP OF ALL REQUESTED DOCUMENTS AND /OR INFORMATION TO THE ADDRESS BELOW. THIS OFFICE HAS RETAINED YOUR PETITION/APPLICATION WITH SUPPORTING DOCUMENTS.

THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS 24066 /CSC1276 DIV III

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

History Inquiry For W009000085

Page 1 of

History Inquiry For W009000085

File #	Seq	Transaction Date	Transaction	Office	Performed By	Detail
W009000085	000	04/15/2009 03:19:24 PM	Charge Out	WSC	MEE LEE	File W009000085 has been charged out from Section RC and Responsible Party 0256.
W009000085	000	04/15/2009 03:17:22 PM	New Add	WSC	MEE LEE	New Add of file number W009000085 was successful.

AL3100621 REC'D CSC 03/08/09 11:46

SpencerCrain › Unprecedented.SM

Spencer Crain Cabbage Healy & McNamara pllc

Elise A. Healy
Direct: 214.290.0004
Main: 214.290.0000
ehealy@spencercrain.com

August 24, 2009

ATTN: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

Ref: W09 000 080
City of Dallas Regional Center Proposal
Our File No. 277-001

Dear Adjudication Officer:

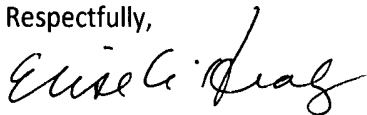
On August 11, 2009, I filed on behalf of the City of Dallas a response to the RFE issued in the above-captioned matter. One item requested in the RFE was a letter, pursuant to 8 CFR §204.6(i), from the Governor of Texas to the USCIS Chief of Service Center Operations, delegating authority to certify that a geographic or political subdivision of the state meets the criteria to qualify as an EB-5 Targeted Employment Area as defined in the regulations.

In the RFE response, we submitted a copy of a letter from the late governor, Ann Richards, to the predecessor US Immigration & Naturalization Service Associate Commissioner for Examinations. On August 19, 2009, the current Governor of Texas, Rick Perry, issued a similar letter addressed to Barbara Q Velarde, Chief, Service Center Operations, US Citizenship & Immigration Services.

I enclose a copy of Governor Perry's letter, and ask that you annex it to the City of Dallas' Regional Center proposal file.

Should you have any questions, do not hesitate to contact me.

Respectfully,



Elise A. Healy
Attorney at Law

CC: Karl Zavitkovsky; Jason T. Barnes
By Federal Express



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

August 19, 2009

Ms. Barbara Q. Velarde
Chief, Office of Service Center Operations
U.S. Citizenship and Immigration Services
20 Massachusetts Avenue, NW, MS #2060
Washington, D.C. 20529-2060

RE: State Designation of Local Government Authority to Certify High Unemployment Areas
In Accordance with 8 CFR §204.6(i)

Dear Chief Velarde:

Pursuant to 8 CFR §204.6(i), an official of the state must notify the legacy U.S. Immigration and Naturalization Service Associate Commissioner of Examinations, now your office, of the agency, board or other appropriate governmental body of the state which shall be delegated the authority to certify that a geographic or political subdivision meets the necessary employment rate qualifications to participate the EB-5 immigrant investor visa program.

In compliance with this regulation, I, Rick Perry, Governor of the State of Texas, hereby designate the local mayors of cities or towns located within a metropolitan statistical area, or cities or towns with a population of 20,000 or more, as the appropriate body of the state to certify that a particular geographic or political subdivision meets the necessary criteria to participate in the EB-5 program.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry".

Rick Perry
Governor

RP:khp

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



Ship Date: 24AUG09
ActWgt: 1.0 LB
CAD: 4876583/INET9080
Account#: S *****

Delivery Address Bar Code

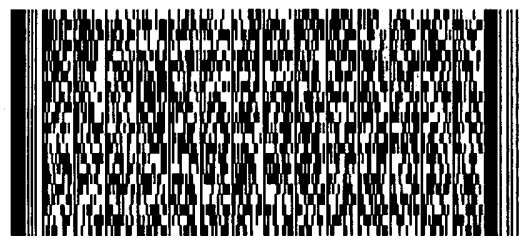


SHIP TO: (214) 290-0004 BILL SENDER
ATTN: EB-5 RC PROPOSAL
USCIS CALIFORNIA SERVICE CENTER
24000 AVILA RD FL 2

LAGUNA NIGUEL, CA 92677

Ref # 277-001
Invoice #
PO # **AM AUG 25 2009**
Dept #

Handwritten signature
STAMP #144

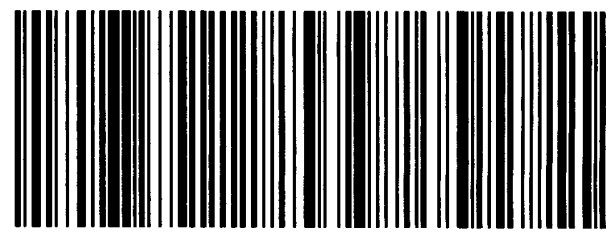


TRK# 7968 8605 7079
0201

TUE - 25AUG A2
PRIORITY OVERNIGHT

A7 JORA

92677
CA-US
SNA



After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

CALIFORNIA SERVICE CENTER ROUTING SLIP

WAC / WSC # _____

A # _____

Rev. 07/17/09

USCIS Director (AA003) Deputy Director (AA002) Special Assistant (AA007) Duty Officer

AST	DIVISION I	DIVISION II	DIVISION III
<input type="checkbox"/> QA Incoming: <u>EX801</u> <input type="checkbox"/> MR Returns: _____ <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>AD477</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>EX925</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>EX641</u> <input type="checkbox"/> QA Corrections: <u>ET116</u> <input checked="" type="checkbox"/> W/S: <u>24066</u> ATTN: _____

DIVISION IV	DIVISION VI	DIVISION VII	DIVISION X: Background Check Unit
<input type="checkbox"/> Incoming: <u>EX641</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> CPAU Incoming: <u>RS601</u> <input type="checkbox"/> CFF Incoming: <u>RS902</u> <input type="checkbox"/> FOIA Incoming: <u>RS337</u> ATTN: _____	<input type="checkbox"/> N-400 Incoming: <u>RS274</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Rap Sheets/ EPS Incoming: <u>AD800</u> W/S: _____ ATTN: _____

DIVISION V	DIVISION VIII	DIVISION VII/COUNSEL	DIVISION X
<input type="checkbox"/> Incoming: <u>EX641</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> RRU Incoming: <u>RS554</u> Outside <input type="checkbox"/> RRU Ponds: <u>W/S 24201</u> <input type="checkbox"/> RRU BIA <u>RS339</u> Incoming: _____ W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>WR000</u> CSC Counsel ATTN: _____ W/S: _____ ATTN: _____	<input type="checkbox"/> W/S: _____ ATTN: _____

DIVISION VI	DIVISION XII	DIVISION XI/CFDO	SCOSS
<input type="checkbox"/> Incoming: <u>EX641</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>EX619</u> <input type="checkbox"/> Correspondence / I-130 Upgrades: <u>SZ743</u> <input type="checkbox"/> Incoming Congressional: <u>CG709</u> W/S: _____ ATTN: _____	<input type="checkbox"/> CFDO: <u>DU000</u> Incoming: _____ <input type="checkbox"/> H1B ASVVP Incoming: <u>AD701</u> <input type="checkbox"/> Religious Worker Incoming: <u>AD700</u> W/S: _____ ATTN: _____	<input type="checkbox"/> NTA Shelf (TPS / I-485 / I-751 / I-539 B1/B2 / I-360 / Misc.): <u>RC445</u> <input type="checkbox"/> Non-EPS Incoming (I-485 / I-130 / Misc.): <u>RC448</u>

SCOSS ATTN: _____ W/S: _____ RPC: _____

<input type="checkbox"/> NRC Hold Approved: _____ <input type="checkbox"/> NRC Hold Denied: <u>RC417</u> <input type="checkbox"/> HBG Hold Approved: _____ <input type="checkbox"/> HBG Hold Denied: <u>RC418</u>	<input type="checkbox"/> Return to JIT * <u>RC419</u> * Specify application / petition type in Comments field below <input type="checkbox"/> SCAN CR I-89 / 698 / 829: <u>RC318</u> <input type="checkbox"/> FR Backend Appeal Pod: <u>RC410</u>	<input type="checkbox"/> Routing Hub: <u>RC422</u> ATTN: _____ <input type="checkbox"/> CIS FTR Review Complete * <u>RC442</u> * Attach sheet and / or file	<input type="checkbox"/> BCU/Non Top 4 Shelf: <u>RC441</u> <input type="checkbox"/> BCU Top 4 Shelf: <u>RC441</u> ATTN: _____ <input type="checkbox"/> FBI # / CIS Shelf: <u>RC441</u>
<input type="checkbox"/> NATZ Unit: <u>RC411</u> <input type="checkbox"/> NATZ Picklist: <u>RC436</u> <input type="checkbox"/> Interfiling: <u>WS23222</u> <input type="checkbox"/> Front End Request: <u>RC427</u>	<input type="checkbox"/> Backend Scan: <u>RC307</u> <input type="checkbox"/> SNAP Incoming: <u>RC302</u> <input type="checkbox"/> NBC 103 Hold (RFE / ITD): <u>RC449</u> 103 Hold (RFE / ITD): <u>RC420</u> <input type="checkbox"/> I-512 Incoming: <u>RC313</u>	<input type="checkbox"/> Transfer to FCO: <u>RC421</u> <input type="checkbox"/> Transfer to NVC: <u>RC438</u> <input type="checkbox"/> FTC Incoming: <u>RC437</u> <input type="checkbox"/> I-130 Upgrades: <u>RC055</u>	<input type="checkbox"/> F/R A-File Create: <u>RC413</u> <input type="checkbox"/> File Consolidate: <u>RC423</u> <input type="checkbox"/> I-485 File Consolidate: <u>RC439</u> <input type="checkbox"/> Approved Awaiting I-89: <u>RC428</u>

Comments Below:

EB5 RC proposal RFE)

If not pre-printed on form - include entire WS number
Rev. 07/17/09

Note: The current printable format can be found @ O:\Common\Forms\CSC Routing Slip. Incomplete or outdated routing slip

From: **SCOSS CORR UNIT** Date: **08/13/09** Ext: **3030** RPC: **256** DIV: **AL3100621**

In Transit Inquiry For W009000085

File #	Seq	Office	In Transit Date	In Transit To
In Transit Information for file W009000085 was not found.				

Name: MEE LEE Logout
 Resp Code: 0256
 W009000085 Search
 Search For ONLY Specified File Prefix?
 on or after:
 History Comments Consolidation
 Clear Exit

General Inquiry For W009000085

File #	Seq	Office	Status/Last Action	Location
W009000085	000	WSC	Status: IN TRANSIT Audit Date: 04/15/2009 03:17:22 PM Last Action: 04/15/2009 03:19:23 PM Charge Out	Sect: RC - RECORDS/FMUJ Resp: 0256 - WS23256 M/R SUPV

History Inquiry For W009000085

History Inquiry For W009000085

File #	Seq	Transaction Date	Transaction	Office	Performed By	Detail
W009000085	000	04/15/2009 03:19:24 PM	Charge Out	WSC	MEE LEE	File W009000085 has been charged out from Section RC and Responsible Party 0256.
W009000085	000	04/15/2009 03:17:22 PM	New Add	WSC	MEE LEE	New Add of file number W009000085 was successful.

		Application/Petition REGIONAL CENTER PROPOSAL
Receipt # W09 000 080		
Notice Date March 11, 2009	Page 1 of	City of Dallas Regional Center

Karl Zavitkovsky
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm Street, Suite 4100, Lock Box 50
Dallas, TX 75279

Request for Evidence

IMPORTANT: WHEN YOU HAVE COMPLIED WITH THE INSTRUCTIONS ON THIS FORM, RESUBMIT THIS NOTICE ON TOP OF ALL REQUESTED DOCUMENTS AND /OR INFORMATION TO THE ADDRESS BELOW. THIS OFFICE HAS RETAINED YOUR PETITION/APPLICATION WITH SUPPORTING DOCUMENTS.

THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS_24066_/CSC1276 DIV III

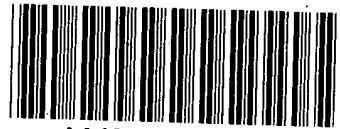
RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until June 3, 2009 in which to submit the information requested.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

You will be notified separately about any other applications or petitions you filed. Save a photocopy of this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES CALIFORNIA SERVICE CENTER Attn: EB 5 RC Proposal P.O. BOX 10590 LAGUNA NIGUEL, CA 92607-0526	 W09 000 085
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REC'D CSC 09/03/09 6:43 AM 10010105

Additional Information for Applicants and Petitioners

General:

The filing of an application or petition does not in itself allow a person to enter or remain in the United States and does not confer any other right or benefit.

Inquiries:

If you do not hear from us within the processing time given on this notice and you want to know the status of this case, contact your local INS office.

You should also contact your local INS office if you have questions about this notice.

Please have this form with you whenever you contact a local office about this case.

Requests for Evidence:

If this notice asks for more evidence, you can submit it or you can ask for a decision based on what you have already filed. When you reply please include a copy of the other side of this notice and also include any papers attached to this notice.

Reply Period:

If this notice indicates that you must reply by a certain date and you do not reply by that date, then we will issue a decision based on the evidence on file. No extension of time will be granted. After we issue a decision any new evidence must be submitted with a new application or petition, motion or appeal, as discussed under "Denials."

Approval of a Petition:

Approval of an immigrant or nonimmigrant petition means that the person for whom it was filed, called the beneficiary, has been found eligible for the requested classification. However, approval of a petition does not give any status or right. Actual status is given when the beneficiary is given the proper visa and uses it to enter the United States. Please contact the appropriate U.S. Consulate directly if you have any questions about visa issuance.

For nonimmigrant petitions, the beneficiary should contact the consulate after he or she receives our approval notice. For approved immigrant petitions, the beneficiary should wait to be contacted by the consulate.

If the beneficiary is now in the United States and believes he or she may be eligible for the new status without going abroad for a visa, then he or she should contact a local INS office about applying here.

Denials:

A denial means that, after every consideration, INS has concluded that the evidence submitted does not establish eligibility for the requested benefit.

If you believe there is more evidence that will establish eligibility, you can file a new application or petition or you can file a motion to reopen this case. If you believe the denial is inconsistent with precedent decisions or regulations, you can file a motion for reconsideration.

If the front of this notice states that this denial can be appealed and you believe the decision is in error, you can file an appeal.

You can obtain more information about these processes from your local INS office.

In accordance with Federal Register Notice dated Jan 9, 2009, and effective Jan 26, 2009, your case has been relocated to the California Service Center for processing.

What is the Immigrant Investor Pilot Program?

The Immigrant Investor Pilot Program ("Pilot Program") was created by Section 610 of Public Law 102-395 (October 6, 1992). This is different in certain ways from the basic EB-5 investor program.

The Pilot Program began in accordance with a Congressional mandate aimed at stimulating economic activity and creating jobs for U.S. workers, while simultaneously affording eligible aliens the opportunity to become lawful permanent residents. Through this innovative program, foreign investors are encouraged to invest funds in an economic unit known as a "Regional Center."

A Regional Center is defined as any economic unit, public or private, engaged in the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment.

8 CFR 204.6 (m)(3) describes specific evidence that must be submitted before consideration for eligibility for this benefit may proceed. After review of your proposal in the light of these requirements, the following information, evidence or clarification is needed to proceed.

It is always best to start with a cover letter that acts as an executive summary followed by a table of contents of the various tabbed sections to follow.

Regional Center's Operational Plan- Amount and Source of the Regional Center's Operating Capital (8 CFR 204.6(m)(3)(iii)):

A proposal must include a detailed statement regarding the amount and source of the capital that has been committed to the Regional Center. USCIS has interpreted the words, "amount and source of capital that has been committed to the Regional Center" to mean the capital sufficient to sustain the Regional Center distinct from immigrant investors' required capital investment in a new commercial enterprise within the Regional Center.

The detailed statement that is required to meet the regulatory requirement relating to the amount and source of capital committed to the Regional Center should include:

- The exact amount of funds that have been dedicated to the Regional Center to accomplish the goals of the Immigrant Investor Pilot Program;
- The source of such funds;
- Whether the amount is sufficient to sustain the Regional Center; and
- Evidence that the funds have already been committed to the Regional Center.

None of the capital sustaining the Regional Center can come from immigrant investors' required threshold capital investment (as distinct from the new commercial enterprises' revenues). This separation of funds is necessary to enable the alien entrepreneur to qualify for the EB-5 immigrant investor classification.

The documentation submitted to date does not adequately address this issue. Please submit additional documentation which established how the Regional Center will be sustained. This is needed before a regional center can be approved.

Overall Economic Impact of the Regional Center (8CFR 204.6(m)(3)(iv):

Submit a complete and valid economic analysis sufficiently detailed to predict the *overall economic impact to be made by the Regional Center*. This can be combined with items relating to job creation and impact of the Regional Center.

The Business Approach and Structure of the Regional Center (INA 610(a)):

The business aspects of the Regional Center must be fully explained as to its structure. This aspect of a proposal includes, but is not limited to, the following basic elements or samples of them *as applicable to the business approach and structure to be used by the Regional Center*:

- An overall Business Plan - mandatory (with milestones, dates, cost for each project, number of investors for each project and plans for creating the jobs within two years after the investor obtains conditional resident status)
- Draft Operating Agreement
- Draft Partnership Agreement
- Draft Subscription Agreement
- Draft Escrow Agreements and Instructions (one for capital and one for any service fees).
- List of proposed reputable financial institutions to serve as the Escrow Agent(s).
- Draft of an Offering Letter, Memorandum, Confidential Private Placement Memorandum, or similar offering made in writing to an immigrant investor through the Regional Center.
- Draft Memorandum of Understanding, Interagency Agreement, Contract, Letter of Intent, Advisory Agreement, or similar agreement to be entered into with any other party, agency or organization to engage in activities on behalf of or in the name of the Regional Center.
- Articles of Incorporation from the State for the Regional Center

Administrative Oversight (8 CFR 204.6)):

The regulations at 8 CFR 204.6(m)(6), require that an approved Regional Center in order to maintain the validity of its approval and designation, must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital

investment. Therefore, in order for USCIS to determine whether an approved and designated Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

Submit a description of your plans to administer, oversee, and manage the proposed Regional Center, including but not limited to such things as to identify, assess and evaluate proposed immigrant investor projects and enterprises; how the proposed Regional Center would perform "due diligence" as to whether investment capital to be sought will consist solely of alien investor capital or a combination of alien investor capital and domestic capital; how to monitor all investment activities affiliated, through or under the sponsorship of the proposed Regional Center, and to maintain records, data and information on projects, investors, business activities, etc., in order to report to USCIS for each Federal Fiscal Year. This is known as "due diligence" and is coupled with "oversight reporting responsibilities" to be fully explained if approved and designated.

Targeted Employment Area (8 CFR 204.6(i):

With respect to the process by which a High Unemployment Area (USCIS TEA) is designated by the State, the exact and complete relevant language of the regulation that covers this may be found at 8 CFR 204.6(i), where it reads as follows:

State designation of a high unemployment area. The state government of any state of the United States may designate a particular geographic or political subdivision located within a metropolitan statistical area or within a city or town having a population of 20,000 or more within such state as an area of high unemployment (at least 150 percent of the national average rate). Evidence of such designation, including a description of the boundaries of the geographic or political subdivision and the method or methods by which the unemployment statistics were obtained, may be provided to a prospective alien entrepreneur for submission with Form I-526. Before any such designation is made, an official of the state must notify the... [Chief, Office of Service Center Operations]... of the agency, board, or other appropriate governmental body of the state which shall be delegated the authority to certify that the geographic or political subdivision is a high unemployment area.

Therefore it is incumbent upon the state to notify USCIS which "governmental body of the state" has been delegated the authority by the Governor to certify that a geographic or political subdivision is a high unemployment area for purposes of being designated as a Targeted Employment Area (TEA) under USCIS regulations. It is left to the appropriate designee within the state to exercise its authority and utilize a method(s) of its choosing in obtaining the unemployment statistics.

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

A letter from the Governor of the state identifying the designated authority within the state to certify the geographic area(s) or political subdivision(s) within applicable metropolitan statistical areas as having high unemployment equal to 150% or more of the national unemployment rate would need to be addressed as follows and sent via Express Mail or courier service to:

Chief, Office of Service Center Operations
U.S. Citizenship and Immigration Services
20 Massachusetts Avenue, NW, MS 2060
Washington, DC 20529

Further clarification of the role of the state designated authority in the I-526 process is found at 8 CFR 204.6 (j) (6) (ii) (B) as follows:

(6) If applicable, to show that the new commercial enterprise has created or will create employment in a targeted employment area, the petition must be accompanied by:

.....

(ii) In the case of a high unemployment area:

.....

(B) A letter from an authorized body of the government of the state in which the new commercial enterprise is located which certifies that the geographic or political subdivision of the metropolitan statistical area or of the city or town with a population of 20,000 or more in which the enterprise is principally doing business has been designated a high unemployment area. The letter must meet the requirements of 8 CFR 204.6(i).

It is hoped that the above references and information will be of help to you and the appropriate officials of the state with respect to your interest in seeking to establish a Regional Center through the Immigrant Investor Pilot Program that would focus within the state.

Translations:

Any document containing a foreign language submitted to USCIS shall be accompanied by a full English translation that the translator has certified as complete and accurate, and by the translator's certification that he or she is competent to translate from the foreign language into English.

Copies:

Unless specifically required that an original document be filed with an application or petition, an ordinary legible photocopy may be submitted. Original documents submitted when not required will remain part of the record, even if the submission was not required.

Spencer Crain Cabbage Healy & McNamara PLLC

August 10, 2009

VIA FEDEX

US Citizenship & Immigration Services
California Service Center
ATTN: EB-5 RC PROPOSAL
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

Ref: City of Dallas Regional Center Proposal
Request for Evidence Response
Your File No.: W09 000 080
Our File No.: 0277-001

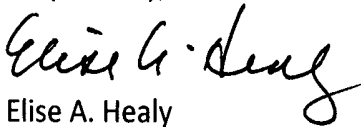
Dear Adjudication Officer:

This letter and the attached documents respond to the Request for Evidence (RFE) captioned above. My properly executed Form G-28 is on file. As noted in my request for an extension of time to file this response, the Office of the City Attorney of Dallas was required by law to review the Regional Center contract and the Dallas City Council was required to approve it. On June 24, 2009, the Dallas City Council voted to approve the agreement and the final contract was executed on August 10, 2009. I appreciate your forbearance with regard to the original June 3 deadline for submission of this RFE response.

This response and the accompanying documents address the issues in the order they are presented in the RFE. An Executive Summary sets forth the main points in summary fashion.

I trust you will review this letter and the accompanying documentation promptly and inform me of your decision at your earliest convenience.

Respectfully,



Elise A. Healy
Attorney at Law

Executive Summary

In response to the RFE, this supplement to the City of Dallas' original submission of November 2008 presents the following new evidence regarding the City of Dallas Regional Center (CDRC):

- I. Sustainability: Documentation demonstrating how the start-up operations of the CDRC will be sustained with \$300,000 in private capital commitments;
- II. Overall Economic Impact: A complete econometric analysis by Daniel Oney, Ph.D., economist with the City of Dallas Office of Economic Development (OED), setting forth the CDRC's overall job creation and economic impacts (in separate studies)*, and demonstrating compliance with EB-5 Regional Center job-creation requirements;
- III. CDRC Business Approach and Structure: A description of the CDRC's structure as a public-private partnership between the OED and Civitas Capital Management, LLC (CCM), with extensive supporting documentation;
- IV. Administration and Oversight: A description of CCM's plans for management of the CDRC pursuant to an exclusive, 10-year contract with the City of Dallas, including investment parameters, operations, reporting and oversight by the OED;
- V. Targeted Employment Areas (TEAs): An explanation of the CDRC's approach to investing in TEAs, along with documentation of the designation of TEAs within the CDRC.

*NOTE: Following are the specific targeted industries that the CDRC is requesting approval to invest in through the EB-5 Regional Center Program:

- Advanced Building Components and Systems
- Food Manufacturing
- Headquarters, Management & Administrative Operations
- Instruments Manufacturing
- Information Technology Services
- Logistics, Trade and Commerce
- Media, Entertainment & Amenities
- Telecommunications
- Transportation Equipment Manufacturing & Assembly
- Energy, Clean Tech and Environment
- Human Health, Education & Wellness
- Building, Development & Infrastructure

I. Regional Center's Operational Plan—Amount and Source of the Regional Center's Operating Capital (8 CFR 204.6(m)(3)(iii))

Documents Requested:

Please submit additional documentation which establishes how the Regional Center will be sustained.

RESPONSE:

The City of Dallas Regional Center and Civitas Capital Management, LLC

After reviewing a number of models for organizing a Dallas regional center, the City of Dallas Office of Economic Development (OED) determined that a private equity management company formed for the purpose of developing and operating the City of Dallas Regional Center (CDRC) will best align with OED's economic development activities and its existing business development and job-creation incentive programs.

Following a competitive bidding process as required by city ordinance, the OED selected Civitas Capital Management, LLC (CCM) to develop, manage and operate the City of Dallas Regional Center (CDRC). As is documented more fully below, CCM is organized as a for-profit private equity investment company. The City of Dallas and CCM entered into a formal, contractual relationship pursuant to which CCM will operate the CDRC in a manner that accords with the regulatory definition of a "regional center:"

Any economic unit, public or private, engaged in the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment. (Emphasis added)

The CDRC is a partnership arrangement between a public entity, the city of Dallas Office of Economic Development, and a private for-profit entity, Civitas Capital Management, LLC, both of which are engaged in the promotion of economic growth, job creation and increased domestic capital investment. (See Section III, Business Approach and Structure of the Regional Center, below).

As you request in the RFE, attached at **Tab 1 and 2** are a detailed financial model and supporting documentation that establish:

- The exact amount of funds that have been dedicated to the development and operation of the CDRC by CCM, to accomplish the goals of the Immigrant Investor Pilot Program, i.e., \$300,000 in private investment capital;

- The source of such funds, i.e., the principals of CCM and other private investors;
- Evidence that the amount is sufficient to sustain the Regional Center, i.e., a financial model and financial projections for the start up and initial operating year; and
- Evidence that the funds have already been committed to the Regional Center; i.e., the executed CCM LLC Agreement and signed Letters of Commitment which in the aggregate total firm commitments of \$300,000 due upon official USCIS approval of the CDRC as an EB-5 Regional Center.

CCM's Financial Model and Financial Assumptions documents at **Tab 1** demonstrate the sufficiency of the initial capital commitments to fund start up and operating costs for the first 12 months of operation. Evidence of \$300,000 U.S. DOLLARS in private investor capital committed to the Regional Center is attached at **Tab 2**. This LLC Agreement and executed Letters of Commitment show that Civitas Capital Management LLC has attracted capital sufficient to start up and sustain operation of the Regional Center until its management and investment activities generate sufficient cash flow. It further makes clear that EB-5 investors' qualifying capital will be invested solely in job creating firms and projects, and not used to sustain the CDRC.

II. Overall Economic Impact of the Regional Center (8 CFR 204.6(m)(3)(iv).

Documents Requested:

*Submit a complete and valid economic analysis sufficiently detailed to predict the **overall economic impact to be made by the Regional Center**. This can be combined with items relating to job creation and impact of the Regional Center.*

RESPONSE:

A complete and detailed economic analysis and jobs-creation model predicting the overall economic impact to be made by the City of Dallas Regional Center is attached at **Tab 3 and Tab 4**. Prepared by economist Daniel Oney, Ph.D., Research & Information Manager of the City of Dallas Office Economic Development, the analysis describes the results of the IMPLAN version 2.0 model, using the 2006 Dallas datasets and a custom Dallas city economy model created by the Minnesota Implan Group from Dallas zip codes. This Dallas city model is capable of isolating economic impacts on the city's economy. Following is a summary of the CDRC's proposed jobs-creation methodology and approach to economic development and Dr. Oney's analysis of the IMPLAN forecasts based on CDRC investments.

Overall CDRC Economic Development and Jobs-Creation Approach:

Under the management of Civitas Capital Management LLC (CCM), the City of Dallas Regional Center (CDRC) will identify and assess investment opportunities limited to firms or projects within certain targeted industry clusters located within Dallas city boundaries. These twelve targeted industry clusters (Target Industry Clusters) are the following:

- Advanced Building Components and Systems
- Food Manufacturing
- Headquarters, Management & Administrative Operations
- Instruments Manufacturing
- Information Technology Services
- Logistics, Trade and Commerce
- Media, Entertainment & Amenities
- Telecommunications
- Transportation Equipment Manufacturing & Assembly
- Energy, Clean Tech and Environment
- Human Health, Education & Wellness
- Building, Development & Infrastructure

CCM will form a series of limited partnership investment vehicles (each, a "Fund") that will assemble EB-5 investors' capital and, as General Partner of such Funds, CCM will invest that capital in qualifying firms and projects within the industry clusters identified above. Each EB-5 investor will have, at a minimum, statutorily required rights and powers of limited partners in the CCM Funds. (See Section III, below for further detail on the CDRC Business Plan).

As is documented in the original submission to USCIS, the City of Dallas OED is heavily engaged in the promotion of targeted economic growth in Dallas, Texas. Its programs focus on increased capital investment and job creation, primarily through tax abatement and loan and grant programs targeted to business owners and developers in industries and sectors selected for their competitive advantage and capacity to attract and retain high value-added firms.

That is, primarily based upon OED's 2006 economic development study, each of the Target Industry Clusters has the following measured characteristics:

- Each is an existing Dallas strength, meaning a critical mass of firms already exists;
- Each has better than average prospects for long term growth
- Each provides a base from which higher value added industries can be attracted

Dr. Oney of the OED recently updated the economic impact analysis submitted to USCIS originally, which had focused on only 9 industry clusters. He again used the IMPLAN 2.0 model and 2006 Dallas datasets. The study modeled the impacts of \$1,000,000 invested into portfolios of firms, assessed based on specific IMPLAN sectors, that constitute the Target Industry Clusters.

CDRC Overall Economic Impact Summary:

Dr. Oney's analysis produced forecasts of job creation (direct, indirect and induced); employment compensation (i.e., increased income); overall value added; and increased economic output. The detailed results are organized in Tables 1-12 attached in the report at **Tab 4**. The highlights of the updated IMPLAN forecast results for the CDRC's investment activities are as follows:

Job Creation: Based on the IMPLAN model's depiction of Dallas' inter-industry structure, the **smallest annual employment creation impact** of a \$1,000,000 investment spread across the constituent industries of the Target Industry Clusters is forecast to be **23 jobs**, in the **Information Technology** cluster. The largest annual employment creation impact of such an investment is forecast to be **70 jobs**, in the **Food Manufacturing** cluster. The IMPLAN study forecasts that annual job creation in the other 10 clusters will **range from 25 to 49 jobs** over the assumed investment period.

Dr. Oney concludes that the CDRC would have to perform quite poorly for it to not meet the minimum EB-5 program requirement of 10 direct and indirect jobs created per \$500,000 of EB-5 capital invested and sustained over 2.5 years.

Economic Output: The **largest** increase in economic output, based on a \$1 million dollar investment, is forecast to be **\$14,230,000**, in the **Food Manufacturing** cluster. The **smallest** output increase is predicted for the **Headquarters, Management & Administrative Operations** cluster, at \$3,509,000, representing a **250% increase** on the original investment amount. According to Dr. Oney, such improvements in the City of Dallas' gross output will improve the city's ranking and increase the likelihood that national and international firms will invest and relocate staff to tap into this large and growing economy.

Employment Compensation: According to the IMPLAN analysis, at full operation in the second year, a **CDRC investment of \$1 million in the Food Manufacturing** cluster will produce a direct and indirect **payroll increase of over \$2.5 million**, a 150% increase over the original investment amount. This is the largest increase in employee payroll forecast in the study; the **smallest increase** for the same investment amount is **\$1.226 million**, in the **Logistics Trade and Cluster**. Increases in employee payroll, particularly in the Dallas neighborhoods targeted by the CDRC, will support several City of Dallas objectives, including raising income and improving the viability of retail development in

underserved areas. Higher income levels will help attract retailers to enter Dallas' poorest neighborhoods. (See **Tab 15** below, Targeted Employment Areas).

Economic Value Added: The Dallas IMPLAN model predicts that a \$1 million investment over two years in the **Food Manufacturing** cluster will add the highest value, \$5,040,000, with **Energy, Clean Tech and Environment** the second highest at \$4,552,000. The lowest value added results from an investment in **Headquarters, Management & Administrative Operations**, at \$2,138,000.

Separate Job Creation Methodology and Analysis:

To ensure CDRC's economic development approach will comply with the EB-5 Investor Pilot Program requirement of generating at least 10 jobs, directly, indirectly and induced, per EB-5 investor visa, the OED conducted a separate study solely concerned with job creation. Please see the detailed discussion attached at **Tab 3**, "Job-Creation Analysis Demonstrating EB-5 Program Compliance." The job creation analysis assumed an investment amount of \$500,000, since CDRC assumes that will be amount most commonly invested by EB-5 investors.

OED compiled a list of discrete industries that generally constitute each of the Target Industry Clusters. These industries were initially compiled as a list of NAICS industry codes, and then converted to IMPLAN industry sectors for analysis.

The IMPLAN model forecasts that a \$500,000 investment in all but two of the constituent industries in each industry cluster will create an aggregate number of jobs (direct, indirect and induced) that meets and in most cases exceeds the minimum 10 job threshold. In the case of several industries, aggregate job creation exceeds the minimum threshold very substantially. For example, within the Food Manufacturing cluster, a \$500,000 investment in the "Dry-condensed- and evaporated dairy products" industry sector is forecast to generate 72.4 jobs. Likewise, such an investment in the "Roasted nuts and peanut butter manufacturing" industry is forecast to produce 87.6 jobs. (See Table 2, **Tab 3**). However, the majority of industries analyzed demonstrate job creation results in the range of 11-28 jobs per \$500,000 invested in the industry.

It is notable that in the case of only two industries, "Management of Companies and Enterprises" and "Wholesale Trade" (represented by IMPLAN Sectors 451 and 390, respectively) Dr. Oney's analysis forecasts the job creation impact of a \$500,000 investment to be somewhat below the 10 job minimum.

As is discussed more fully in the "Job-Creation Analysis Demonstrating EB-5 Program Compliance, Fund Structure, "At-Risk" Status, and Job Creation" at **Tab 3**, the CDRC manager, CCM, has developed clear strategies to ensure that any investment by one of its Funds in a firm within either of these "underperforming" industries will be carefully counterbalanced by investments in one or more of the "over-performing" industries.

This approach will insure that, from a modeling perspective, the overall job creation result for EB-5 investors in that Fund will meet or exceed the required 10 jobs.

CCM has a similar strategy for single-project investment Funds, which may invest in construction projects such as Transit Oriented Developments that typically mix residential and commercial development, as described in our original submission. In accordance with USCIS guidance, only full-time permanent jobs that are anticipated to continue for two years or more may be included in job-creation calculations. In the case of a CDRC Fund investment that includes an allocation into the construction phase of a project, CCM will first determine the percentage of jobs attributable to construction that would meet the USCIS two year test. Then it will balance its total jobs-creation calculation attributable to those jobs in the overall project or portfolio and structure a balancing investment as described above, or calculate the additional job creation inherent in the project to ensure that, in the aggregate, base job creation activity, according to the model assumptions, will still meet or exceed the 10 job per investor minimum.

Conclusion

CCM's business model predicts that the CDRC's first full year of operations will result in a minimum of \$10,000,000 in new immigrant investor capital being deployed in Dallas firms and projects within one or more of the 12 industry clusters. While it is not possible to identify today which clusters will receive the new capital investment, it is clear that even if the entire amount is invested in the least productive industry cluster, economic output and job creation impacts will be very substantial.

For example, if the entire \$10 million in new capital were invested in Information Technology cluster industries, the IMPLAN model predicts that over the 2.5 year holding period, no fewer than 271 direct, indirect and induced jobs will be created. With respect to increased output, such an investment would result in no less than \$28.6 million in increased output.

In summary, the output tables included at **Tabs 3 and 4**, both of which are based upon IMPLAN analysis of investments in the constituent industries of the 12 industry clusters, demonstrate that the CDRC's investment activities will produce substantial increases in economic output in the Dallas, Texas regional economy. The separate job-creation analysis demonstrates that the EB-5 minimum job creation requirements will be met.

III. The Business Approach and Structure of the Regional Center

The business aspects of the Regional Center must be fully explained as to its structure. This aspect of the proposal includes, but is not limited to, the following basic elements or samples of them, as applicable to the business approach and structure to be used by the Regional Center.

- *An overall Business Plan – mandatory (with milestones, dates, cost for each project, number of investors for each project and plans for creating jobs within two years after the investor obtains conditional residence status.*
- *Draft Operating Agreement*
- *Draft Partnership Agreement*
- *Draft Subscription Agreement*
- *Draft Escrow Agreements and Instructions (one for capital and one for any service fees)*
- *List of proposed reputable financial institutions to serve as the Escrow Agent(s)*
- *Draft of an Offering Letter, Memorandum, Confidential Private Placement Memorandum, or similar offering made in writing to an immigrant investor through the Regional Center*
- *Draft Memorandum of Understanding, Interagency Agreement, Contract, Letter of Intent, Advisory Agreement or similar agreement to be entered into with any other party, agency or organization to engage in activities on behalf of or in the name of the Regional Center*
- *Articles of Incorporation from the State for the Regional Center*

RESPONSE:

The City of Dallas Regional Center (CDRC) is a public-private partnership between the City of Dallas Office Economic Development (OED) and Civitas Capital Management, LLC (CCM), a private, for-profit company formed for the specific purpose of managing the CDRC. As requested, a copy of the approved CDRC Management Contract, executed by the Dallas City Attorney, Dallas City Manager and an authorized Manager of Civitas, is attached at **Tab 5**. The CDRC Business Plan and related documents are submitted as follows:

- **Detailed Business Plan—Tab 6**
- **Draft Agreement of Limited Partnership (Civitas Dallas Access Fund I, L.P.)—Tab 7**
- **Draft Subscription Agreement (Civitas Dallas Access Fund I, L.P.)—Tab 8**
- **Draft Escrow Agent Agreements for investor funds and for service fees—Tab 9**
- **Draft Confidential Private Offering Memorandum (Civitas Dallas Access Fund I, L.P.)—Tab 10**

- Civitas Capital Management, LLC 's, Certificate of Formation filed with the Secretary of State of the State of Texas—**Tab 11**

As noted in the draft Limited Partnership Agreement, CCM has selected JP Morgan Chase as its Escrow Agent for both investor capital funds and investor fee payments, subject to the approval of the Dallas City Manager or her designee.

CDRC Business Plan Summary:

As is documented at **Tab 5**, Civitas Capital Management, LLC (CCM) has been awarded an exclusive, 10-year, renewable contract to develop and manage the City of Dallas Regional Center (CDRC). Under CCM's management, the CDRC will aggregate and deploy capital sourced from non-US citizens seeking to immigrate to the United States under the EB-5 Immigrant Investor Pilot Program, also known as the Regional Center Program. In exchange for CCM's management services, the City of Dallas has agreed to provide CCM with (1) exclusive access to interested EB-5 investors it develops through its own program activities; (2) preferred relationships with the city and its Public-Private Partnership programs; and (3) co-branding and co-marketing relationships that will promote the CDRC and CCM in all international markets where the City of Dallas has a development presence.

Business Structure:

Civitas Capital Management, LLC, is a Texas limited liability company formed on December 8, 2008, specifically for the purpose of developing and managing the CDRC. Its four principals are seasoned professionals with backgrounds in investment and financial management; securities and transaction law; investment banking; real estate development and investment; media and entertainment investments and entrepreneurship. Their professional biographies appear in Section 2 of the detailed business plan at **Tab 6**. CCM has formed an Advisory Board to assist in identifying and evaluating investment opportunities within the CDRC and raising EB-5 capital. Currently the Board includes James W. Keyes, CEO of Blockbuster, Inc.; Don Williams, former CEO of Trammel Crow, Inc.; and Daniel Chen, Sr. Vice President, JPMorganChase, President, Hong Kong Association of North Texas; Board of Directors, Taiwanese Chamber of Commerce.

Business Model:

The CDRC will consist of a series of Funds that Civitas will launch and manage for the purpose of investing in firms and real estate development projects within the City of Dallas boundaries. These Funds will be formed as limited partnerships in which the EB-5 limited partner investors will have the ordinary rights and powers of a limited partner under the Uniform Limited Partnership Act (as adopted in the jurisdiction of formation). As such, each EB-5 investor's funds will be at risk of total loss, and all investment

decisions, including all distribution decisions, will be controlled by the General Partner of each Fund, an entity owned and controlled by Civitas. In all cases, the EB-5 investor's capital will remain in the control of Civitas (following release from escrow) until the EB-5 program requirements have been met and the investor has completed the removal of conditions process. In most cases, the Fund will have authority to maintain the EB-5 investor's capital in the respective investments for a period of 4-6 years.

CDRC Investment Categories:

CDRC Fund investments will generally take one of the following forms:

- **Expansion Capital.** These will be investments in established companies for the purposes of growing their businesses, and may take the form of senior loans, mezzanine loans, equity investments or hybrid structures.
- **Project Capital.** These will be investments in real estate projects at various levels of the capital structure, including senior loans, mezzanine loans, equity investments or hybrid structures.
- **Venture Capital.** These will be equity and equity-like investments in small, rapidly growing private companies in various stages of development with high-impact business plans or intellectual property.

Underserved Market Investments. Civitas, under the CDRC Management Agreement, is limited to investing EB-5 investor capital into firms and projects within the CDRC geographical boundaries, and to firms and projects within the Target Industry Clusters discussed above. Civitas Funds will focus heavily, but not exclusively, on Targeted Employment Areas (TEAs), particularly Dallas' Southern Sector, an area that has historically been underserved by traditional sources of capital, yet contains over 75% of the undeveloped land in the City. Southern Dallas offers a large workforce, about 60% of which subsists at or below the poverty line. The need for high quality, high-value jobs in this part of Dallas is immense and growing. Economic development in the Southern Sector to meet this need is among the City's highest priorities and CDRC will play a key role in achieving that objective. Examples of possible investments can be found at **Tab 12.**

Milestones and Dates

Under CCM's management, the CDRC will close at least one Fund annually following its start up year, each with between \$75 million and \$100 million in investment capital. Assuming USCIS approval of the CDRC's application by **the third quarter of 2009**, CCM expects the first Fund to be fully subscribed by **June 2010** and to break escrow on its first investable funds by **November 2010** (depending on I-526 processing times.) CCM expects the Fund to fully deploy investor capital in job-creating firms or projects by **Q3 2011**, with an additional four year hold period planned thereafter. Actual deployment

rates and hold periods may vary, but all investment capital will be at risk for at least two years, and very likely 4 to 6 years.

Investment Process and Fees

Each screened and qualified investor will escrow a minimum of \$500,000 in equity investment capital. Simultaneously, each investor will pay to Civitas, as manager of the relevant Fund, a fee equal to 7.5% of the investor's capital as a Compliance Fee. This Compliance Fee is in addition to, and not a part of, the investor's capital contribution to the Fund and pays for marketing and processing costs as well as background screening checks, source of funds verifications, and the cost of coordinating with investors' individual immigration counsel to facilitate the I-526 petition process and subsequent I-829 removal of conditions process.

In the event that USCIS denies an investor's I-526 petition, the Fund Escrow Agent will return the entire amount of the investor's capital to the investor, and CCM will return to the investor the portion of the Compliance Fee that was not applied to reimburse CCM for its costs of conducting the investor screening and due diligence process.

Upon USCIS approval of an investor's I-526, that investor's funds will be released from escrow directly into the applicable Civitas Fund. In accordance with such Fund's documents, the capital will be, at that stage, fully invested and at risk of loss. Each Civitas Fund will pay Civitas, as the manager of the Fund, an annual fee equal to 2% of committed capital (the Management Fee) for operating the Fund. The Management Fee will be due and payable on a quarterly basis for the life of the fund. Such amounts shall be paid *only from available sources of revenue generated by the applicable Civitas Fund* or its investment activity, including from unrelated transaction or similar fees earned by Civitas. If Fund management activities have not generated revenue, then the Management Fee will accrue until such time as revenue sources are available to pay the accrued Management Fee(s), ensuring that investors' capital is entirely committed to qualified projects. Finally, if and when investors receive their principal investment back, Civitas will receive 20% of any further profits generated by the applicable Civitas Fund as performance compensation. See Business Plan at **Tab 6**.

Each Fund bears its own expenses, including but not limited to legal fees, audit and accounting fees, costs associated with transaction due diligence, travel and the like.

Number of Investors Per Fund

Civitas retains the discretion to close a Fund in any amount, with a target of \$75 million to \$100 million per Fund. This translates to 150 to 200 qualified investors per Fund. The CDRC may have multiple concurrent Fund offerings, including diversified funds as well as concentrated, one-off project Funds, all of which will meet or exceed EB-5 economic

impact and job creation requirements as discussed in Section II of this submission and supporting documentation at **Tabs 3 and 4**

Typically, a Fund will have a 5 to 7 year life (with a 4 to 6 year investment horizon). As General Partner of each Fund, Civitas will have discretion to extend each fund's life to allow for orderly disposition of assets. Thus, capital invested in the CDRC via Civitas Funds will be at risk for periods of time considerably longer than EB-5 regulations require.

IV. Administrative Oversight (8 CFR 204.6)

Submit a description of your plans to administer, oversee and manage the proposed Regional Center including but not limited to such things as to identify, assess and evaluate proposed immigrant investor projects and enterprises; how the proposed Regional Center would perform "due diligence" as to whether investment capital to be sought will consist solely of alien investor capital or a combination of alien investor capital and domestic capital; how to monitor all investment activities affiliated, through or under the sponsorship of the proposed Regional Center, and to maintain records, data and information on projects, investors, business activities etc. in order to report to USCIS for each Federal Fiscal Year. This is known as "due diligence" and is coupled with "oversight reporting responsibilities" to be fully explained if approved and designated.

RESPONSE:

Description of Plans for Administration, Oversight and Management of the City of Dallas Regional Center

The City of Dallas Regional Center (CDRC) will be administered and managed by Civitas Capital Management, LLC (CCM), with oversight by the City of Dallas. CCM's founding principals include Managing Director Jason T. Barnes, a corporate and finance partner in the Dallas-based international law firm, Haynes & Boone; Senior Advisor and Director Rafael Anchia, corporate and public finance partner at Haynes & Boone and Texas State Representative, District 103; Managing Director Daniel J. Healy, partner in Royalton Real Estate Capital, LLC, a real estate private equity firm; and Managing Director Kevin W. Page, principal of SSO Media Capital Group, a business advisory service focused on providing business guidance to entrepreneurs in the Texas media and entertainment markets and investment strategy to institutional investors.

Mr. Barnes and Mr. Anchia are attorneys licensed to practice in the State of Texas. Mr. Healy and Mr. Page hold FINRA Series 7, 24 and 63 licenses; Mr. Healy also holds the Series 28 license. The Civitas principals have a cumulative 40 years of experience in sourcing investments and post-investment business management, as well as compliance with State and Federal securities laws and regulations. The City of Dallas has conducted thorough background checks on all four principals and is confident they have the skills, expertise and experience to administer and manage the CDRC to the highest legal and ethical standards. The detailed CVs of the Civitas principals are attached to its Business Plan at **Tab 6**.

CDRC Investment Parameters:

City of Dallas oversight of the CDRC is governed by the CDRC Management Contract attached at **Tab 5**. As that document makes clear, the City of Dallas and Civitas Capital Management, LLC have agreed upon broad investment parameters within which the

CDRC will deploy EB-5 investor capital. In deference to CCM's demonstrated expertise in the identification, assessment and evaluation of enterprises and projects to which CDRC Funds will allocate EB-5 investor capital, the agreement accords to CCM the authority to make professional decisions as to such allocations, and to submit any potential conflict of interest issues to its Advisory Board for adjudication.

As a general matter, the CDRC Management Contract requires that CCM provide immigrant investors the opportunity to invest in a diversified fund investment strategy. CCM is permitted to tailor offerings around individual investments or projects, as requested by qualifying EB-5 investors or deemed appropriate in the business judgment of CCM's Investment Committee.

CCM is responsible for assessing the soundness of such firms' or projects' business plans, their owners' or principals' business experience, and their ability to apply EB-5 investor capital to achieve business objectives, within the following limitations:

- All investments must be in firms or projects located within Dallas city boundaries.
- All investments must be in firms or projects within the targeted industry clusters attached as Exhibit B to the Contract or related to one of the catalyst projects discussed in Exhibit C to the contract, both of which are subject to amendment only with the approval of the City Manager or her designee as well as USCIS.
- CCM is required to invest at least 50% of the capital invested in a fiscal year in firms or projects located in Targeted Employment Areas (TEAs).
- CCM is required to pursue an investment strategy that applies a properly tailored financial structure and business infrastructure to each portfolio company in which it invests capital originated from EB-5 investors for the purpose of creating jobs within the CDRC, and that seeks to provide EB-5 investors with a rate of return that is reasonably competitive as compared to other Regional Centers and similar investment funds.

CCM Investment Strategy

CCM has provided a detailed statement of its investment strategy and principles at **Tab 12**. In summary, CCM takes the position that *businesses* create jobs, as opposed to other Regional Centers who mainly argue that *buildings* create permanent jobs. Hence, CCM will focus EB-5 capital primarily on the expansion of small and medium sized businesses, rather than on the acquisition of discrete assets. This approach reduces investor risk and offers the greatest gains in job creation and total economic development benefits.

Second, CCM's strategy differs from other regional centers and other private equity offerings in that it will focus on "capital gaps" found at various stages of corporate growth, particularly in areas, like Southern Dallas, that are underserved by traditional

capital sources. Third, CCM will target low and moderate income (LMI) communities, which exist all over Dallas, because it believes LMIs offer very attractive returns to investors who have the knowledge, skill and discipline to find the right opportunities, particularly in LMI community “clusters.”

Fourth, CCM’s strategy takes full advantage of the multiplier effect that properly planned investments can present. This is particularly evident in the “marriage” of the City’s many existing development incentive programs with CDRC’s investments in targeted businesses. Finally, CCM’s investment strategy will compete aggressively and effectively with other regional centers, by combining the draw of the powerful City of Dallas “brand” with a lower risk, market return investment strategy unavailable in all but two or three of currently operating Regional Centers.

CDRC Operating Standards and Oversight Reporting Plans

To ensure that the CDRC is managed in accordance with the Immigration & Nationality Act and the governing regulations at 8 CFR §204.6, with all federal and state securities laws, and with all other laws governing foreign investment in the United States, the CDRC Management Contract provides for a robust compliance regime by CCM and strong oversight and by the City of Dallas, as follows:

- CCM is required to form an Advisory Board consisting of at least 5 relevant and experienced Dallas community and investment industry leaders, a majority of whom are not affiliated with CCM and do not have an economic interest in CCM or the Funds it develops; such Board will provide counsel and advice to CCM and periodically review each Fund portfolio including evaluation of CCM’s valuation of assets in each Fund. Most importantly, the Advisory Board will review **all material affiliate transactions**;
- The City of Dallas retains the right to have two “City Observers” attend all meetings of the Advisory Board in a non-voting capacity, such observers to include the Director of the City Office of Economic Development or his/her designee; such City Observers will be given advance notice of all such meetings and all documents and information including meeting minutes as are given to Advisory Board members and at the same time.
- CCM is prohibited from engaging in transactions that would be viewed by an objective third party as trading against or in any way contrary to the best interest of the relevant Fund.
- CCM is prohibited from investing in firms in any manner involved in the manufacture or sale of armaments; in brewing/distilling alcohol; gambling; tobacco manufacture or retailing; in sexually oriented businesses including pornography or adult entertainment; or in operating a pawn shop, body piercing studio or tattoo studio.
- CCM is required to prevent the commingling of funds between its various Funds and between its Funds and any other monies or sources of revenue that it may

have or acquire, including CCM's own funds or those of other investment vehicles.

- CCM is required to establish an escrow account relationship with a federally-insured national banking institution approved by the City Manager or her designee, and with developing transparent procedures for investors' funds deposits.
- CCM is required to create a robust and documented due diligence process to establish how EB-5 investors will be required to identify all sources of capital, and to document that it was obtained lawfully.
- CCM is required to create and implement plans to screen potential investors for eligibility under all applicable regulations, including the U.S. State Department Non-Proliferations Sanctions lists; the U.S. Treasury Office of Foreign Assets Control Specially Designated Nationals List, and the U.S. Commerce Department Bureau of Industry and Security lists of banned persons, among others. See **Tab 13**.
- CCM is required to report Fund investment results to EB-5 investors quarterly and to arrange for annual audit by an independent, certified public accountant approved by the Director of the City's Office of Economic Development.
- CCM is required to report quarterly and annually to USCIS (as required) and to the City of Dallas as to the number of investors in CDRC Funds, the status of each investment made by each CDRC Fund.
- Within 120 days of the end of each fiscal year, CCM is required to provide the City audited annual financial statements of each CDRC Fund and of CCM itself.
- Within 45 days of the end of each fiscal quarter, CCM is required to provide the City with unaudited financial statements for each CDRC Fund and an investment activity report specifying for each such investment the relevant industry and the size of new investment or return on realized investments with narrative of any material events affecting each Fund.
- CCM's investment policy requires unanimous, written Investment Committee approval for each Fund transaction, the Investment Committee consisting of the four CCM principals.
- CCM has already formed the Advisory Board required by the CDRC Management Contract, chaired by James W. Keyes, CEO of Blockbuster, Inc., a Dallas-based Fortune 500 company.
- CCM has already prepared a written Conflict of Interest and Ethical Conduct Policy, as part of the City of Dallas' RFP process and it is attached at **Tab 14**.
- CCM is required to establish an accounting and audit relationship with a licensed Certified Public Accountant in the State of Texas, the choice of which is subject to the approval of the City Manager or her designee under the CDRC Management Contract.

Based on the foregoing, and the related documentation, the City of Dallas is confident that Civitas Capital Management, LLC has developed plans for appropriate safeguards

and transparent procedures for the administration and management of the CDRC, subject to the oversight mechanisms established in its contract with the City of Dallas. Moreover, we believe its investor screening and compliance reporting regimes are robust and meet or exceed the standards required by USCIS.

V. Targeted Employment Area (8 CFR 204.6(i))

It is incumbent upon the state to notify USCIS which "governmental body of the state" has been delegated the authority by the Governor to certify that a geographic or political subdivision is a high unemployment area for purposes of being designated as a Targeted Employment Area (TEA) under USCIS regulations. It is left to the appropriate designee within the state to exercise its authority and utilize a method(s) of its choosing in obtaining the unemployment statistics.

A letter from the Governor of the state identifying the designated authority within the state to certify the geographic area(s) or political subdivisions within the applicable metropolitan statistical areas as having high unemployment equal to 150% or more of the national unemployment rate would need to be addresses as follows and sent via ExpressMail or courier service to:

*Chief, Office of Service Center Operations
U.S. Citizenship & Immigration Services
20 Massachusetts Avenue NW, MS 2060
Washington, D.C. 20529*

RESPONSE:

As is set forth in paragraph 2.D.2 of the CDRC Management Contract (**Tab 5**), an aggregate of at least 50% of CDRC's annual investment activities must be in firms and projects located in Targeted Employment Area(s). Alternatively, the contract requires CDRC to invest at least 50% of the capital it invests during each fiscal year in firms and projects located in Targeted Employment Areas. Under either definition, it should be clear that under the management of CCM, the CDRC intends to be heavily engaged in investing in Targeted Employment Areas within Dallas.

The map of Targeted Employment Areas attached as Exhibit D to the CDRC Management Contract was prepared by the City of Dallas Office of Economic Development. Based upon the most recent (2000) Census figures, the map reflects the historic lack of capital investment in the southern sector of Dallas and, since the 1970s, the need for redevelopment in the central business district. For convenience, a copy of the map is attached at **Tab 15**.

At the present time, the Governor's letter that the regulations require be sent to the Chief, Office of Service Center Operations, is the letter of Governor Ann Richards. That letter, which the current Governor of Texas has not amended nor over-ridden by his own letter, was originally sent to the Assistant Commissioner of the predecessor agency, INS, as set forth in the regulations. A recent email from your office to the undersigned confirms that Governor Richards' letter remains in force and the Mayors of Texas cities and towns located within a metropolitan statistical area or the Mayors of cities or towns

having a population of 20,000 or more retain the authority to designate Targeted Employment Areas for purposes of the Regional Center program. Mayor Tom Leppert of Dallas has sent a copy of Governor Richards' letter to the USCIS Chief of Service Center Operations, in compliance with the regulations and in response to the RFE request. A copy of Mayor Leppert's letter and enclosure are attached at **Tab 15**.

Based on the foregoing, and the attached supporting documents, it is respectfully urged that the issues raised in the Request for Evidence have been overcome. I trust that you will thoroughly consider this letter and related evidence, and will promptly and favorably adjudicate this application.

Respectfully,

Elise A. Healy
Attorney at Law

CC: Karl Zavitkovsky; Jason T. Barnes

**CITY OF DALLAS REGIONAL CENTER
PROPOSAL**

**RESPONSE TO REQUEST FOR EVIDENCE
(RFE)**

Index of Exhibits

- Tab 1 Financial model and assumptions underlying the sustenance of the Regional Center during its first year of operation.
- Tab 2 Civitas Capital Management executed LLC Agreement and Commitment Letters documenting capital commitments of \$300,000 US DOLLARS.
- Tab 3 Jobs-creation methodology and detailed analysis of jobs-creation strategies
- Tab 4 Revised Detailed Economic Impact Study of How the CDRC Will Produce Positive Impacts on the Dallas, TX Regional Economy
- Tab 5 Executed CDRC Management Contract between the City of Dallas and Civitas Capital Management, LLC
- Tab 6 Business plan, Civitas Capital Management, LLC
- Tab 7 Draft Agreement of Limited Partnership [Civitas Dallas Access Fund I, L.P.]
- Tab 8 Draft Subscription Agreement
- Tab 9 Draft Escrow Agent Agreements
- Tab 10 Draft Confidential Private Offering Memorandum
- Tab 11 Civitas Capital Management, LLC's Certificate of Formation filed with the Secretary of State of the State of Texas
- Tab 12 Detailed Statement of CDRC Investment Strategy and Principles
- Tab 13 Detailed Plan for Screening Investors and Sources of funds
- Tab 14 Civitas Capital Management, LLC Conflict of Interest and Ethics Policies
- Tab 15 Map, Targeted Employment Areas and Discussion of Methodology; Dallas Mayor's letter; Governor's letter

Civitas Capital Management, LLC Start-up Expenses and Financial Model

On the following page is a financial model that represents CCM Management's best estimates for initial start-up costs and first year operating budgets. To date, Civitas Principals and outside investors have committed \$300,000 in cash to fund the start-up phase of the Company which will commence upon USCIS approval of the CDRC.

Assumptions:

During the first year of operations, the firm will be staffed by two full-time Principals who will be responsible for executing the firm's sales, marketing, and USCIS Compliance plans. An additional employee will be added in month 8 to assist in office operations and investor screening processes.

We assume that there will be no investor activity until month 12 (the sustenance period) and thus no revenue until the end of year one when we assume closing on 20 investors at the \$500,000-level.

From this point on it is assumed that Compliance fees paid by investors that break escrow, which are in addition to investors' capital commitments, along with on-going management fees funded through fund activities (i.e., interest payments or preferred dividends and not investors' capital commitments) will provide sufficient revenues to sustain operations thereafter.

CITY OF DALLAS EB-5 REGIONAL CENTER
Schedule of Sources and Uses of Cash - YEAR 1
Civitas Capital Management, LLC
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	Total	Year 1													
		Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
EB-5 Investors at Closing			0	0	0	0	0	0	0	0	0	0	0	0	20
Cumulative EB-5 Investor CNY			0	0	0	0	0	0	0	0	0	0	0	0	20
EB-5 Investor Capital Committed - Current Month															10,000,000
Sources of Cash	300,000	300,000													
Civitas Private (Non-EB-5) Investor Equity															
Line of Credit Advances															
Fund Management Fees															
Compliance Fees															
Uses of Cash of Sale	(750,000)														(750,000)
Performance Fees / Profits Participation															
Total Sources of Cash	750,000	300,000													(300,000)
Uses of Cash															
Startup Costs & Capital Expenditures	11,000	10,000													
Information Technology/Database programming															
Phones															
Legal															
Move-in/Office Furniture															
Accounting															
Corporate Identity / Website															
Printing															
Startup Cost Contingency															
Subtotal Startup Costs & Capital Expenditures	36,000	40,000	(417)	(417)	(417)	(417)	(417)	(417)	(417)	(417)	(417)	(417)	(417)	(417)	(417)
Operating Expenses	158,750	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667
Total Salary & Bonus Expense															
Base Salary Expense - Board Members															
Payroll Taxes	13,144	893	893	893	893	893	893	893	893	893	893	893	893	893	893
Employee Benefits - All	15,875	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
Consulting Fees - IT	2,880	240	240	240	240	240	240	240	240	240	240	240	240	240	240
Rent / Utilities	12,500	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042
Administrative / Office	6,000	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Facility / Courier	2,400	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Travel	12,000	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Meals / Entertainment	1,600														
Retirement Plan Administration															
Legal / Professional Fees	9,048														
Marketing / Advertising / PR	3,000														
Insurance	8,000														
Interest Expense															
Texas Margin / Franchise Tax															
Subtotal Operating Expenses	244,197	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374	16,374
Total Startup / Capital Costs & Operating Expenses	280,197	40,000	15,958	15,958	18,958	15,958	15,958	15,958	15,958	15,958	15,958	15,958	15,958	15,958	15,958
Cash Flow Before Debt Service	469,803	260,000	(15,958)	(15,958)	(18,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)
Line of Credit															
Beginning Balance															
Advances															
Repayments															
Ending Balance															
Cash Flow After Debt Service	469,803	260,000	(15,958)	(15,958)	(18,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)
Cash Balance	469,803	260,000	(15,958)	(15,958)	(18,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)
Cash - Beginning Balance															
Plus: Cash Flow After Debt Service															
Equal: Cash Available for Distribution															
Less: Distributions															
Cash - Ending Balance	469,803	260,000	(15,958)	(15,958)	(18,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)	(15,958)

LIMITED LIABILITY COMPANY AGREEMENT

OF

CIVITAS CAPITAL MANAGEMENT, LLC

(A Texas Limited Liability Company)

THE MEMBERSHIP INTEREST REFERENCED HEREIN HAS BEEN ACQUIRED FOR INVESTMENT AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. WITHOUT REGISTRATION, THIS SECURITY MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED AT ANY TIME WHATSOEVER, EXCEPT ON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGERS OF THE COMPANY THAT REGISTRATION IS NOT REQUIRED FOR THE TRANSFER, OR THE SUBMISSION TO THE MANAGERS OF THE COMPANY OF OTHER EVIDENCE SATISFACTORY TO THE MANAGERS TO THE EFFECT THAT ANY TRANSFER WILL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR ANY RULE OR REGULATIONS PROMULGATED THEREUNDER.

COMPANY AGREEMENT
OF
CIVITAS CAPITAL MANAGEMENT, LLC
(A Texas Limited Liability Company)

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Attachment: Exhibit A – Company Information
 Exhibit B – Managers and Members

LIMITED LIABILITY COMPANY AGREEMENT

OF

CIVITAS CAPITAL MANAGEMENT, LLC

(A Delaware Limited Liability Company)

THIS LIMITED LIABILITY COMPANY AGREEMENT, dated as of July 1, 2009, is hereby duly adopted as the Limited Liability Company Agreement of Civitas Capital Management, LLC, a Delaware limited liability company, by the Managers, and is hereby ratified, confirmed and approved as such by the Members.

ARTICLE 1

DEFINITIONS

1.1. **Definitions.** The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

“*Act*” means the Texas Business Organizations Code, as the same may be amended from time to time.

“*Agreement*” means this Limited Liability Company Agreement of the Company as originally adopted and as amended from time to time.

“*Business Day*” means a day other than a Saturday, Sunday, or other day that is a nationally recognized holiday.

“*Capital Contribution*” means any contribution to the capital of the Company in cash or property by the Members whenever made.

“*Certificate*” means the Certificate of Formation of the Company.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Company*” means Civitas Capital Management, LLC, a Texas limited liability company.

“*Fiscal Year*” means the Company’s fiscal year, which shall be the calendar year.

“*Majority*” means, with respect to any referenced group of Managers, a combination of any of such Managers constituting more than fifty percent (50%) of the number of Managers of such referenced group who are then elected and qualified.

“*Manager*” means each Person designated as a Manager on Exhibit B, or any other Person or Persons that succeed such Person or Persons in that capacity or are elected to act as additional Managers of the Company as provided herein.

“*Member*” means the Persons designated as Members on Exhibit B.

“Membership Interest” means the entire equity interest of a Member in the Company and all rights and liabilities associated therewith including, without limitation, rights to distributions (liquidating or otherwise) and allocations.

“Person” means a natural person or any corporation, limited liability company, partnership, limited partnership, joint venture, trust, estate, governmental entity, or other entity.

1.2. **Other Definitional Provisions.** All terms used in this Agreement that are not defined in this Article 1 have the meanings contained elsewhere in this Agreement.

ARTICLE 2

FORMATION

2.1. **Name and Formation.** The name of the Company is “Civitas Capital Management, LLC.” All business of the Company must be conducted in that name or in one or more other names that comply with applicable law and that are selected by the Managers from time to time. The Company was formed as a limited liability company upon the issuance of the Certificate of Formation to the Company from the Secretary of State of the State of Texas, pursuant to the Act.

2.2. **Principal Place of Business.** The principal office and place of business of the Company are set forth on Exhibit A. The Company may locate its place of business and principal office at any other place or places as the Managers may from time to time deem necessary or advisable.

2.3. **Registered Office and Agent.** The registered office and registered agent of the Company shall be the registered office and registered agent named in the Certificate and set forth on Exhibit A. The Company may change the registered office and registered agent as the Managers may from time to time deem necessary or advisable.

2.4. **Duration.** The period of duration of the Company is perpetual from the date its Certificate was filed with the Secretary of State of Texas, unless the Company is earlier dissolved in accordance with either the provisions of this Agreement or the Act.

2.5. **Purposes and Powers.** The purpose for which the Company is organized is to transact any or all lawful business for which limited liability companies may be organized under the Act. The Company shall have any and all powers that are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act. The Company shall carry out the foregoing activities pursuant to the arrangements set forth in the Certificate of the Company and this Agreement.

2.6. **Foreign Qualification.** The Managers shall cause the Company to comply, to the extent legally possible, with all requirements necessary to qualify the Company as a foreign limited liability company in each jurisdiction in which the Company conducts business. To the extent required by law or as the Managers determine is otherwise advisable, the Managers shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all jurisdictions in which the Company conducts business.

ARTICLE 3

RIGHTS AND DUTIES OF MANAGERS

3.1. **Management.** The powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under, its designated Manager or Managers. In addition to the powers and authorities expressly conferred by this Agreement upon the Managers, the Managers may exercise all such powers of the Company and do all such lawful acts and things as are not directed or required to be exercised or done by the Managers by the Act or this Agreement, including, but not limited to, contracting for or incurring debts, liabilities, and other obligations on behalf of the Company.

3.2. **Number and Qualifications.** The number of Managers shall not be less than one (1) nor more than three (3), as may be determined by the Members from time to time, but no decrease in the number of Managers shall have the effect of shortening the term of any incumbent Manager. Managers need not be residents of the State of Texas. The Managers in their discretion may elect a chairman of the Managers who shall preside at meetings of the Managers.

3.3. **Election.** At the first annual meeting of the Members and at each annual meeting thereafter, the Members shall elect one or more Managers to hold office until the next succeeding annual meeting. Unless removed in accordance with this Agreement, each Manager shall hold office for the term for which such Person is elected and until such Person's successor shall be elected and qualified.

3.4. **Vacancy.** Any vacancy occurring for any reason in the number of Managers shall be filled by the Members. A Manager elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

3.5. **Removal.** At a meeting called expressly for such purpose, all or any lesser number of Managers may be removed at any time, with or without cause, by the Members.

3.6. **Place of Meetings.** All meetings of the Managers may be held either within or without the State of Texas.

3.7. **Annual Meetings.** The annual meeting of Managers shall be held, without further notice, immediately following the annual meeting of the Members, and at the same place, or at such other time and place as shall be fixed with the consent in writing of all the Managers.

3.8. **Regular Meetings.** Regular meetings of the Managers may be held without notice at such time and place either within or without the State of Texas as shall from time to time be determined by the Managers.

3.9. **Special Meetings.** Special meetings of the Managers may be called by any Manager on three (3) Business Days' notice to each Manager, either personally or by mail, telephone, or facsimile.

3.10. **Quorum.** At all meetings of the Managers, the presence of a Majority of the Managers shall be necessary and sufficient to constitute a quorum for the transaction of business unless a greater number is required by law. At a meeting at which a quorum is present, the act of a Majority of the Managers shall be the act of the Managers, except as otherwise provided by law or this Agreement. If a quorum shall not be present at any meeting of the Managers, the Managers present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.11. **Attendance and Waiver of Notice.** Attendance of a Manager at any meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Managers need be specified in the notice or waiver of notice of such meeting.

3.12. **Compensation.** Managers, as such, shall not receive any stated salary for their services, but shall receive such compensation for their services as may be from time to time agreed upon by the Members. In addition, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Managers, provided that nothing contained in this Agreement shall be construed to preclude any Manager from serving the Company in any other capacity and receiving compensation for such service.

3.13. **Officers.** The Managers may, from time to time, designate one or more Persons to be officers of the Company. No officer need be a Member or a Manager. Any officers so designated shall have such authority and perform such duties as the Managers may, from time to time, delegate to them. The Managers may assign titles to particular officers, including, without limitation, president, vice president, secretary, assistant secretary, treasurer, and assistant treasurer. Each officer shall hold office until such Person's successor shall be duly designated and shall qualify or until such Person's death or until such Person shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same Person. The salaries or other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Managers. Any officer may be removed as such, either with or without cause, by the Managers whenever in the Managers' judgment the best interests of the Company will be served thereby. Any vacancy occurring in any office of the Company (other than Manager) may be filled by the Managers.

3.14. **Indemnification.** The Managers and officers shall be indemnified and held harmless by the Company, but only to the extent that the Company's assets are sufficient therefor, from and against all claims, liabilities, and expenses arising out of any management of Company affairs, but excluding those caused by the gross negligence or willful misconduct of the Manager or officer, as the case may be, subject to all limitations and requirements imposed by the Act. The Company may advance expenses to the Managers or officers to defend any claim for which the Managers or officers shall be indemnified and held harmless by the Company. These indemnification rights are in addition to any rights that the Managers or officers may have against third parties. THE FOREGOING INDEMNIFICATION SPECIFICALLY INCLUDES THOSE CLAIMS THAT ARISE OUT OF THE INDEMNIFIED PARTY'S SOLE, JOINT, OR CONTRIBUTORY NEGLIGENCE, BUT SPECIFICALLY EXCLUDES THOSE CLAIMS THAT ARISE OUT OF THE INDEMNIFIED PARTY'S WILLFUL MISCONDUCT, FRAUD, OR GROSS NEGLIGENCE. THE INDEMNIFIED PARTY WOULD NOT HAVE ENTERED THIS AGREEMENT IF NOT FOR THIS INDEMNIFICATION.

3.15. **Actions Without a Meeting and Telephone Meetings.** Notwithstanding any provision contained in this Article 3, all actions of the Managers provided for herein may be taken by written consent without a meeting, or any meeting thereof may be held by means of a conference telephone. Any such action that may be taken by the Managers without a meeting shall be effective only if the written consent or consents are in writing, set forth the action so taken, and are signed by the number of Managers constituting not less than the minimum amount of Managers that would be necessary to take such action at a meeting at which the Managers entitled to vote on the action were present and voted.

ARTICLE 4

RIGHTS AND DUTIES OF THE MEMBERS

4.1. **Place of Meetings.** All meetings of the Members shall be held at the principal office of the Company or at such other place within or without the State of Texas as may be determined by the Members and set forth in the respective notice or waivers of notice of such meeting.

4.2. **Annual and Special Meetings.** The annual and special meetings of the Members for the election of Managers and the transaction of such other business as may properly come before the meeting shall be held at such time and date as shall be designated by the Members from time to time.

4.3. **Actions Without a Meeting.** Notwithstanding any provision contained in this Article 4, all actions of the Members provided for herein may be taken by written consent without a meeting. Any such action that may be taken by the Members without a meeting shall be effective only if the consent is in writing, sets forth the action so taken, and is signed by the Members.

ARTICLE 5

CAPITALIZATION

5.1. Capital Contributions.

(a) The Members have provided cash or commitments to contribute cash or property to the Company in the amount set forth as the Capital Contribution of such Member on Exhibit B. Such cash, commitments or property shall be the Capital Contribution of the Member and, in connection with such contribution, the Member shall receive its Membership Interest.

(b) If at any time the Managers determine that the Company has insufficient funds to carry out the purposes of the Company, the Members may make additional Capital Contributions.

(c) The Members shall not be paid interest on any Capital Contribution.

5.2. Withdrawal or Reduction of Capital Contributions.

(a) The Members shall not receive out of the Company's property any part of its Capital Contribution until all liabilities of the Company have been paid or there remains property of the Company sufficient to pay such liabilities.

(b) Except as may be otherwise specifically provided in this Agreement, the Members shall have the right to withdraw all or any part of its Capital Contribution.

5.3. **Liability of the Members.** The Members shall not be liable for the debts, liabilities, or obligations of the Company beyond its Capital Contributions. The Members shall not be required to contribute to the capital of, or to loan any funds to, the Company.

ARTICLE 6

DISTRIBUTIONS

6.1. **Distributions.** Subject to Section 6.2, the Company shall make all distributions at such times as determined by the Managers.

6.2. **Limitation Upon Distribution.** No distribution shall be declared and paid unless, if after the distribution is made, the value of assets of the Company would exceed the liabilities of the Company, except liabilities to the Members on account of its Capital Contributions.

ARTICLE 7

BOOKS AND ACCOUNTS

7.1. **Records and Reports.** At the expense of the Company, the Managers shall maintain records and accounts of all operations and expenditures of the Company.

7.2. **Returns and Other Elections.** The Managers shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members as soon as practicable after the end of each Fiscal Year. All elections permitted to be made by the Company under federal or state laws shall be made by the Managers with the consent of the Members.

ARTICLE 8

DISSOLUTION AND TERMINATION

8.1. **Dissolution.**

- (a) The Company shall be dissolved upon the first of the following to occur:
 - (i) Upon the election to dissolve the Company by the Members;
 - (ii) Upon the death, retirement, resignation, expulsion, bankruptcy, legal incapacity, or dissolution of all Members, or the occurrence of any other event that terminates the continued membership of all Members; or
 - (iii) The entry of a decree of judicial dissolution under the Act.
- (b) Upon dissolution of the Company, the business and affairs of the Company shall terminate, and the assets of the Company shall be liquidated under this Article 8.
- (c) Dissolution of the Company shall be effective as of the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until there has been a winding up of the Company's business and affairs, and the assets of the Company have been distributed as provided in Section 8.2.
- (d) Upon dissolution of the Company, the Managers may cause any part or all of the assets of the Company to be sold in such manner as the Managers shall determine in an effort to obtain

the best prices for such assets; *provided, however*, the Managers may distribute assets of the Company in kind to the Members to the extent practicable.

8.2. **Distribution of Assets Upon Dissolution.** In settling accounts after dissolution, the assets of the Company shall be paid in the following order:

(a) First, to creditors, in the order of priority as provided by applicable law, except those to the Members on account of its Capital Contributions; and

(b) Second, any remainder shall be distributed to the Members.

8.3. **Certificate of Cancellation.** When all liabilities and obligations of the Company have been paid or discharged, or adequate provision has been made therefor, and all of the remaining property and assets of the Company have been distributed to the Members according to their respective rights and interests, the Certificate of Cancellation shall be executed on behalf of the Company by the Managers or the Members and shall be filed with the Secretary of State of the State of Texas, and the Managers and the Members shall execute, acknowledge, and file any and all other instruments necessary or appropriate to reflect the dissolution and termination of the Company.

ARTICLE 9

TRANSFERS OF MEMBERSHIP INTERESTS

A Members may not sell, assign, or otherwise transfer all or any portion of its Membership Interest at any time to any Person without the prior written consent of the Managers.

ARTICLE 10

MISCELLANEOUS PROVISIONS

10.1. Notices.

(a) Any notice, notification, demand, or request provided or permitted to be given under this Agreement must be in writing and shall have been deemed to have been properly given, unless explicitly stated otherwise, if sent by (i) FedEx or other comparable overnight courier, (ii) registered or certified mail, postage prepaid, return receipt requested, or (iii) facsimile transmission during normal business hours to the place of business of the recipient.

(b) For purposes of all notices, the addresses and facsimile numbers of the Managers and the Members are set forth on Exhibit B.

(c) All notices, notifications, demands, or requests so given shall be deemed given and received (i) if sent via FedEx or other comparable overnight courier, the next Business Day after being deposited with such carrier; (ii) if mailed, five (5) Business Days after being deposited in the mail; (iii) if sent via facsimile transmission, the next Business Day after being so transmitted.

10.2. **Application of Texas Law.** This Agreement and the application or interpretation hereof, shall be governed exclusively by the laws of the State of Texas, and specifically the Act.

10.3. **Headings and Sections.** The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof. Unless the context requires otherwise, all references in this Agreement to Sections or Articles shall be deemed to mean and refer to Sections or Articles of this Agreement.

10.4. **Amendments.**

(a) This Agreement may be amended, supplemented, or restated only upon the written consent of the Members.

(b) Upon obtaining the approval of any amendment to the Certificate, the Managers shall cause a Certificate of Amendment in accordance with the Act to be prepared, and such Certificate of Amendment shall be executed by at least one (1) Manager and shall be filed in accordance with the Act.


10.5. **Number and Gender.** Where the context so indicates, the masculine shall include the feminine, the neuter shall include the masculine and feminine, and the singular shall include the plural.

10.6. **Binding Effect.** Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the Members, its distributees, heirs, legal representatives, executors, administrators, successors, and assigns.

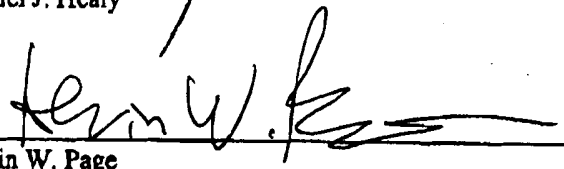
10.7. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and shall be binding upon the Members and Managers who executed the same, but all of such counterparts shall constitute the same Agreement.

*Remainder of Page Intentionally Left Blank.
Signature Pages To Follow.*

The undersigned, being all of the Members, do hereby ratify, confirm, and approve the adoption of this Agreement as the limited liability company agreement of the Company, and does hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement as July 1, 2009.



Daniel J. Healy



Kevin W. Page

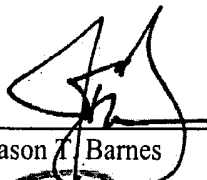
Jason T. Barnes

Rafael M. Anchia

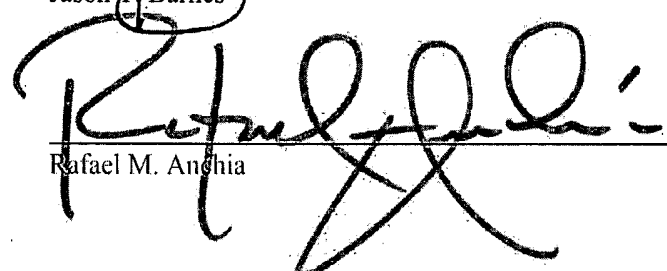
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Daniel J. Healy

Kevin W. Page

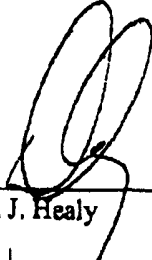


Jason T. Barnes

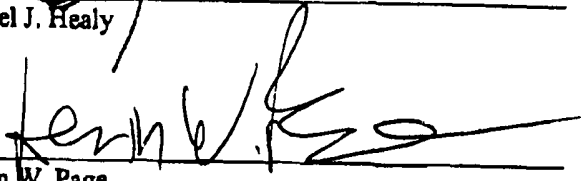


Rafael M. Anghia

IN WITNESS WHEREOF, the undersigned, being the Managers, have caused this Agreement to be duly adopted by the Company as of July 1, 2009.



Daniel J. Healy




Kevin W. Page

Jason T. Barnes

IN WITNESS WHEREOF, the undersigned, being the Managers, have caused this Agreement to be duly adopted by the Company as of July 1, 2009.

Daniel J. Healy

Kevin W. Page



Jason T. Barnes

LIMITED LIABILITY COMPANY AGREEMENT

OF

CIVITAS CAPITAL MANAGEMENT, LLC

(A Delaware Limited Liability Company)

EXHIBIT A

Company Information

Name of Company:	Civitas Capital Management, LLC
Address:	6226 Bandera Avenue Suite C Dallas, Texas 75225
Telephone:	(214) 450-4400
Facsimile:	(214) 346-1937
Registered Office and Agent:	Daniel J. Healy 6226 Bandera Avenue Suite C Dallas, Texas 75225
Tax Matters Partner:	Daniel J. Healy

LIMITED LIABILITY COMPANY AGREEMENT

OF

CIVITAS CAPITAL MANAGEMENT, LLC

(A Texas Limited Liability Company)

EXHIBIT B

	Name	Address	Capital Contribution	Units	Percentage Ownership
Manager	Daniel J. Healy	6226 Bandera Avenue Suite C Dallas, Texas 75225			
Manager	Kevin W. Page	6226 Bandera Avenue Suite C Dallas, Texas 75225			
Manager	Jason T. Barnes	6226 Bandera Avenue Suite C Dallas, Texas 75225			
Member	Daniel J. Healy	6226 Bandera Avenue Suite C Dallas, Texas 75225	\$100	300	30%
Member	Kevin W. Page	6226 Bandera Avenue Suite C Dallas, Texas 75225	\$100	300	30%
Member	Jason T. Barnes	6226 Bandera Avenue Suite C Dallas, Texas 75225	\$100	300	30%
Member	Rafael M. Anchia	6226 Bandera Avenue Suite C Dallas, Texas 75225	\$100	100	10%
Total			\$400	1,000	100%

July 1, 2009

Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225

Gentlemen:

The undersigned (the "*Member*") hereby commits to Civitas Capital Management, LLC, a Texas limited liability company (the "*Company*"), to invest as a Member of the Company on the terms set forth in the Limited Liability Company Agreement of the Company, dated as of July 1, 2009 (the "*LLC Agreement*"), attached hereto and incorporated herein by reference. This commitment, which is in the aggregate amount of up to \$75,000 (the "*Investment*"), shall be funded by the Member or by an entity to be formed by the Member.

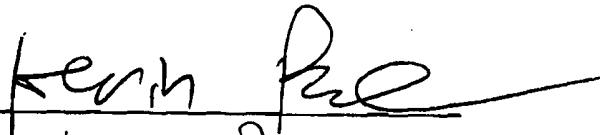
The terms of this letter agreement shall be of no force and effect if the City of Dallas Regional Center, is not approved as a designated "*Regional Center*" by the United States Citizenship and Immigration Service ("*USCIS*") by December 31, 2009.

THIS LETTER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

The Member hereby represents and warrants to the Company that it has the capacity, power and authority to enter into this letter agreement and will be bound by the terms hereof.

Sincerely,

Signature:



Printed Name:

Kevin Page

July 1, 2009

Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225

Gentlemen:

The undersigned (the "*Member*") hereby commits to Civitas Capital Management, LLC, a Texas limited liability company (the "*Company*"), to invest as a Member of the Company on the terms set forth in the Limited Liability Company Agreement of the Company, dated as of July 1, 2009 (the "*LLC Agreement*"), attached hereto and incorporated herein by reference. This commitment, which is in the aggregate amount of up to \$75,000 (the "*Investment*"), shall be funded by the Member or by an entity to be formed by the Member.

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The Member hereby represents and warrants to the Company that it has the capacity, power and authority to enter into this letter agreement and will be bound by the terms hereof.

Sincerely,

Signature:  _____

Printed Name: David L. Healy

July 1, 2009

Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225

Gentlemen:

The undersigned (the "**Member**") hereby commits to Civitas Capital Management, LLC, a Texas limited liability company (the "**Company**"), to invest as a Member of the Company on the terms set forth in the Limited Liability Company Agreement of the Company, dated as of July 1, 2009 (the "**LLC Agreement**"), attached hereto and incorporated herein by reference. This commitment, which is in the aggregate amount of up to \$75,000 (the "**Investment**"), shall be funded by the Member or by an entity to be formed by the Member.

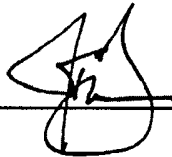
The terms of this letter agreement shall be of no force and effect if the City of Dallas Regional Center, is not approved as a designed "**Regional Center**" by the United States Citizenship and Immigration Service ("**USCIS**") by December 31, 2009.

THIS LETTER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

The Member hereby represents and warrants to the Company that it has the capacity, power and authority to enter into this letter agreement and will be bound by the terms hereof.

Sincerely,

Signature: _____



Printed Name: _____

Jason T. Barnes

July 1, 2009

Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225

Gentlemen:

The undersigned (the "**Member**") hereby commits to Civitas Capital Management, LLC, a Texas limited liability company (the "**Company**"), to invest as a Member of the Company on the terms set forth in the Limited Liability Company Agreement of the Company, dated as of July 1, 2009 (the "**LLC Agreement**"), attached hereto and incorporated herein by reference. This commitment, which is in the aggregate amount of up to \$75,000 (the "**Investment**"), shall be funded by the Member or by an entity to be formed by the Member.

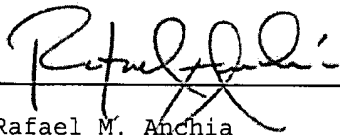
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The Member hereby represents and warrants to the Company that it has the capacity, power and authority to enter into this letter agreement and will be bound by the terms hereof.

Sincerely,

Signature: _____



Printed Name: Rafael M. Anchia

Job-Creation Analysis Demonstrating EB-5 Program Compliance, Fund Structure, "At-Risk" Status, and Job Creation

Upon release from escrow of CDRC investor's funds, those funds will be immediately invested into an investment Limited Partnership where the investor will have all of the customary rights of a limited partner. This places the investor's funds "at-risk" in that the individual investor does not have access to those funds, those funds are subject to the possibility of total loss, and all investment decisions, *including all distribution decisions*, are controlled by the General Partner of the Fund (in this case the CDRC Manager). This is an important distinction to note between a true investment limited partnership (such as the CDRC Funds) and a direct investment into a business (even if the investment is made through a partnership agreement) where distributions of capital may be made at anytime (thus conceivable allowing investors to have access to their capital before they had fulfilled their EB-5 program requirements). In all cases, CDRC investor's funds will remain in the control of the CDRC Manager and at-risk (without distributions of profit or principal) until the EB-5 Program requirements have been met and the investor has completed the I-829 process and had their visa restrictions removed.

In order to ensure compliance with the EB-5 Program requirements for job creation, The CDRC has compiled a list of discrete industry-sectors that generally represent the City of Dallas' Office of Economic Development "Targeted Industries" described elsewhere in this application. These industry-sectors were first compiled as a list of NAICS industry codes relevant to

industries already present in the Dallas economy or under target for development by the City's OED and then converted to ImPlan Software industry sectors codes for analysis. ImPlan Software is an industry-standard software tool used by municipalities, governments and private industry to determine the economic impacts (such as job creation) of certain activities (such as direct investment into businesses) The converted ImPlan industry sector codes were then analyzed using the ImPlan software to determine the job creation output and other economic impacts of a \$500,000 minimum investment of capital (the minimum allowed for a TEA investment by an EB-5 Program investor) into each applicable industry sector.

As is demonstrated by the output in charts 1 through 12 below, in every case but two (Management of Companies and Enterprises, and Wholesale Trade) the aggregate job creation activity (total of direct, indirect and induced jobs created) from a \$500,000 investment made in the first year meets or exceeds the minimum 10 jobs threshold. It is assumed that the jobs, once created by the investment, would be sustained over time by the on-going activity of the business and in all cases would meet the required standard of "having a reasonable chance of continuing in the future" as required for successful removal of EB-5 investors visa conditions.

a) Job-creation Evidence, Methodology and Strategies

In order to evaluate the employment impact of investment into the CDRC, and thus support job-creation requirements for the EB-5 Regional Center Program, The Chief Economist on the City's OED staff, Daniel Oney, PhD, ran a

detailed study of the Industry Sectors that have been targeted by the CDRC investment plan. The City of Dallas Office of Economic Development (OED) maintains an IMPLAN version 2.0 model for evaluating the economic impact of development projects. The current model uses the latest, 2006, datasets made available by the vendor, Minnesota Implan Group (MIG). The City subscribes to the Texas data set including all counties and the U.S. economy as well as a custom Dallas city economy model made by MIG from Dallas' ZIP codes. This Dallas city model is used to isolate economic impacts on the city economy. Complete documentation for the IMPLAN model is available at http://implan.com/index.php?option=com_frontpage&Itemid=1.

The CDRC investment strategy is predicated on two kinds of deployment of capital, A) a diversified portfolio approach that invests in a number of businesses across multiple industries that are selected on an opportunistic basis as investor funds are approved and received out of escrow for deployment, and B) concentrated investments into either large, stand-alone projects (as historically many Regional Center investments have been) or investments focused on a particular industry cluster.

In order to evaluate the viability of this flexible approach to investment in the CDRC and still maintain a reasonable level of confidence in the strategy's ability to predictably create the requisite jobs-per-investor (among other positive economic impacts), OED's Economist created a detailed list of ImPlan Sectors that underlie the City's targeted industry clusters (see tables 1 through 12 below). Each ImPlan sector (which roughly coincides with NAICS codes) was analyzed

as to the employment effects of a \$500,000 minimum investment made in a single year and held over a period of at least 2 ½ years to align with the most recent guidance from USCIS about appropriate time-frames for evaluating EB-5 investment deployment. The results include the total of direct, indirect and induced jobs resultant from such an investment of \$500,000 (based on ImPlan-generated job multipliers). This total jobs number is assumed by the model to have been created in the first year of investment and sustained by the activity of the business thereafter. In all cases, the money invested by EB-5 Program participants into the CDRC will remain fully invested and at risk for the entire period required to have their Visa restrictions removed.

Table 1. Advanced Building Components and Systems Constituent Industries

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
117	Wood windows and door manufacturing	\$500,000	\$2,097,751	12.5	1.59	19.8
122	Prefabricated wood building manufacturing	\$500,000	\$1,495,959	8.0	1.67	13.4
235	Metal window and door manufacturing	\$500,000	\$1,646,806	8.9	1.55	13.9
237	Ornamental and architectural metal work manufacturing	\$500,000	\$1,665,412	8.8	1.55	13.7
248	Metal valve manufacturing	\$500,000	\$1,848,332	6.5	1.80	11.7
316	Industrial process variable instruments	\$500,000	\$1,157,929	4.6	2.33	10.7
326	Lighting fixture manufacturing	\$500,000	\$1,798,915	7.3	1.87	13.6

Table 2. Food Manufacturing

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
57	Confectionery manufacturing from cacao beans	\$500,000	\$10,083,333	20.8	3.17	66.0
58	Confectionery manufacturing from purchased chocolate	\$500,000	\$3,826,923	10.3	2.76	28.5
60	Frozen food manufacturing	\$500,000	\$3,248,898	11.3	2.31	26.1
61	Fruit and vegetable canning and drying	\$500,000	\$4,264,447	9.6	2.89	27.9
62	Fluid milk manufacturing	\$500,000	\$4,154,884	6.9	10.81	74.5
64	Cheese manufacturing	\$500,000	\$4,224,422	5.4	11.49	61.9
65	Dry- condensed- and evaporated dairy products	\$500,000	\$5,879,630	7.5	9.60	72.4
72	Frozen cakes and other pastries manufacturing	\$500,000	\$1,395,161	7.7	1.83	14.1
73	Bread and bakery product- except frozen- manufacturing	\$500,000	\$1,686,783	11.4	1.59	18.2
75	Mixes and dough made from purchased flour	\$500,000	\$3,127,706	7.2	2.62	18.8
77	Tortilla manufacturing	\$500,000	\$2,167,857	14.2	1.55	22.0
78	Roasted nuts and peanut butter manufacturing	\$500,000	\$8,125,000	18.1	4.83	87.6
79	Other snack food manufacturing	\$500,000	\$3,682,724	5.3	3.89	20.5
80	Coffee and tea manufacturing	\$500,000	\$3,267,386	5.9	3.86	22.7
81	Flavoring syrup and concentrate manufacturing	\$500,000	\$3,223,520	4.4	3.41	15.1
83	Spice and extract manufacturing	\$500,000	\$3,007,426	6.3	3.62	22.9
84	All other food manufacturing	\$500,000	\$1,352,575	3.8	2.94	11.0
85	Soft drink and ice manufacturing	\$500,000	\$3,528,579	5.2	3.77	19.6

Table 3. Headquarters, Management and Administration Operations

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
425	Non-depository credit intermediation	\$500,000	\$1,058,413	5.7	1.93	11.1
426	Securities- commodity contracts- investments	\$500,000	\$1,241,169	9.4	2.01	18.8
438	Accounting and bookkeeping services	\$500,000	\$949,619	8.5	1.68	14.2
444	Management consulting services	\$500,000	\$976,393	6.5	2.00	12.9
452	Office administrative services	\$500,000	\$1,274,755	5.1	2.43	12.3
455	Business support services	\$500,000	\$915,756	10.6	1.43	15.2
451	Management of companies and enterprises	\$500,000	\$852,899	3.8	2.05	7.8*

Table 4 Instruments Manufacturing

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
302	Electronic computer manufacturing	\$500,000	\$5,163,043	2.0	10.87	21.9
303	Computer storage device manufacturing	\$500,000	\$2,375,000	3.0	4.15	12.4
305	Other computer peripheral equipment manufacturing	\$500,000	\$1,894,714	4.1	3.14	13.0
311	Semiconductors and related device manufacturing	\$500,000	\$2,734,724	3.2	5.81	18.7
318	Electricity and signal testing instruments	\$500,000	\$1,445,000	5.1	2.39	12.1
324	Magnetic and optical recording media manufacture	\$500,000	2,378,641	5.9	3.13	18.4

Table 5 Information Technology Services

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
417	Software publishers	500,000	1,803,472	3.7	3.35	12.4
423	Information services	500,000	1,734,243	4.4	3.19	14.0
424	Data processing services	500,000	1,330,185	4.6	2.58	11.9
443	Other computer related services	500,000	1,496,701	5.8	1.96	11.3

Table 6 Logistics, Trade and Commerce

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
394	Truck transportation	500,000	1,237,686	9.1	1.63	14.9
397	Scenic and sightseeing transportation and sup	500,000	1,104,367	7.7	1.68	13.0
390	Wholesale trade	500,000	1,152,418	5.0	1.98	9.8*
400	Warehousing and storage	500,000	844,451	11.2	1.32	14.9
401	Motor vehicle and parts dealers	500,000	1,093,693	8.6	1.58	13.6
402	Furniture and home furnishings stores	500,000	1,217,778	11.3	1.46	16.5
403	Electronics and appliance stores	500,000	657,700	8.2	1.33	10.9
404	Building material and garden supply stores	500,000	1,114,566	11.1	1.44	16.1
405	Food and beverage stores	500,000	1,029,799	16.5	1.29	21.2
406	Health and personal care stores	500,000	986,668	14.4	1.32	19.0
408	Clothing and clothing accessories stores	500,000	1,384,389	17.8	1.31	23.3
409	Sporting goods- hobby- book and music stores	500,000	1,132,631	22.9	1.23	28.1
410	General merchandise stores	500,000	881,960	10.4	1.38	14.3
411	Miscellaneous store retailers	500,000	949,700	21.8	1.19	25.9
412	Non-store retailers	500,000	2,422,816	28.7	1.24	35.6

Table 7 Media, Entertainment and Amenities

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
323	Audio and video media reproduction	500,000	2,019,048	8.5	2.01	17.1
413	Newspaper publishers	500,000	1,123,108	6.3	1.67	10.4
414	Periodical publishers	500,000	1,673,834	6.2	2.07	12.8
415	Book publishers	500,000	2,146,339	6.5	2.16	14.0
416	Database- directory- and other publishers	500,000	2,639,579	6.6	2.26	14.8
418	Motion picture and video industries	500,000	1,963,218	10.8	2.45	26.4
419	Sound recording industries	500,000	3,432,219	4.4	2.86	12.7
420	Radio and television broadcasting	500,000	1,226,521	5.0	2.58	12.9
447	Advertising and related services	500,000	1,220,917	8.7	1.98	17.3
448	Photographic services	500,000	1,410,125	14.7	1.53	22.4
471	Performing arts companies	500,000	916,153	35.3	1.21	42.9
472	Spectator sports	500,000	906,365	9.0	1.56	14.0
473	Independent artists- writers- and performers	500,000	1,924,242	29.1	1.91	55.5
474	Promoters of performing arts and sports and a	500,000	1,525,894	66.6	1.15	76.3
475	Museums- historical sites- zoos- and parks	500,000	1,153,805	10.6	1.76	18.8
477	Bowling centers	500,000	1,372,126	25.7	1.23	31.5
478	Other amusement and recreation	500,000	1,329,075	16.3	1.38	22.5
479	Hotels and motels	500,000	1,289,054	12.0	1.46	17.5
481	Food services and drinking places	500,000	1,264,409	22.1	1.28	28.3

Table 8 Telecommunications

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
306	Telephone apparatus manufacturing	500,000	2,727,255	3.1	5.17	15.9
307	Broadcast and wireless communications equipment	500,000	2,098,427	3.6	3.73	13.5
308	Other communications equipment manufacturing	500,000	1,399,254	3.9	2.72	10.6
422	Telecommunications	500,000	2,520,350	5.1	2.86	14.7

Table 9 Transportation Equipment Manufacturing and Assembly

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
287	Speed changers and mechanical power transmissions	500,000	1,765,758	9.3	1.75	16.2
346	Motor vehicle body manufacturing	500,000	1,560,976	5.6	1.94	10.9
350	Motor vehicle parts manufacturing	500,000	2,314,015	6.2	2.19	13.6
352	Aircraft engine and engine parts manufacturing	500,000	2,500,250	6.3	2.83	17.7
359	Motorcycle- bicycle- and parts manufacturing	500,000	4,624,542	11.4	2.24	25.6

Table 10 Energy, Clean Tech and Environment

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
19	Oil and gas extraction	\$500,000	\$4,266,664	4.3	3.58	15.2
30	Power generation and supply	\$500,000	\$5,561,013	3.0	4.45	13.4
31	Natural gas distribution	\$500,000	\$4,152,669	3.3	4.71	15.3
32	Water- sewage and other systems	\$500,000	\$2,067,691	5.7	2.49	14.1
143	Asphalt paving mixture and block manufacturing	\$500,000	\$4,561,404	5.5	3.41	18.6
144	Asphalt shingle and coating materials manufacture	\$500,000	\$4,554,257	5.4	3.48	18.9
145	Petroleum lubricating oil and grease manufacture	\$500,000	\$3,371,729	3.0	4.25	12.7
148	Industrial gas manufacturing	\$500,000	\$5,988,325	5.3	5.05	26.9
261	Oil and gas field machinery and equipment	\$500,000	\$1,779,126	4.7	2.27	10.6
275	Air purification equipment manufacturing	\$500,000	\$2,059,851	13.5	1.52	20.4
277	Heating equipment- except warm air furnaces	\$500,000	\$2,076,440	8.1	1.78	14.4
288	Pump and pumping equipment manufacturing	\$500,000	\$2,496,556	7.5	2.05	15.3
333	Electric power and specialty transformer manufacturing	\$500,000	\$1,966,463	8.1	1.92	15.5
337	Storage battery manufacturing	\$500,000	\$5,208,333	26.3	1.80	47.2
407	Gasoline stations	\$500,000	\$1,382,753	16.7	1.31	21.9
439	Architectural and engineering services	\$500,000	\$901,354	6.5	1.93	12.6
440	Specialized design services	\$500,000	\$1,501,470	11.1	1.89	21.0
445	Environmental and other technical consulting	\$500,000	\$1,319,916	7.7	2.16	16.7
460	Waste management and remediation services	\$500,000	\$1,286,193	6.1	1.76	10.7

Table 11 Human Health, Education and Wellness

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
160	Pharmaceutical and medicine manufacturing	500,000	6,097,222	7.4	3.74	27.8
313	Electro-medical apparatus manufacturing	500,000	1,881,898	4.6	2.77	12.8
319	Analytical laboratory instrument manufacturing	500,000	1,580,711	4.1	3.26	13.4
375	Surgical and medical instrument manufacturing	500,000	2,580,038	9.0	2.12	19.0
376	Surgical appliance and supplies manufacturing	500,000	2,591,388	7.6	2.18	16.6
378	Ophthalmic goods manufacturing	500,000	2,328,810	9.7	1.92	18.6
446	Scientific research and development services	500,000	860,575	6.8	1.80	12.2
461	Elementary and secondary schools	500,000	703,798	18.7	1.20	22.5
462	Colleges- universities- and junior colleges	500,000	855,004	14.2	1.34	19.0
463	Other educational services	500,000	1,070,534	18.4	1.32	24.3
464	Home health care services	500,000	946,614	20.8	1.25	25.9
466	Other ambulatory health care services	500,000	1,425,845	9.3	1.79	16.7
467	Hospitals	500,000	1,007,848	7.2	1.73	12.5
468	Nursing and residential care facilities	500,000	732,966	14.3	1.29	18.4
469	Child day care services	500,000	1,191,146	36.0	1.14	41.0
470	Social assistance- except child day care services	500,000	768,586	22.7	1.18	26.8

Table 12 Building, Development and Infrastructure

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
33	New residential 1-unit structures- all	500,000	1,819,800	11.5	1.84	21.1
34	New multifamily housing structures- all	500,000	1,435,066	11.7	1.58	18.5
38	Commercial and institutional buildings	500,000	1,213,720	11.5	1.53	17.5
37	Manufacturing and industrial buildings	500,000	1,084,177	11.2	1.42	15.9
43	Maintenance and repair of nonresidential buildings	500,000	1,470,621	11.4	1.67	19.1

b) Exceptions and Workarounds

Two sectors in particular (highlighted in yellow above) fail to fully meet the job creation requirements in the model and need addressed independently. A \$500,000 investment, according to the ImPlan model, in "Wholesale Trade"

produces only 9.8 total jobs in the first year of investment. A \$500,000 investment, again according to the ImPlan model, in "Management of Companies and Enterprises" produces only 7.8 total jobs in the first year of investment.

The CDRC Management Company has a specific strategy for dealing with an event in which an investment directly into a business characterized by either of these ImPlan Sectors was made as an allocation in a portfolio.

First, in either case where the job creation numbers are presumed to be too low according to the model for a specific business included in a particular portfolio, a balancing investment within the same portfolio into a sector that notably exceeds the threshold job creation number can be made, thus ensuring that (from a modeling perspective) the overall job creation activity for the investors in that portfolio will still meet or exceed the required 10 in the aggregate.

Example: A CDRC investment fund has 20 investors, each at the \$500,000-level; with total EB-5 capital for deployment available of \$10MM (in this case all investment would be into businesses located in TEA areas). For all 20 investors to adequately fulfill their EB-5 job creation requirements, the portfolio, on the whole, would need to produce a total of 200 permanent full-time jobs (direct, indirect and induced combined). Fund investment #1 might be \$1,000,000 into a company whose primary business activity was "Corporate Management" (perhaps the new management headquarters of a company that had many subsidiary offices around the country.) According to the ImPlan model, this \$1MM investment would only represent a total of 15.6 permanent full-

time jobs. However, Fund investment #2 might be a \$9MM investment into a series of "Food and Beverage Stores" located in low-income areas in Dallas. "Food and Beverage Stores" create, according to the model, 21.2 total full-time jobs-per-\$500,000-invested (direct, indirect and induced combined). This investment, according to the ImPlan model, would create 381.6 permanent full-time jobs that, when added to the 15.6 created by the first investment would equal 397.2 total permanent full-time jobs, well in excess of the required 200 total jobs (direct, indirect and induced combined) for an EB-5 portfolio of this size.

A similar strategy exists for both residential and commercial construction jobs and their associated indirect components included in the ImPlan model. As per USCIS guidance, only full-time permanent jobs that are anticipated to exceed 2 years in length or longer may be included in the job creation calculations. In a case where an EB-5 investment through the CDRC might include an allocation into the construction-phase of a project, for example, the CDRC management Company would first determine (based on due diligence) the percentage of jobs attributable to construction activities that would meet the "2-year test" and re-balance its total-jobs-created calculation attributable to those jobs in the overall project or portfolio, then structure a balancing investment (as described above for portfolio investments) or calculate the additional job creating activities inherent in the overall project to ensure that aggregate base job creation activity, according to the model assumptions, would still meet or exceed USCIS requirements.

c) Summary of CDRC Job Creation Strategies

Based on this analysis of the individual ImPlan sectors targeted by the CDRC's investment strategy, it can be concluded that any investment within these ImPlan sectors or any investment in *a combination of these ImPlan sectors* (as in the case of the diversified portfolio strategy explained above) would create the requisite number of required jobs to qualify CDRC investors for matriculation from the EB-5 Program.

Detailed Economic Impact Study of How the CDRC Will Produce Positive Impacts on the Dallas, TX Regional Economy

a) Detailed Prediction Regarding How the CDRC Will Produce Positive Impacts on the Dallas, TX Regional Economy

In the original CDRC application, the City's Economist, Dr. Daniel Oney, PhD, provided a detailed economic impact study focusing on the broad effects of the anticipated investment activities of the CDRC. This study has been updated and refined to reflect additional industry clusters of interest to the City's OED and the results follow as a demonstration of *"a complete and valid economic analysis sufficiently detailed to predict the overall economic impact to be made by the Regional Center"* as requested in the RFE.

It should be noted that the methodology for this study varies from the preceding Jobs-Creation Analysis. In this broader economic impact analysis, each of the industry sectors previously evaluated in the jobs-creation analysis were grouped into "portfolios" to demonstrate and capture the more general effects of investment in the CDRC region into these broader industry groupings. These portfolios were treated as if a \$1 million dollar investment were made into each portfolio of businesses and the economic effects were analyzed through the ImPlan 2.0 software model (see **"Preparation of the IMPLAN Inputs (Target Industry Portfolios) and Discussion of the IMPLAN Model Results"** section below for a detailed description).

After evaluating \$1 million invested in each of twelve portfolios of Dallas target industries, OED concludes that the minimum likely impact from a \$1 million investment spread across various target industry clusters and constituent NAICS

industries would meet the employment requirements of the EB-5 program. The smallest direct + indirect employment impact totals 23 (Information Technology). This theoretical minimum employment impact is based on the IMPLAN models' depiction of Dallas' inter-industry structure. While small area input-output models are generally less precise than larger geographic area models, these results suggest that the EB-5 program would have to perform extremely poorly before failing to meet minimum program criteria.

In addition to the employment impacts, the City of Dallas is also interested in the output and income impacts. Increases in Dallas' economic output provide a better base to weather business cycle fluctuations. In addition, improvements in the City's rankings of metropolitan or city gross product increase the scrutiny given Dallas by national and even international firms. This could increase business investment and staff relocations to Dallas as companies move to tap into this already large and growing economy. According to the IMPLAN analysis, the smallest economic output impact is \$3.51 million (direct and indirect for the Headquarters, Management and Administration Operations). This represents a 251% percent increase on the original \$1 million investment.

The smallest employee compensation impact at full operation in the second year is \$1.23 million for the direct and indirect Logistics, Trade and Commerce cluster. This represents a 123% percent return in payroll for the initial \$1 million investment. Increases in employee payroll, particularly in the neighborhoods being targeted by this program will support several City objectives including increasing income and increasing the viability of retail development in

underserved areas. Higher income levels will lower the threshold for retailers to enter Dallas' poorest neighborhoods.

Dallas' current Target industries and their constituent industries according to their North American Industrial Classification System (NAICS) codes are presented in Tables 1 through 12. (Note, for study purposes these codes were converted into the appropriate ImPlan software sector codes – See “**Preparation of the IMPLAN Inputs**” Section below.)

Table 1. Advanced Building Components and Systems Constituent Industries
221330 Steam and Air-Conditioning Supply
321911 Wood Window and Door Manufacturing
321992 Prefabricated Wood Building Manufacturing
332312 Fabricated Structural Metal Manufacturing
332321 Metal Window and Door Manufacturing
332323 Ornamental and Architectural Metal Work Manufacturing
332311 Prefabricated Metal Building and Component Manufacturing
332410 Power Boiler and Heat Exchanger Manufacturing
332913 Plumbing Fixture Fitting and Trim Manufacturing
333411 Air Purification Equipment Manufacturing
333412 Industrial and Commercial Fan and Blower Manufacturing
333414 Heating Equipment (except Warm Air Furnaces) Manufacturing
333415 Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing
334512 Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use
335121 Residential Electric Lighting Fixture Manufacturing
335122 Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing
335129 Other Lighting Equipment Manufacturing

Table 2. Food Manufacturing
311230 Breakfast Cereal Manufacturing
311320 Chocolate and Confectionery Manufacturing from Cacao Beans
311330 Confectionery Manufacturing from Purchased Chocolate
311340 Non-chocolate Confectionery Manufacturing
311411 Frozen Fruit, Juice, and Vegetable Manufacturing
311412 Frozen Specialty Food Manufacturing
311421 Fruit and Vegetable Canning
311422 Specialty Canning
311423 Dried and Dehydrated Food Manufacturing

311511 Fluid Milk Manufacturing
 311512 Creamery Butter Manufacturing
 311513 Cheese Manufacturing
 311514 Dry, Condensed, and Evaporated Dairy Product Manufacturing
 311520 Ice Cream and Frozen Dessert Manufacturing
 311812 Commercial Bakeries
 311813 Frozen Cakes, Pies, and Other Pastries Manufacturing
 311821 Cookie and Cracker Manufacturing
 311822 Flour Mixes and Dough Manufacturing from Purchased Flour
 311823 Dry Pasta Manufacturing
 311830 Tortilla Manufacturing
 311911 Roasted Nuts and Peanut Butter Manufacturing
 311919 Other Snack Food Manufacturing
 311920 Coffee and Tea Manufacturing
 311930 Flavoring Syrup and Concentrate Manufacturing
 311942 Spice and Extract Manufacturing
 311991 Perishable Prepared Food Manufacturing
 312111 Soft Drink Manufacturing
 312112 Bottled Water Manufacturing
 312113 Ice Manufacturing

Table 3. Headquarters, Management and Administration Operations

520000 Finance and Insurance (Processing Operations)
 522320 Financial Transactions Processing, Reserve, and Clearinghouse Activities
 524292 Third Party Administration of Insurance and Pension Funds
 541214 Payroll Services
 541219 Other Accounting Services
 551111 Offices of Bank Holding Companies
 551112 Offices of Other Holding Companies
 551114 Corporate, Subsidiary, and Regional Managing Offices
 561110 Office Administrative Services
 561422 Telemarketing Bureaus and Other Contact Centers

Table 4 Instruments Manufacturing

334413 Semiconductor and Related Device Manufacturing
 334511 Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
 334513 Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables
 334514 Totalizing Fluid Meter and Counting Device Manufacturing
 334515 Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals
 334516 Analytical Laboratory Instrument Manufacturing
 334517 Irradiation Apparatus Manufacturing
 334510 Electromedical and Electrotherapeutic Apparatus Manufacturing
 335991 Carbon and Graphite Product Manufacturing
 339112 Surgical and Medical Instrument Manufacturing

339113 Surgical Appliance and Supplies Manufacturing 339114 Dental Equipment and Supplies Manufacturing 339115 Ophthalmic Goods Manufacturing

Table 5 Information Technology Services
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511210 Software Publishers 518210 Data Processing, Hosting, and Related Services 519130 Internet Publishing and Broadcasting and Web Search Portals 541511 Custom Computer Programming Services 541512 Computer Systems Design Services 541513 Computer Facilities Management Services 541519 Other Computer Related Services

Table 6 Logistics, Trade and Commerce
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482111 Line-Haul Railroads 482112 Short Line Railroads 484110 General Freight Trucking, Local 484121 General Freight Trucking, Long-Distance, Truckload 484122 General Freight Trucking, Long-Distance, Less Than Truckload 484230 Specialized Freight (except Used Goods) Trucking, Long-Distance 488190 Other Support Activities for Air Transportation 488210 Support Activities for Rail Transportation 488490 Other Support Activities for Road Transportation 488510 Freight Transportation Arrangement 488991 Packing and Crating 488999 All Other Support Activities for Transportation 493110 General Warehousing and Storage 493120 Refrigerated Warehousing and Storage 493130 Farm Product Warehousing and Storage 493190 Other Warehousing and Storage 541614 Process, Physical Distribution, and Logistics Consulting Services
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Table 7 Media, Entertainment and Amenities

511110 Newspaper Publishers 511120 Periodical Publishers 511130 Book Publishers 511140 Directory and Mailing List Publishers 511191 Greeting Card Publishers 511199 All Other Publishers 512110 Motion Picture and Video Production 512120 Motion Picture and Video Distribution 512191 Teleproduction and Other Postproduction Services 512199 Other Motion Picture and Video Industries 512210 Record Production 512220 Integrated Record Production/Distribution 512230 Music Publishers 512240 Sound Recording Studios

512290 Other Sound Recording Industries
 515111 Radio Networks
 515112 Radio Stations
 515120 Television Broadcasting
 515210 Cable and Other Subscription Programming
 541430 Graphic Design Services
 541810 Advertising Agencies
 541820 Public Relations Agencies
 541830 Media Buying Agencies
 541840 Media Representatives
 541850 Display Advertising
 541860 Direct Mail Advertising
 541870 Advertising Material Distribution Services
 541890 Other Services Related to Advertising
 541910 Marketing Research and Public Opinion Polling
 541922 Commercial Photography
 711510 Independent Artists, Writers, and Performers

Table 8 Telecommunications

334210 Telephone Apparatus Manufacturing
 334220 Radio and Television Broadcasting and Wireless Communications
 Equipment Manufacturing
 334290 Other Communications Equipment Manufacturing
 335921 Fiber Optic Cable Manufacturing
 517110 Wired Telecommunications Carriers
 517210 Wireless Telecommunications Carriers (except Satellite)
 517410 Satellite Telecommunications
 517911 Telecommunications Resellers
 517919 All Other Telecommunications

Table 9 Transportation Equipment Manufacturing and Assembly

336111 Automobile Manufacturing
 336112 Light Truck and Utility Vehicle Manufacturing
 336120 Heavy Duty Truck Manufacturing
 336211 Motor Vehicle Body Manufacturing
 336311 Carburetor, Piston, Piston Ring, and Valve Manufacturing
 336312 Gasoline Engine and Engine Parts Manufacturing
 336321 Vehicular Lighting Equipment Manufacturing
 336322 Other Motor Vehicle Electrical and Electronic Equipment Manufacturing
 336330 Motor Vehicle Steering and Suspension Components (except Spring) Manufacturing
 336340 Motor Vehicle Brake System Manufacturing
 336350 Motor Vehicle Transmission and Power Train Parts Manufacturing
 336360 Motor Vehicle Seating and Interior Trim Manufacturing
 336370 Motor Vehicle Metal Stamping
 336391 Motor Vehicle Air-Conditioning Manufacturing
 336399 All Other Motor Vehicle Parts Manufacturing
 336411 Aircraft Manufacturing
 336412 Aircraft Engine and Engine Parts Manufacturing
 336413 Other Aircraft Parts and Auxiliary Equipment Manufacturing
 336414 Guided Missile and Space Vehicle Manufacturing

336415 Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing
336419 Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing
336991 Motorcycle, Bicycle, and Parts Manufacturing

Table 10 Energy, Clean Tech and Environment
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333411 Air Purification Equipment Manufacturing (Moved from table #1)
211 Oil and gas extraction
213111 Drilling oil and gas wells
213112 Support activities for oil and gas operations
2211 Electric power generation, transmission, and distribution
2212 Natural gas distribution
2213 Water, sewage and other systems
32411 Petroleum refineries
324121 Asphalt paving mixture and block manufacturing
324122 Asphalt shingle and coating materials manufacturing
324191 Petroleum lubricating oil and grease manufacturing
324199 All other petroleum and coal products manufacturing
32511 Petrochemical manufacturing
32512 Industrial gas manufacturing
33313 Mining and oil and gas field machinery manufacturing
333411-2 Air purification and ventilation equipment manufacturing
333414 Heating equipment (except warm air furnaces) manufacturing
333415 Air conditioning, refrigeration, and warm air heating equipment manufacturing
333613 Mechanical power transmission equipment manufacturing
333911, 333913 Pump and pumping equipment manufacturing
334512 Automatic environmental control manufacturing
335311 Power, distribution, and specialty transformer manufacturing
335911 Storage battery manufacturing
335912 Primary battery manufacturing
5413 Architectural, engineering, and related services
5414 Specialized design services
54162, 54169 Environmental and other technical consulting services
562 Waste management and remediation services

Table 11 Human Health, Education and Wellness
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325411 Medicinal and botanical manufacturing
325412 Pharmaceutical preparation manufacturing
325413 In-vitro diagnostic substance manufacturing
325414 Biological product (except diagnostic) manufacturing
334516 Analytical laboratory instrument manufacturing
6111 Elementary and secondary schools
6112-3 Junior colleges, colleges, universities, and professional schools
6114-7 Other educational services
6216 Home health care services
6214-5, 6219 Medical and diagnostic labs and outpatient and other ambulatory care services
622 Hospitals
623 Nursing and residential care facilities

6244	Child day care services
6241	Individual and family services
6242-3	Community food, housing, and other relief services, including rehabilitation services

Table 12 Building, Development and Infrastructure

23*	Construction of new nonresidential commercial and health care structures
23*	Construction of new nonresidential manufacturing structures
23*	Construction of other new nonresidential structures
23*	Construction of new residential permanent site single- and multi-family structures
23*	Construction of other new residential structures
23*	Maintenance and repair construction of nonresidential maintenance and repair

VI. Preparation of the IMPLAN Inputs (Target Industry Portfolios) and Discussion of the IMPLAN Model Results

The City of Dallas Office of Economic Development (OED) maintains an IMPLAN version 2.0 model for evaluating the economic impact of development projects. The current model uses the latest, 2006, datasets made available by the vendor, Minnesota Implan Group (MIG). The City subscribes to the Texas data set including all counties and the U.S. economy as well as a custom Dallas city economy model made by MIG from Dallas' ZIP codes. This Dallas city model is used to isolate economic impacts on the city economy. Complete documentation for the IMPLAN model is available at http://implan.com/index.php?option=com_frontpage&Itemid=1.

The target industries represent a logical framework for structuring Dallas' EB-5 regional center program. The City has extensively researched these industries and can work with the CDRC Management Company to inform potential investors about the various local options. The City's business outreach programs are available to help new target companies that the CDRC

Management Company invests in to quickly integrate into the local economic network. OED marketing and recruitment efforts also focus on the target industries. Successful business recruitment within the target industries will increase the potential customers and supplier base for firms CDRC invests in.

While it is not possible to predict which industries will attract investor interest, OED believes that because its target industries appear to have better than average growth prospects locally, the CDRC will be able to attract investors to these industry sectors.

Preparation of Inputs Procedure

To estimate the potential impact on the local economy from the CDRC program, OED simulated fixed \$1 million investments spread across various portfolios of target industries. In total, 12 portfolios were created and analyzed with the IMPLAN software. Portfolios for each target industry cluster as well as one for all target industries combined were created.

OED first converted the NAICS codes within each target industry cluster into a list of IMPLAN sectors. Unfortunately, IMPLAN does not provide a one-to-one correspondence between its industry sectors and the NAICS codes. As a result, some Dallas target NAICS lose their identity in the IMPLAN model, with multiple NAICS codes subsumed under a single IMPLAN sector. For example, there are seven NAICS codes for various motor vehicle parts industries under the Transportation Equipment Manufacturing and Assembly cluster. IMPLAN

provides a single industry to represent these (sector 350.)OED could evaluate investments in only the IMPLAN sectors present in the Dallas model.

OED grouped the remaining IMPLAN sectors into their target industry clusters. For each cluster, OED apportioned \$1 million equally across the cluster's IMPLAN sectors. This represents a portfolio in which \$1 million is invested in the target cluster. All target industries were allocated \$1 million; however, because the number of industries varies across clusters, the amount per IMPLAN sector differs from cluster to cluster. Target clusters with more constituent industries received a smaller allocation per industry sector.

IMPLAN software uses industry output or employment as starting points for impact analysis. To convert investment into the required IMPLAN inputs, OED assumed that 83 percent of the investment will go to support employee salaries. By dividing the investment by 1.2 OED reduced the amount to the proportion attributed to payroll. Using IMPLAN's employee compensation ratios, OED calculated how many jobs can be created from the given level of investment for each industry sector. These jobs were then multiplied by IMPLAN's output to employment ratio for each sector, to calculate the correct output generated per job. These output and employment values were saved into a series of CSV files that were imported into IMPLAN as group impacts. There was a single group impact for each target industry cluster.

IMPLAN Impact Analysis

OED analyzed the full output, employment and value added impact from each portfolio as a separate impact.

The economic impact of the various portfolios have been summarized in the following tables and charts. These economic impacts represent the total annual impact from a full \$1 million being invested in each cluster portfolio. The results of dividing this funding over more than one year can be identified by reducing the impact proportionally. For instance if \$1 million generates 20 jobs in one year, a \$500,000 investment over each of two years would create 10 jobs. IMPLAN assumes that project funding is continuous or the resulting impact will fade over time.

<u>Cluster</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Building Components	3.52	0.94	0.79	5.25
Food Manufacturing	7.81	5.06	1.36	14.23
Headquarters, Management and Administration Operations	2.04	0.74	0.73	3.51
Instruments Manufacturing	4.27	2.21	1.03	7.51
Information Technology	2.81	0.79	0.82	4.42
Logistics, Trade and Commerce	2.32	0.67	0.69	3.68
Media, Entertainment and Amenities	3.20	1.33	0.88	5.41
Telecommunications	4.37	2.70	0.99	8.06
Transportation Equipment Manufacturing and Assembly	4.55	1.98	0.91	7.44
Energy, Clean Tech and Environment	5.80	2.29	1.26	9.35
Human Health, Education and Wellness	2.96	1.09	0.86	4.91
Building, Development and Infrastructure	2.81	0.94	0.91	4.66

Table 12. Value Added Summary (Impact of \$1 Million Investment, Millions of Dollars)

<u>Cluster</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Building Components	1.68	0.54	0.50	2.71
Food Manufacturing	1.69	2.49	0.86	5.04
Headquarters, Management and Administration Operations	1.24	0.44	0.46	2.14
Instruments Manufacturing	1.29	1.14	0.65	3.09
Information Technology	1.80	0.47	0.52	2.78
Logistics, Trade and Commerce	1.53	0.41	0.43	2.37
Media, Entertainment and Amenities	1.58	0.75	0.56	2.88
Telecommunications	1.34	1.30	0.63	3.26
Transportation Equipment Manufacturing and Assembly	1.00	0.99	0.57	2.56
Energy, Clean Tech and Environment	2.40	1.35	0.80	4.55
Human Health, Education and Wellness	1.31	0.64	0.51	2.46
Building, Development and Infrastructure	1.32	0.55	0.57	2.43

Table 13. Employment Compensation Summary (Impact of \$1 Million Investment, Millions of Dollars)

<u>Cluster</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Building Components	0.83	0.29	0.22	1.34
Food Manufacturing	0.84	1.14	0.37	2.35
Headquarters, Management and Administration Operations	0.83	0.24	0.20	1.28
Instruments Manufacturing	0.83	0.67	0.28	1.78
Information Technology	0.83	0.26	0.22	1.31
Logistics, Trade and Commerce	0.83	0.21	0.19	1.23
Media, Entertainment and Amenities	0.83	0.39	0.24	1.46
Telecommunications	0.83	0.74	0.27	1.84
Transportation Equipment Manufacturing and Assembly	0.83	0.59	0.25	1.67
Energy, Clean Tech and Environment	0.83	0.56	0.35	1.74
Human Health, Education and Wellness	0.83	0.32	0.22	1.37
Building, Development and Infrastructure	0.83	0.32	0.25	1.40

Table 14. Employment Summary (Impact of \$1 Million Investment, Jobs)

<u>Cluster</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Building Components	15	6	6	27
Food Manufacturing	18	42	10	70
Headquarters, Management and Administration Operations	14	6	6	25
Instruments Manufacturing	10	11	8	28
Information Technology	11	6	6	23
Logistics, Trade and Commerce	26	4	5	35
Media, Entertainment and Amenities	31	11	7	49
Telecommunications	8	12	8	27
Transportation Equipment Manufacturing and Assembly	12	10	7	29
Energy, Clean Tech and Environment	15	10	10	34
Human Health, Education and Wellness	34	7	6	47
Building, Development and Infrastructure	23	7	7	37

CDRC MANAGEMENT CONTRACT

STATE OF TEXAS §
COUNTY OF DALLAS §

THIS CDRC MANAGEMENT CONTRACT (this "Contract") is made and entered into by and between the CITY OF DALLAS, a Texas municipal corporation, of Dallas County, Texas, (hereinafter called "City") and CIVITAS CAPITAL MANAGEMENT, LLC, a Texas limited liability company, having its principal place of business at 6226 Bandera Avenue, Suite C, Dallas, Texas 75225 (hereinafter called the "Manager").

WHEREAS, the City has applied for designation as a Regional Center, pursuant to the U.S. Immigration and Nationality Act, as amended, 8 U.S.C. Sec. 1153(b)(f), and the related regulations released as 8 CFR 204(m) (collectively, such statute and regulations referred to herein as the "INA"), by the U.S. Customs and Immigration Service (the "USCIS"); and

WHEREAS, the City has determined that its designation as a Regional Center can provide a major tool for economic development in targeted geographical and industry and economic sectors, if appropriately implemented and managed; and

WHEREAS, the City issued a Request for Proposals on November 20, 2008, seeking an investment manager capable of sourcing and deploying equity capital invested by foreign investors who seek to participate in the visa program established under section 203(b)(5) of the INA and of providing the necessary services specific to a Regional Center; and

WHEREAS, the sourcing and investing of capital, as contemplated, is subject to federal and state laws and regulations, including without limitation federal and state securities laws and regulations promulgated thereunder, as well as the securities or investment or analogous laws and regulations of other nations and jurisdictions in which the Manager may seek investors or that may be applicable as a result of the demographics of potential investors (collectively, the "Securities Laws"), and the INA; and

WHEREAS, through the RFP process, the City has determined that the Manager meets the qualifications to be selected for the operation and management of its Regional Center;

Now, therefore, the City and the Manager, in consideration of the terms, conditions and covenants contained in this Contract, agree as follows:

1. PURPOSE

The purpose of this Contract is to state the terms and conditions under which Manager shall be engaged by the City to carry out the obligations of the "CDRC Management Company," as described in the application (the "Application") to USCIS submitted by the Office of Economic Development of the City of Dallas (the "City OED") for designation as a "regional center," as defined at 8 CFR §204.6(m)(3), with respect to the geographic area identified by the City for approval as a "regional center" (the "City of Dallas Regional Center," or, the "CDRC").

2. APPOINTMENT; SERVICES; DUTIES

A. *Appointment.*

1. Generally. The City hereby appoints the Manager to carry out the duties of the “CDRC Management Company” (herein so-called), under and in accordance with the terms of this Contract. Unless otherwise provided herein, for so long as this Contract is in effect, the Manager shall have the exclusive power and authority to act as the CDRC Management Company with respect to the investment, compliance and related day-to-day activities conducted on behalf of the CDRC.

2. CDRC Exclusivity. The Manager acknowledges and agrees that, unless this Contract is terminated in accordance with its terms, or the City Manager or her designee otherwise consents in writing, the Manager shall not provide investment, management and/or compliance services on behalf of any other “regional center” designated by the USCIS.

B. *General Duties.* Manager shall perform all the services as set forth in City’s Request for Proposals, attached as *Exhibit A*, which Exhibit is made a part of this Contract for all purposes; *provided, however,* should there be any conflict between the terms of the Request for Proposals and the terms of this Contract, the terms of this Contract shall be final and binding. Services to be provided by the Manager shall include, without limitation:

1. Guiding and managing the application process for the CDRC with the USCIS in order to obtain designation as a “regional center” under 8 CFR 204.6(m)(3);

2. Sourcing equity capital from qualified foreign nationals for investment in the Manager’s Funds, as defined below;

3. Screening alien investors to ensure they qualify as “accredited investors” as defined in applicable U.S. Securities Laws, and otherwise qualify to invest in the applicable Manager’s Funds under the Securities Laws of jurisdictions other than the United States and its states that apply to such investors;

4. Developing, implementing and managing a robust and documented due diligence process in compliance with applicable regulations (i) to establish how investors will be required to identify all sources of capital and document that it was lawfully obtained pursuant to 8 CFR 204.6(m)(3)(iii) (as amended), and (ii) to screen potential investors for eligibility under all applicable regulations, including without limitation the U.S. State Department Non-Proliferation Sanctions lists, the U.S. Treasury Office of Foreign Assets Control Specially Designated Nationals List and the U.S. Commerce Department Bureau of Industry and Security lists;

5. Developing and implementing a procedure to facilitate the filing by prospective foreign investors of I-526 petitions with the USCIS, but in no event shall the Manager be permitted to require prospective investors to select immigration counsel identified by the Manager;

6. Developing and implementing a strong compliance program that is in accordance with and responsive to USCIS regulatory requirements with respect to the timely and accurate collection and reporting of alien investor data, to Securities Law requirements, and to the oversight of the City;

7. (a) Establishing an escrow account relationship with a national bank, bank holding company or trust company (i) that is FDIC-insured, (ii) the credit rating of which has been established by Standard & Poor's or Moody's Investors Service as "A" or better, and (iii) maintains average deposits of greater than \$20 billion, (each, a "**Qualified Bank**"), and (b) developing and implementing transparent procedures for investors' funds deposits, which deposits shall be held in escrow by a Qualified Bank until the closing of escrow, with the closing of escrow and the transfer of investors' funds to the Manager's Funds to be conducted in compliance with the INA and applicable USCIS regulatory requirements and applicable Securities Laws, and so that such closing and funds transfer occurs only upon each investor's clearance of screening and USCIS approval of such investor's I-526 petition, and with the return of escrowed funds (net of applicable fees) to investors who did not meet the screening requirements or who did not receive approval of their I-526 petitions;

8. Identifying investment opportunities that will involve the deployment of EB-5 capital solely within the geographical boundary of the CDRC, and that are limited to firms or projects within the targeted industries described in **Exhibit B** attached, including, without limitation, the catalyst projects set forth in **Exhibit C** attached (to the extent such projects meet USCIS requirements for CDRC investment activities), as either Exhibit may be amended from time to time with the approval of the City Manager or her designee, the Manager and, if required, the USCIS;

9. Assessing such firms' business plans, their owners' and/or principals' business experience and skills, and their ability to apply EB-5 investment funds to achieve business objectives;

10. Forming a series of investment vehicles that will assemble EB-5 capital (such investment vehicles, "**Manager's Funds**") and as general partner, invest the capital solely in compliance with this Contract and the INA and Securities Laws, in all cases engaging and utilizing one or more Qualified Banks to serve as a depository institution and/or escrow agent (as appropriate) with respect to each investor's assets and as custodian for the assets of each Manager's Fund;

11. Managing the investments of the Manager's Funds, including developing and implementing reasonable exit strategies, in compliance with this Contract and the INA and Securities Laws;

12. Reporting investment results to investors in Manager's Funds on a quarterly basis and arranging for an annual audit by an independent certified public accounting firm (approved by the Director, as defined below) of each Manager's Fund to be provided to investors;

13. Quarterly and annual reporting to USCIS and the City summarizing the number of investors under the Manager's control, amounts invested, names and addresses of investors, and similar information, and full reporting of information required under the INA regulations and USCIS requirements, including without limitation the status of each investment made by a Manager's Fund, in a format and otherwise as required by the USCIS;

14. Developing and implementing procedure to facilitate the filing by prospective foreign investors of I-829 petitions with the USCIS; and

15. Taking such action as is required under USCIS regulations in order to assist with and facilitate the granting of permanent residency status to investors in the Manager's Funds.

C. *Reporting.* The Manager shall provide the City with the following reports:

1. Within one hundred twenty (120) days of the end of each fiscal year, or as soon as reasonably practicable thereafter, (a) audited (in accordance with U.S. GAAP), annual financial statements consisting of a balance sheet, income statement and statement of cash flows (“*Financial Statements*”) of each Manager’s Fund and of the Manager; and (b) a performance analysis for each investment made by each Manager’s Fund.

2. Within forty-five (45) days of the end of each fiscal quarter, (a) unaudited Financial Statements of each Manager’s Fund, prepared in accordance with U.S. GAAP; and (b) an investment activity report indicating portfolio investments made and realized by each Manager’s Fund, specifying for each such investment the relevant industry and, as appropriate, size of new investment or return on realized investment, and a brief narrative description of other material events affecting each Manager’s Fund and its investments during the quarter.

3. All reports and related documents, information, or other data which are required to be produced and given to City in performing services under this Contract (hereinafter called “*deliverables*”) in the format required by the Director of the City’s Office of Economic Development (the “*Director*”).

4. Any other information related to the operation of the CDRC and compliance with this Contract and all applicable laws and regulations, including without limitation the INA and the Securities Laws, requested by the Director.

5. The Manager shall certify to the City, in a writing executed by the chief executive officer and the chief compliance officer of the Manager, on a semi-annual basis (commencing December 31, 2009), that Manager is not, in any material respect, in breach of the terms of this Contract, including, without limitation, the requirements imposed on its investment activities under *Section 2(D)* below and applicable laws and regulations.

6. Notwithstanding anything to the contrary contained herein, the City acknowledges and agrees that the Manager will possess certain information obtained from third parties that, either by its nature or pursuant to an agreement executed by the Manager, is confidential and may not be disclosed by the Manager. In the event that the City requests any such information, the Manager shall advise the Director of its obligations to the disclosing third party. In the event that the City nevertheless seeks a disclosure of such information, the Manager shall use reasonable efforts to obtain a consent to such disclosure, but shall not be deemed to have violated the terms of this Contract to the extent that the disclosing third party fails to provide such consent.

D. *Investment Parameters.* The Manager shall comply with the following in managing the CDRC (collectively, the “*Investment Parameters*”):

1. *General.* The Manager will pursue an investment strategy that (a) is focused on applying a properly tailored financial structure and business support infrastructure to each portfolio company in which it invests capital originated from the investors in the Manager’s Funds, the purpose of which is to generate growth and create jobs within the CDRC, and (b) seeks to provide the Manager’s Fund investors with a rate of return that is reasonably competitive (as compared to other Regional Centers and similar investment funds). As a general matter, the Manager will undertake to provide immigrant investors the opportunity to invest in a diversified fund investment strategy, although it may tailor offerings around individual investments or

projects, as requested by qualifying investors or deemed appropriate, in the business judgment of the Manager, for a particular project or group of investors. The parties recognize that the Manager's Funds will involve risks similar to those of other pooled investment vehicles; further, and specific to investments in Manager's Funds, there is the risk that the investments will not meet the employment and economic development requirements of the USCIS and applicable regulations; and that, as a consequence, Manager's Fund investors will be required to acknowledge industry standard disclaimer language, including that Manager's Fund investments may involve the risk of total loss, and that they are able to absorb a total loss, and specific disclaimer language that the investors acknowledge that they may not qualify for permanent residency status if investments do not perform as projected.

2. Targeted Employment Areas. The Manager shall be required to invest within the Targeted Employment Areas identified on the map attached hereto as *Exhibit D* ("TEAs"). Specifically, at the close of each fiscal year of the Manager, commencing with the fiscal year ending December 31, 2011, on an aggregate basis with respect to all investments made by Manager's Funds, at least 50% percent of either (a) the investment activity of the Manager's Funds (based on investments made), or (b) the capital invested by Manager's Funds during such fiscal year, shall be within the TEAs; *provided*, that in no event shall an amount less than 40% of the total capital invested by the Manager's Funds be invested in TEAs.

3. Prohibited Investments. Without the prior approval of the Director and, to the extent applicable, the USCIS, the Manager shall not invest any Manager's Fund capital in businesses that are either (a) not within the targeted industries identified in the Application, or (b) that are in any manner involved in (i) the manufacture or sale of armaments, (ii) brewing/distilling or retailing of alcohol as a material activity, (iii) gambling, (iv) tobacco manufacture or retailing as a material activity, (v) sexually oriented business, including pornography or similar adult entertainment, (vi) operating as a pawn shop, body piercing studio, or a tattoo studio as those terms are defined by the Dallas Development Code. Further, the Manager shall include such restriction as an ongoing restrictive covenant of each business in which a Manager's Fund's capital is invested.

4. Additional Incentives. Notwithstanding the foregoing, or anything else to the contrary in this Contract, the City is not obligated to provide any economic development or other incentives in connection with any of the investments to be made by the Manager's Funds. The scope and nature of any incentives will be evaluated on a case-by-case basis by the City's Office of Economic Development to consider eligibility for consideration of incentives through the Public/Private Partnership Program or other relevant programs available through the City. Further, the Manager acknowledges that, if it seeks additional economic development incentives from the City as to a particular investment opportunity, the City may require that the targeted internal rate of return on such investment be less than the targeted returns of the Manager's Funds.

E. *Advisory Board.*

1. Operation. As required by the Request for Proposals, the Manager shall establish an Advisory Board for the Manager's Funds (the "*Advisory Board*") that will consist of relevant and experienced Dallas community and investment industry leaders. The Advisory Board will consist of no fewer than five members, a majority of whom are not affiliated with the Manager and do not possess an economic interest in the Manager or the Manager's Funds. The Advisory Board will provide counsel and advice to the Manager or its affiliates, as applicable, with respect to the Manager's Funds, will periodically review each Manager's Fund's portfolio, will evaluate

the Manager's valuation of assets of each Manager's Fund, and will review all Material Affiliate Transactions (as defined below). Neither the Manager, nor its affiliates, equity holders or employees, will engage in any transaction that would be viewed by an objective third party as trading against or in any way contrary to the best interests of the relevant Manager's Fund; *provided*, that the foregoing restriction shall not prevent the Manager from establishing investment vehicles the purpose of which is to aggregate non-EB-5 investor capital for investment within the City and/or in targeted industries. All material transactions by the Manager or any of its affiliates, equity holders or employees in securities involving any Manager's Fund or any of their portfolio companies will be fully reported to and be subject to the prior approval of the CDRC Advisory Board (each, a "*Material Affiliate Transaction*").

2. **Observation Right.** During the term of this Contract, the City shall have the right to have two representatives (the "*City Observers*") attend all meetings of the Advisory Board (and any committee thereof) in a non-voting observer capacity. The City Observers shall include, without limitation, the Director of the City OED or his/her designee. Each City Observer shall be given reasonable advance written notice of all meetings of the Advisory Board and shall be entitled to receive all written materials and other information (including, without limitation, copies of meeting minutes) given to members of the Advisory Board in connection with such meetings at the same time such materials and information are given to the members.

3. **Minority Participation.** During the term of this Contract, at least twenty-five percent (25%) of the members of the Advisory Board shall consist of members who identify as racial or ethnic minorities.

F. **Cooperation with City.** Manager shall work closely with the Director or his/her designee as directed and shall perform any and all related tasks reasonably required by the Director in order to fulfill the purposes of this Contract.

G. **Efforts by City.** The City acknowledges and agrees that it will incorporate the CDRC into its promotional activities, including a direct link to the CDRC's website from the website of the City's Office of Economic Development; invitation of representatives of the Manager to participate, at their expense, in its business development trips to China, Mexico, Brazil and elsewhere, and coordination between the CDRC and the Dallas World Affairs Council, with which the City's Office of Economic Development contracts to provide protocol services and logistical support to business leaders and foreign dignitaries visiting Dallas (such activities, the "*Promotional Efforts*").

H. **Marketing by Manager.** The Manager acknowledges and agrees that, as set forth in the Request for Proposals, the Manager will be required to actively promote the CDRC to qualifying immigrant investors. More specifically, the Manager shall:

1. Promote the CDRC to contacts at Dallas-area firms and organizations that can provide sources of appropriate investment transactions for the funds the Manager will manage, including: (a) investment banks and securities brokerage firms; (b) banks and other lenders; (c) real estate finance and brokerage firms; (d) private equity and other investment firms; and (e) transactional attorneys, accountants, wealth managers and other professional service providers;

2. Direct its principals, as is necessary, to actively participate in the City's Promotional Efforts;

3. Develop a sophisticated website and online presence, integrated with a direct marketing information program focused on wealth managers, investment managers and family

offices that serve foreign clientele, foreign trade organizations, domestic and foreign immigration attorneys and other professionals who advise foreign investors, national and regional expatriate organizations; investment conferences and *Invest USA*, the trade organization for Regional Centers; and

4. Except to the extent such uses are set forth on the attached *Exhibit E* (the "*Approved Uses*"), as such Exhibit may be modified from time to time with the consent of the Manager and City Manager (or her designee), the Manager shall obtain the prior written consent of the City Manager (or her designee) with respect to the use of the City's name, emblems, logos or official seal in any promotional or offering materials for the Manager and/or any Manager's Fund (collectively, "*Marketing Materials*").

I. *Disclaimers.* The Manager shall be required to include disclaimers in all Marketing Materials indicating that, without limitation, in addition to the risk of the investor's entire investment in the Manager's Fund, there is no assurance that the investment or investments made by the Manager's Fund will result in the investor meeting the requirements of the USCIS to receive permanent U.S. residency status, that the City is not liable for the activities of the Manager, does not endorse any investment vehicle or fund related to the CDRC, and is not liable for any claims related to the operation of or investment through a CDRC investment vehicle, and such other disclaimers of liability as are deemed necessary and appropriate from time to time by the City. As of the date of this Contract, the disclaimers so required shall include those provided in *Exhibit F* attached. The City Manager or her designee shall have the right to approve the form and content of such disclaimers in all Marketing Materials, which approval or disapproval shall not be unreasonably delayed.

3. GENERAL COVENANTS

During the term of this Contract, Manager agrees and covenants as follows:

A. *Performance of Services.* Manager and, to the extent provided in *Section 3(F)* below, its agents, affiliates, or sub-consultants/managers, shall perform all the services under this Contract in conformance with the highest professional standards and all applicable laws and regulations, including without limitation the INA and Securities Laws. Manager covenants and warrants that all its agents, affiliates, or sub-consultants/managers that perform services under this Contract shall be fully qualified and competent to perform the services described in *Section 2* and that all such agents, affiliates, or sub-consultants/managers shall comply fully with all of the terms of this Contract in the performance of those services.

B. *Compliance with Laws.* Manager shall at all times remain in compliance with, and shall cause the Manager's Funds to at all times remain in compliance with, all applicable Securities Laws. In that regard, but not in limitation of such obligation:

1. All materials prepared for or provided to potential investors at all times shall be true, correct and complete and shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

2. If at any time the Manager becomes aware of any fact or event which might or would cause any materials provided to potential investors or to investors, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary

to amend or supplement any such materials to comply with law, the Manager shall forthwith prepare and furnish to all recipients of such materials, amendments or supplements to such materials so that the statements in such materials as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or so that such materials will comply with law; and

3. The Manager shall duly obtain and maintain all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for, which would constitute a condition precedent to, or the absence of which would materially adversely affect the planned investment activities of the Manager's Funds.

C. *Maintenance of Existence.* Manager shall remain in existence and in good standing under the laws of the State of Texas.

D. *Minimum Capital Requirement.* Within a reasonable period following the approval of the CDRC by the USCIS, but in no event later than thirty (30) days following such date, Manager shall provide the City with evidence that \$1,000,000 of capital has been committed to the Manager for purposes of carrying out its obligations under this Contract.

E. *No Representation of City.* Manager shall not hold itself out as having the power or authority to represent or act on behalf of the City or as being the agent of the City, other than as expressly provided in this Contract, and no such power or authority shall be implied.

F. *Contracting with Agents.* Manager may only appoint agents, affiliates, or sub-consultants/managers to perform services under this Contract on behalf of, or together with, Manager, if such agents, affiliates, or sub-consultants/managers:

1. Have been approved by the Director, which consent shall not be unreasonably withheld or delayed after presentation of relevant information to the Director;

2. Agree in writing to comply with the terms of this Contract (to the extent applicable), and all applicable City codes and ordinances, as amended, and all applicable laws, rules and regulations, including without limitation the INA and Securities Laws;

3. For the purposes of marketing the CDRC, are not granted exclusive rights to market the CDRC to specific countries, territories or individual demographics, absent the express written consent of the Director; and

4. Agree in writing that they are solely responsible to the Manager, and the City shall not have any authority, responsibility or liability with respect to them.

G. *No Commingling of Funds.* Manager shall prevent commingling of funds between the various Manager's Funds and between the Manager's Funds and any other monies or sources of revenue that the Manager may have or acquire, including without limitation the Manager's own funds or those of other investment vehicles.

4. REPRESENTATIONS

The Manager hereby makes each of the following representations to the City:

A. *Organization, Existence, Etc.* The Manager is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Texas. The Manager has the lawful authority to perform its obligations under this Contract. The Manager is duly authorized to conduct business in the State of Texas and each other jurisdiction in which the nature of its activities requires such authorization.

B. *Power and Authority.* The Manager has all necessary power and authority to carry on its present business, to enter into this Contract, to consummate the transactions herein contemplated and to perform its obligations hereunder. The execution, delivery and performance of this Contract by the Manager are within the Manager's powers and have been duly authorized by all necessary action of the Manager and its members.

C. *No Conflict.* None of (i) the execution and delivery of this Contract, (ii) the consummation of any of the transactions herein contemplated, (iii) compliance with the terms and provisions hereof or (iv) performance hereunder will contravene the organizational documents of the Manager or any legal requirements to which the Manager is subject or any judgment, decree, license, order or permit applicable to the Manager, or will conflict or be inconsistent with, or will result in any breach of any of the material terms of the covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of a lien upon any of the property or assets of the Manager pursuant to the terms of, any indenture, mortgage, deed of trust, agreement or other instrument to which the Manager is a party or by which the Manager is bound, or to which the Manager is subject.

D. *No Consents; No Defaults.* All proceedings required to be taken by or on behalf of the Manager to authorize the Manager to make and deliver this Contract and to perform the covenants, obligations and agreements of the Manager hereunder have been duly taken. No consent, approval, order, authorization, filing, notice or other action to the execution and delivery of this Contract by the Manager or the performance by the Manager of its covenants, obligations and agreements hereunder is required from any partner, board of directors, shareholder, creditor, investor, governmental authority or other person, other than any such consent, approval, order, authorization, filing, notice or other action which already has been taken or unconditionally given. The Manager is not in default (nor are there any circumstances that with notice or lapse of time or both would become a default) under any covenant or obligation pursuant to this Contract.

E. *Valid and Binding Obligation.* This Contract is the legal, valid and binding obligation of the Manager, enforceable against the Manager in accordance with its terms, except as limited by applicable relief, liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar laws affecting the rights or remedies of creditors generally, as in effect from time to time.

F. *No Litigation, Investigation or Inquiry.* There is no action or proceeding, at law or in equity, before any court, mediator, arbitrator, governmental or other board or official, pending or, to the knowledge of the Manager, threatened against or affecting the Manager, the outcome of which could (a) materially and adversely affect the validity or enforceability of or the authority or ability of the Manager to perform its obligations under this Contract, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Manager or on the ability of the Manager to conduct its business as presently conducted or as proposed or contemplated to be conducted. None of the Manager, any affiliate of the Manager or any of their principals, partners, members, shareholders,

officers, board members, employees or agents has been the subject of any investigation, inquiry, proceeding, ruling, finding, judgment, administrative action, litigation, conviction, insolvency proceeding or cause of action in any court or by any regulatory or governmental authority in any jurisdiction that could (a) materially and adversely affect the ability of the Manager to perform its obligations under this Contract, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Manager or on the ability of the Manager to conduct its business as presently conducted or as proposed or contemplated to be conducted, or (c) be otherwise required to be disclosed under any Securities Laws.

G. *Conflict of Interest.* None of the Manager, any affiliate of the Manager, or any of their principals, partners, members, shareholders, officers, board members, employees or agents are "officials" or "employees" of the City as defined in the City of Dallas Ethics Code and, in connection with the Manager's execution and performance of this Contract, the Manager has not offered or agreed to confer any benefit on a City employee or official.

H. *Disclosure.* The Manager's response to the City's RFP and all other materials delivered to the City by Manager are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

5. TERM

A. *Generally.* The term of this Contract shall begin on August 10, 2009, and end on August 10, 2019 (the "*Initial Term*"); *provided, however*, that the Initial Term shall be extended for successive five (5) year periods, commencing on August 10, 2019, upon mutual agreement by the Manager and the City, unless the Manager or the City shall earlier terminate this Contract in accordance with its terms.

B. *General Right to Terminate.* Each of the Manager and the City shall have the right to terminate the Contract prior to the Termination Date if (i) the other party has failed to comply in any material respect with its duties and obligations as set forth in this Contract or has made a material misrepresentation in this Contract, or (ii) whether by action of the USCIS or by expiration of the applicable provisions of the INA or otherwise, the CDRC is not designated as a "regional center" by January 1, 2010, or after having been so designated, is no longer designated as a "regional center."

C. *General Termination Procedure.* A party seeking to terminate the Contract shall deliver to the other party notice clearly identifying the basis for the related claim of noncompliance (the "*Default Notice*"). Upon receipt of the Default Notice, if the basis therefore is reasonably curable with due diligence within ninety (90) calendar days the receiving party may provide the other with notice (a "*Cure Notice*") that the receiving party intends to cure the condition giving rise to the Default Notice. The termination of the Contract shall be effective either (a) sixty (60) days from the date that the Default Notice is delivered, or (b) in the event that the Cure Notice is sent, if the condition giving rise the Default Notice has not theretofore been cured, upon the earlier of ninety (90) days from the date on which the Cure Notice is delivered or if the receiving party is no longer diligently pursuing cure of the condition giving rise to the Default Notice.

D. *Termination for Cause.* Notwithstanding anything to the contrary contained herein, the City shall have the right to terminate the Manager immediately for Cause. For purposes of this Contract, "*Cause*" means, with respect to Manager, the occurrence of any of the following events:

1. Manager or any of its principals, officers or managers shall have been found by a court of competent jurisdiction to have committed fraud, willful misconduct or gross negligence in connection with the performance of its duties to the City or the CDRC (a “*Civil Judgment*”);

2. the Manager, or any of its principals, officers or managers, shall have been formally charged (by a governmental authority exercising proper jurisdiction) with a criminal violation connected to fraudulent activity, any other felony, or a violation of Securities Laws, or entered into a plea agreement relating to the same (a “*Criminal Charge*”); or

3. the Manager shall file a petition under any insolvency statute, make a general assignment for the benefit of its creditors, commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property, or file a petition seeking reorganization or liquidation or similar relief under the Bankruptcy Code of the United States of America or any other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws (a “*Bankruptcy Event*”).

E. *Effect of Termination.*

1. General Termination – Manager Breach.

If the termination of this Contract occurs as a result of a breach by the Manager addressed by *Sections 5(B)* and *5(C)* (other than as specified in *Section 5(B)(ii)* above), then immediately upon the declaration of a termination by the City, the Manager shall:

- (a) cease to act as the CDRC Management Company;
- (b) cease to have any liability for future actions of the CDRC Management Company;
- (c) continue to carry out its obligations as the “General Partner” (or equivalent) of each Manager’s Fund then in existence; and
- (d) fully cooperate with the replacement CDRC Management Company (if any such CDRC Management Company is appointed by the City) with respect to the delivery of information and the taking or refraining from taking such action, as may be necessary or appropriate, in order to inform, and defend the immigration status of, the investors included within all existing Manager’s Funds.

2. General Termination – City Breach

If the termination of this Contract occurs as a result of a breach by the City addressed by *Sections 5(B)* and *5(C)* (other than as specified in *Section 5(B)(ii)* above), then this Contract shall be immediately terminated, and of no further force and effect, upon the declaration of such termination by the Manager, and the Manager shall:

- (a) cease to act as the CDRC Management Company; and
- (b) cease to have any liability for future actions of the CDRC Management Company;

(c) continue to carry out its obligations as the “General Partner” (or equivalent) of each Manager’s Fund then in existence; and

(d) fully cooperate with the replacement CDRC Management Company (if any such CDRC Management Company is appointed by the City) with respect to the delivery of information and the taking or refraining from taking such action, as may be necessary or appropriate, in order to inform, and defend the immigration status of, the investors included within all existing Manager’s Funds.

3. For Cause Termination

If the termination of this Contract occurs as a result of a breach by the Manager addressed by *Section 5(D)* (a “*Cause Termination*”), then immediately upon the declaration of a termination by the City, the Manager shall:

(a) cease to act as the CDRC Management Company;

(b) cease to have any liability for future actions of the CDRC Management Company;

(c) be removed as the “General Partner” (or the equivalent) of all existing Manager’s Funds, upon which removal all of the Manager’s interests in such Manager’s Funds shall be automatically converted to a special limited partnership (or the equivalent) interest in accordance with *Section 5(E)(4)*;

(d) assign all contracts between the Manager and each Manager’s Fund (or otherwise executed as the General Partner of a Manager’s Fund) to the replacement CDRC Management Company, if so required by the City Manager or her designee; and

(e) fully cooperate with the replacement CDRC Management Company (if any such CDRC Management Company is appointed by the City) with respect to the delivery of information and the taking or refraining from taking such action, as may be necessary or appropriate, in order to inform, and defend the immigration status of, the investors included within all existing Manager’s Funds.

4. Interest Conversion and Call Right

(a) Conversion of Interest. Upon the election by the City to terminate this Contract and remove the Manager as a result of Cause Termination, the Manager shall automatically be removed as the “General Partner” (or equivalent) of each Manager’s Fund, and the interest of the Manager in each such Manager’s Fund shall automatically be converted into a special limited partnership (or the equivalent) interest (with all rights attendant to such a limited partnership interest in the organizational documents of the applicable Manager’s Fund), effective as of the date of such termination, with the Manager’s share of the then-current “fair market value” of its interest as the General Partner of each Manager’s Fund (as determined by independent appraisal the expenses of which shall be borne by the Manager) being treated as a capital contribution to the applicable Manager’s Fund(s) (a “*GP Interest Conversion*”). All interests of the Manager following a GP Interest Conversion are referred to herein as the “*Original GP Interest*.”

(b) Economic Participation. The Manager shall, notwithstanding a removal and termination, as a special limited partner in the Manager's Funds, be allocated its "profits interest," "carried interest" or "promoted interest" distributions in accordance with the organizational documents of the applicable Manager's Fund, as if it had remained the General Partner of such Manager's Funds, *solely* with respect to investments made by the applicable Manager's Fund *prior* to the effective date of such removal and termination (such amounts, the "**Legacy Transaction Carried Interest Amounts**"), and *not* with respect to investment made by the applicable Manager's Fund *following* the effective date of such removal and termination (such amounts, the "**Future Transaction Carried Interest Amounts**"). The right of the Manager to receive any investor commissions, up-front fees, asset management or investment management fees shall immediately cease as of the effective date of such removal and termination (the "**Fund Management Fees**"). Any replacement General Partner (the "**Replacement GP**") appointed by the City shall not have any interest in the Legacy Transaction Carried Interest Amounts such amounts, but shall be entitled to receive all Future Transaction Carried Interest Amounts and Fund Management Fees distributed and/or payable by the applicable Manager's Funds.

(c) Call Right. Following a GP Interest Conversion, a Replacement GP shall have the option to purchase all, but not less than all, of the Original GP Interest from the Manager. Such option shall be exercisable by the delivery of a written notice from the Replacement GP to the Manager (the "**Exercise Notice**") on or before the date that is sixty (60) days following the appointment of the Replacement GP. The purchase price for the Original GP Interest shall be either:

(i) if the Exercise Notice is delivered as a result of a (A) Bankruptcy, (B) Civil Judgment, or (C) Criminal Charge, in each case, *prior* to the final adjudication and/or conviction of the related claim or charge, then 100% of the Fair Market Value of the Original GP Interest; or

(ii) if the Exercise Notice is delivered as a result of a (A) Bankruptcy, (B) Civil Judgment, or (C) Criminal Charge, in each case, *following* the final adjudication and/or conviction of the related claim or charge, then 50% of the Fair Market Value of the Original GP Interest.

For purposes of this section, "*Fair Market Value*" shall mean the fair market value of the Original GP Interest, as determined by an independent appraiser, using valuation methodologies mutually agreed upon by the Manager and the Replacement GP.

6. PAYMENT FOR SERVICES; EXPENSES

Manager shall receive no monetary compensation from the City in consideration of the performance of the services described in this Contract. Manager will bear all costs, charges, and expenses incurred by it (including, but not limited to, all fees and expenses of consultants, legal advisors, brokers and investment bankers) in connection with the RFP process, the USCIS application process, other applicable regulatory processes, preparation of this Contract and any materials related to the establishment or solicitation of investments in the Manager's Funds, investments by the Manager's Funds and all other aspects of the operation of the Manager and the Manager's Funds and fulfilling the Manager's obligations under this Contract and applicable laws and regulations.

7. CHANGE IN SERVICES

The City may request from time to time changes in the scope or focus of the services to be conducted by Manager pursuant to this Contract. Any change in the scope or focus which varies materially from the scope of services set out in *Section 2* or would entail a material increase in cost or expense to Manager shall be mutually agreed upon by Manager and the City Manager or her designee and reflected in a written amendment executed by the parties.

8. CONFIDENTIAL WORK

No non-public deliverables or other information (including information given by the City to the Manager to assist the Manager's performance under this Contract) given to the Manager under this Contract by the City, or given the City by the Manager, shall be disclosed or made available to any third-party by the receiving party without the express prior written approval of the disclosing party subject, in each case, to the requirements of the Texas Public Information Act (Texas Government Code, Chapter 552).

9. OWNERSHIP OF DOCUMENTS

All non-public deliverables prepared or assembled by one party to this Contract and delivered to the other party, together with any other related documents or items, shall be the sole property of the disclosing party, unless otherwise specifically agreed to in writing by the disclosing party.

10. CONSULTANT'S LIABILITY

Approval of City (or any staff member of City) shall not constitute or be deemed a release of the responsibility and liability of Manager, its employees, agents, associates, or sub-consultants/managers for the accuracy and competency of the deliverables prepared by Manager, its employees, agents, associates, or sub-consultants/managers, as required under this Contract. In addition, approval of City (or any staff member of City) shall not be deemed to be the assumption of any responsibility or liability by City for any defect, error, or omission in the deliverables prepared by Manager, its employees, agents, associates, or sub-consultants/managers.

11. COMPLIANCE WITH LAWS AND REGULATIONS

This Contract is entered into subject to and controlled by the Charter and ordinances of the City of Dallas, as amended, and all applicable laws, rules, and regulations of the State of Texas and the Government of the United States of America. Manager shall, during the course of performance of this Contract, comply with all applicable City codes and ordinances, as amended and all applicable State, Federal and other applicable jurisdictions' laws, rules and regulations, as amended.

12. NOTICE OF CONTRACT CLAIM

This Contract is subject to the provisions of Section 2-86 of the Dallas City Code, as amended, relating to requirements for filing a notice of a breach of contract claim against City. Section 2-86 of the Dallas City Code, as amended, is expressly incorporated by reference and made a part of this Contract as if written word for word in this Contract. Manager is expected to fully comply with the requirements of this ordinance in the event of a claim, in addition to all other requirements in this Contract related to claims and notice of claims.

13. INDEPENDENT CONTRACTOR

Manager's status shall be that of an independent contractor and not an agent, servant, employee, or representative of City in the performance of the services under this Contract. Manager shall exercise independent judgment in performing services under this Contract and is solely responsible for setting working hours, scheduling or prioritizing the work flow and determining how the work is to be performed. No term or provision of this Contract or act of Manager in the performance of this Contract shall be construed as making Manager the agent, servant or employee of City, or making Manager or any of its employees eligible for the fringe benefits, such as retirement, insurance and worker's compensation, which City provides its employees.

14. INDEMNITY

Manager agrees to defend, indemnify and hold the City, its officers, agents and employees, harmless against any and all claims, lawsuits, liabilities, damages, judgments, costs and expenses (including reasonable attorneys' fees) for personal injury (including death), property damage or other harm for which recovery of damages is sought, suffered by any person or persons, that may arise out of or be occasioned by Manager's breach of, or failure to perform, any of the terms or provisions of this Contract (including any insurance obligation), or by any negligent or strictly liable act or omission of Manager, its officers, agents, employees or sub-consultants/managers, in the performance of this Contract; except that the indemnity provided for in this paragraph shall not apply to any liability resulting from the sole negligence or fault of the City, its officers, agents, or employees, and in the event of joint and concurring negligence or fault of Manager and the City, responsibility and indemnity, if any, shall be apportioned in accordance with the law of the State of Texas, without waiving any governmental immunity available to the City, its officers, agents and employees, under Texas law and without waiving any defenses of the parties under Texas law. The provisions of this paragraph are solely for the benefit of the parties to this Contract and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity, and shall survive termination or expiration of this Contract.

15. INSURANCE REQUIREMENTS

A. Manager shall procure, pay for, and maintain during the term of this Contract, with a company authorized to do business in the State of Texas and otherwise acceptable to the City Manager or her designee, the minimum insurance coverage contained in *Exhibit G*, attached to and made a part of this Contract. Each policy required to be carried hereunder shall (i) provide for waivers of subrogation by endorsement or other means, which waivers of subrogation shall be effective as to any person even though such person may otherwise have a duty of indemnification, contractual or otherwise, may not have paid any insurance premiums directly or indirectly and may or may not have an insurable interest; and (ii) provide (and any certificate evidencing the existence of each such insurance policy shall certify) that such insurance policy shall not be canceled unless the City shall have received written notice of cancellation, non-renewal or material reduction in coverage and that the City shall receive not less than thirty (30) calendar days written notice of such cancellation, non-renewal or material reduction in coverage, in each such case such notice to be sent to the City not less than thirty (30) calendar days prior to the effective date of such cancellation, non-renewal or material reduction in coverage, as applicable.

B. Approval, disapproval or failure to act by the City regarding any insurance supplied by Manager or its sub-consultants/managers shall not relieve Manager of full responsibility or liability for damages, errors, omissions or accidents as set forth in this Contract. The bankruptcy or insolvency of

Manager's insurer or any denial of liability by Manager's insurer shall not exonerate Manager from the liability or responsibility of Manager set forth in this Contract.

16. CONFLICT OF INTEREST

A. The following section of the Charter of the City of Dallas shall be one of the conditions, and a part of, the consideration of this Contract, to wit:

“CHAPTER XXII. Sec. 11. FINANCIAL INTEREST OF EMPLOYEE OR OFFICER PROHIBITED --

(a) No officer or employee shall have any financial interest, direct or indirect, in any contract with the City or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies or services, except on behalf of the City as an officer or employee. Any violation of this section shall constitute malfeasance in office, and any officer or employee guilty thereof shall thereby forfeit the officer's or employee's office or position with the City. Any violation of this section, with knowledge, express or implied, of the person or corporation contracting with the City shall render the contract involved voidable by the City Manager or the City Council.

(b) The alleged violations of this section shall be matters to be determined either by the Trial Board in the case of employees who have the right to appeal to the Trial Board, and by the City Council in the case of other employees.

(c) The prohibitions of this section shall not apply to the participation by City employees in federally-funded housing programs, to the extent permitted by applicable federal or state law.”

B. In addition to the foregoing, The Manager shall at all times maintain, comply with and require that its employees comply with its Conflicts of Interest Policy and Code of Ethics, attached hereto as *Exhibit H*.

16. GIFT TO PUBLIC SERVANT

The City may terminate this Contract immediately if Manager has offered, or agreed to confer any benefit upon a City employee or official that the City employee or official is prohibited by law from accepting.

For purposes of this section, “benefit” means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the beneficiary has a direct or substantial interest, but does not include a contribution or expenditure made and reported in accordance with law.

Notwithstanding any other legal remedies, the City may require Manager to remove any employee of Manager from performing services under this Contract who has violated the restrictions of this section or any similar state or federal law, and obtain reimbursement for any expenditures made as a result of the improper offer, agreement to confer, or conferring of a benefit to a City employee or official.

17. ASSIGNMENT

This Contract provides for unique professional services. Manager, therefore, shall not sell, assign, transfer or convey this Contract, in whole or in part, without the prior written consent of the City.

18. NOTICES

Except as otherwise provided in *Section 12*, any notice, payment, statement, or demand required or permitted to be given under this Contract by either party to the other may be effected by personal delivery in writing or by mail, postage prepaid. Mailed notices shall be addressed to the parties at the addresses appearing below, but each party may change its address by written notice in accordance with this section. Mailed notices shall be deemed communicated as of three (3) days after mailing.

If intended for the City, to:

Director, Office of Economic Development
City of Dallas
Dallas City Hall
1500 Marilla, 5CS
Dallas, Texas 75201

With a copy to:

Dallas City Attorney
City of Dallas
Dallas City Hall
1500 Marilla, 7DN
Dallas, Texas 75201

If intended for Manager, to:

Civitas Capital Management, LLC
6226 Bandera Avenue, Suite C
Dallas, Texas 75225
Attn: Managing Director
Phone: (214) 450-4400
Facsimile: (214) 346-1937

19. NONDISCRIMINATION

As a condition of this Contract, Manager covenants that Manager will take all necessary actions to insure that, in connection with any operations under this Contract, Manager, its officers, employees and sub-consultants/managers, will not discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex, or handicap unrelated to job performance, either directly, indirectly or through contractual or other arrangements. Manager shall also comply with all applicable requirements of the Americans with Disabilities Act, 42 U.S.C.A. §§12101-12213, as amended. In this regard, Manager shall keep, retain and safeguard all records relating to this Contract or work performed hereunder (including the records of each Manager's Fund) for a minimum period of three (3) years from final Contract completion, with full access allowed to

authorized representatives of City, upon request, for purposes of evaluating compliance with this and other provisions of the Contract.

20. RIGHT OF REVIEW AND AUDIT

The City may review any and all of the services performed by Manager on behalf of the City under this Contract. The City is granted the right to audit, at the City's election (upon reasonable prior notice and at the City's expense), all of Manager's records (including those of each Manager's Fund) and billings relating specifically to the performance of this Contract. Manager agrees to retain such records for a minimum of three (3) years following completion of this Contract. Any payment, settlement, satisfaction, or release made or provided during the course of performance of this Contract shall be subject to the City's rights as may be disclosed by an audit under this section.

21. VENUE

The obligations of the parties to this Contract shall be performable in Dallas County, Texas, and if legal action is necessary in connection with or to enforce rights under this Contract, exclusive venue shall lie in Dallas County, Texas.

22. GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws and court decisions of the State of Texas, without regard to conflict of law or choice of law principles of Texas or of any other state.

23. LEGAL CONSTRUCTION

In case any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Contract.

24. COUNTERPARTS

This Contract may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. If this Contract is executed in counterparts, then it shall become fully executed only as of the execution of the last such counterpart called for by the terms of this Contract to be executed.

25. CAPTIONS

The captions to the various clauses of this Contract are for informational purposes only and shall not alter the substance of the terms and conditions of this Contract.

26. SUCCESSORS AND ASSIGNS

This Contract shall be binding upon and inure to the benefit of the parties and their respective administrators, successors and permitted assigns.

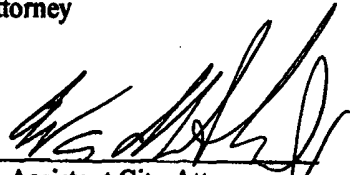
27. ENTIRE AGREEMENT; NO ORAL MODIFICATIONS

This Contract (with all referenced Exhibits and attachments) embodies the entire agreement of both parties, superseding all oral or written previous and contemporary agreements between the parties relating to matters set forth in this Contract. Except as otherwise provided elsewhere in this Contract, this Contract cannot be modified without written supplemental agreement executed by both parties.


* * * * *

EXECUTED this the 10 day of August, 2009, by City, signing by and through its City Manager, duly authorized to execute same by Resolution No. CA-1689 adopted by the City Council on June 24, 2009, and by Manager, acting through its duly authorized officials.

APPROVED AS TO FORM:
THOMAS P. PERKINS, JR.
City Attorney

BY 
Assistant City Attorney

CITY OF DALLAS
MARY K. SUHM
City Manager


BY 
Assistant City Manager

ATTEST:

BY 
Manager and Secretary

MANAGER:

CIVITAS CAPITAL MANAGEMENT, LLC

BY 
Authorized Officer
Kevin Page
Name
Managing Director
Title

**EXHIBIT A
REQUEST FOR PROPOSALS**

[See Attached]

**REQUEST FOR PROPOSAL FOR
REGIONAL CENTER INVESTMENT MANAGER
FOR CITY OF DALLAS REGIONAL CENTER**

**City of Dallas
Office of Economic Development**

November 20, 2008

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**REQUEST FOR PROPOSAL FOR
REGIONAL CENTER INVESTMENT MANAGER
FOR CITY OF DALLAS REGIONAL CENTER**

No:

SECTION I. INTRODUCTION

The Office of Economic Development of the City of Dallas (the "Dallas OED"), acting on behalf of the City of Dallas (the "City"), has prepared and is distributing this Request for Proposals ("RFP") to identify investment management firms capable of both sourcing and deploying equity capital invested by foreign investors who seek to participate in the visa program established under section 203(b)(5) of the Immigration and Nationality Act (INA), 8 U.S.C. § 1153(b)(5) (the "EB-5 Program") within the City of Dallas Regional Center (the "CDRC") presently being proposed to the United States Citizenship and Immigration Service (the "USCIS") by the Dallas OED.

By soliciting qualifications, the Dallas OED is not obligated to award a contract. The Proposer must be the company that, if selected, will be contracting with the Dallas OED, or its designee, and provide the investment management and related services described in this RFP and the resulting agreement (the "Proposer" or the "Proposing Firm").

SECTION II. SCOPE OF REQUEST

This RFP is seeking to identify investment management firms capable of (A) sourcing and deploying equity capital invested by foreign investors seeking to participate in the EB-5 Program via an investment in a pooled investment vehicle(s) established by the Proposer (the "Proposed EB-5 Fund") that will invest within the CDRC with a primary focus on businesses located in low- to moderate income areas within the CDRC, and (B) facilitating investor compliance with the regulatory regime overseen by the USCIS.

The City of Dallas requires an experienced investment management team that will focus on fund alignment with the City of Dallas' Public Private Partnership (PPP) objectives; independent underwriting capability; capacity to market the fund; administrative experience related to fund management as well as USCIS and SEC compliance; and independent governance/transparency.

Investment activity of the Proposed EB-5 fund will be focused on the DCRC, with 50% of investments to be located in Targeted Employment Areas (TEAs) within the CDRC. Under the requirements of the EB-5 program, a minimum of 10 direct or indirect jobs must be created per \$1,000,000 of assets invested (\$500,000 in certain cases).

There are a number of technical compliance issues affiliated with this program and respondents should have substantial background and experience within foreign and domestic capital investment, as well as the abilities to ensure that the program is in compliance with SEC and USCIS rules. In addition, it is envisioned that this program would augment—but not comingle with—funds available through the City of Dallas' Public Private Partnership program, and familiarity with the PPP program is necessary.

The Proposer may only present qualifications that would support it organizing and operating a pooled investment limited partnership such as the Proposed EB-5 Fund, including compliance with applicable rules and regulations.

SECTION III. EVALUATION PROCESS

1. An evaluation committee composed of City of Dallas employees will evaluate responsive proposals.
2. Proposals will be screened to determine whether minimum requirements are met. Proposals that do not meet these minimum requirements (non-responsive proposals) will be rejected.
3. Responsive proposals will be reviewed. Proposals will be evaluated and ranked in accordance with Selection Criteria as specified in this RFP.
4. The evaluation committee may conduct discussions with Proposers, or may rate Proposers without discussions.
5. Proposers may be requested to provide clarifications or additional information regarding their proposal(s) at any time during the evaluation process.
6. Proposers may be requested to make presentations to the evaluation committee. Selections by the committee may be made without presentations.
7. The evaluation committee may conduct contract negotiations with Proposer(s) prior to selection, or after a final selection. The results of such negotiations will be relevant to the selection of a Proposer.
8. The criteria for evaluation and weight assigned to each are summarized in Section IV, Evaluation Criteria.

SECTION IV. EVALUATION CRITERIA

The criteria for selection and weight assigned to each are summarized below. See details in Section V, Response Content.

A. Investment Management and Decision Making (40 Points)

- Philosophy and Investment Strategy
- Experience with Immigration Process
- History of Team
- Capital Deployment and Transaction Execution

B. Organizational Characteristics (35 Points)

- General
- Organizational Structure
- Existing and Proposed Staff
- Capitalization
- Budget and Financial Projections
- Compliance Systems

C. Proposed Management Fees (10 Points)

D. Compliance with the City's Business Inclusion and Development Plan (M/WBE) (15 Points)

SECTION V. RESPONSE CONTENT

A. MINIMUM REQUIREMENTS

Minimum Requirements applicable to the Proposer are set forth below. Proposals that do not meet the following minimum requirements, or which do not comply with the specifications or material terms and conditions of this RFP, shall be considered non-responsive and shall be rejected. The Proposer must demonstrate that it meets these minimum requirements in its response to this RFP.

Cover Letter

The RFP must include a cover letter. It must also be signed by the individual who is authorized to contractually bind the Proposer. An unsigned cover letter may cause the proposal to be rejected. The letter must also contain the following:

1. The Proposing Firm's name, address, e-mail, telephone and facsimile number.
2. The Proposing Firm's Federal Employer Identification Number and, if applicable, Corporate Identification Number.
3. The name, title or position, e-mail address, and telephone number of the individual signing the cover letter on behalf of the Proposing Firm.
4. The name, title or position, e-mail address, and telephone number of the primary contact and/or account administrator, if different from the individual signing the cover letter.

Management and Operations

The Proposing Firm must be able to demonstrate that:

1. Persons with primary responsibility for making investment decisions must, collectively, have demonstrable experience acting as either a principal decision-maker or advisor to an entity(ies) the investment activities of which would qualify within the legal and investment framework of the Proposed EB-5 Fund.
2. Persons with primary responsibility for making investment decisions must have demonstrable experience negotiating and executing investments requiring regular compliance with local, state or federal governmental regulation and oversight.
3. Persons with primary responsibility for making investment decisions should have a material and demonstrable track record of 1) active participation in the

activities of local governments, community organizations or other non-profits (e.g., board participation or officer roles) and/or 2) working with investment vehicles the primary purpose of which is investing in businesses located in, or that majority of employees of which originated from, low- to moderate-income areas.

4. The Proposing Firm must be able to demonstrate that its organizational structure and/or experience will allow it to establish the Investment Strategy and Monitoring functions.
5. The Proposing Firm must be able to demonstrate that its organizational structure and/or experience will allow it to establish the Compliance/Internal Controls and Immigration Compliance functions
6. The Proposing Firm must be able to demonstrate that its organizational structure and/or experience will allow it to establish the Client Servicing and Reporting functions.
7. Persons with primary responsibility for making investment decisions must, collectively, have experience with private offerings (e.g., those conducted under Regulation D (17 C.F.R. §230.501 *et seq.*) promulgated under the Securities Act of 1933), either as a principal or key advisor, involving a minimum of \$1 billion in the aggregate.
8. At least one attorney licensed by the State Bar of Texas will be included within those persons with primary responsibility for making investment decisions.
9. Members of the Proposing Firm must have all applicable Federal and State licenses.

Ethical Requirements and Investment Guidelines

1. Proposers must adopt a formal conflict of interest and ethics policy that is satisfactory to the Dallas OED, as well as, in compliance with applicable federal regulations, the proposed version of which should be submitted with the Proposer's RFP response.

B. ORGANIZATIONAL BACKGROUND

1. Describe the ownership structure of the Proposing Firm. Identify any (all) affiliated and subsidiary organization(s).
2. List the location(s) of your headquarters and branch offices.
3. Describe in detail any potential conflicts of interest your firm might have in the

management of the Proposed EB-5 Fund. Consider any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships with the City of Dallas.

4. Describe in detail any claim or litigation or other legal/regulatory proceedings, investigations or disciplinary actions relating to business in which any member of the Proposing Firm's management has been involved during the prior three (3) year period.
5. Provide a business plan and/or pro forma financial projections for the Proposing Firm covering a period of not less than five (5) years, assuming that the Proposing Firm is selected to manage the CDRC and Proposed EB-5 Fund.
6. Provide evidence that the Proposing Firm possesses access to capital of not less than \$1,500,000 for purposes of funding business operations and working capital needs.

C. Professionals

1. *Professionals (Answer for all of Proposing Firm).* List all professionals who are currently employed by (or are principal owners/managers of) the Proposing Firm:

Type	Total for Firm	Equity Ownership
Senior Management		
Portfolio Managers		
Research Analysts		
Total		

2. **Key Managers.** List those professionals who will be required to manage the CDRC:

Name	Experience (in years)	Equity Ownership
Total		

Please provide the following information for all Key Managers:

- Full legal name
- Date of birth
- Home address
- Home telephone number
- Curriculum Vitae (that expands on experience relevant the Proposed EB-5 Fund's activities)

This information is required in order to conduct general background checks on each of the Principals. Please disclose any significant issues that we may find in our background search of publicly available information.

D. Compliance/Internal Control Structure

1. Provide a detailed summary of the Proposing Firm's compliance process and organization. Identify senior or key personnel in the Proposing Firm's compliance process.
2. Please attach a copy of the Proposing Firm's code of ethics policy.
3. Discuss the Proposing Firm's compliance and internal control structure. What

procedures ensure that the EB-5's investment policy is followed? Will there be an advisory board? Who will perform audits?

E. City of Dallas

1. Discuss the Proposing Firm's expectations and planned on-going activities with the City of Dallas' Office of Economic Development. What kind of on-going relationship does the Proposing Firm anticipate with the City of Dallas?

F. Client Servicing and Reporting

1. Identify who will be primarily responsible for managing investor relationships, and discuss how final asset and transaction updates will be provided at months end, as well as how the Proposing Firm will communicate investment updates and relevant news to investors and the City.

G. Immigration Compliance

1. Please provide a detailed narrative or flowchart showing how the Proposing Firm will (a) solicit investors for the Proposed EB-5 Fund, (b) subscribe those investors, and (c) address the USCIS requirements in connection with the investor intake process.
2. Please provide a detailed narrative or flowchart showing the standard immigration compliance process for the Proposed EB-5 Fund investors.

H. Investment Strategy and Monitoring

1. Discuss how the Proposing Firm expects to source transactions for the Proposed EB-5 Fund.
2. Please provide a detailed narrative or flowchart showing the process of by which the Proposing Firm will identify and then execute an investment opportunity, including the involvement of an underwriting function, committees, diligence teams, document production staff and so forth. Please identify the professionals and/or Key Manager's who will be involved in these roles, and for which they will be responsible.
3. What is the expected investment return for the Proposed EB-5 Fund and its participants, and how will that return be achieved?
4. Discuss the unique elements of the Proposed EB-5 Fund's strategy, addressing questions such as:
 - Will the Proposed EB-5 Fund act as a lead investor or co-investor in its transactions?

- Will the Proposed EB-5 Fund add value to portfolio companies on a strategic, financial and operating basis?
 - With which groups would the Proposed EB-5 Fund co-invest?
 - How long will the Proposed EB-5 Fund hold investments?
 - Will investments be debt or equity? Both?
 - How will the Proposed EB-5 Fund exit investments, as a general matter?
5. Describe the Proposing Firm's expected investment governance or management practices post investment, including the Proposing Firm's staff allocation to each investment, board/observer role(s) taken, and reporting requirements placed on the underlying portfolio companies.

I. Fund Terms

1. Will the Proposing Firm charge a closing fee to investors in the Proposed EB-5 Fund? If so, describe the fee structure in detail.
2. Will the Proposing Firm charge an ongoing management fee to investors in the Proposed EB-5 Fund? If so, describe the fee structure in detail.
3. Will the Proposing Firm charge a performance or incentive fee (e.g., a carried interest) to investors in the Proposed EB-5 Fund? If so, describe the fee structure in detail.
4. For how long will investors be eligible to contribute capital to the Proposed EB-5 Fund?
5. For how long will the Proposing Firm be permitted to keep capital actively invested?
6. By when would the typical Proposed EB-5 Fund be required to dissolve?

J. Underserved Market Experience

1. The Proposed EB-5 Fund will be required to invest in low- to moderate income ("underserved") markets and geographies. Describe in detail the Key Managers' experience with such investments and/or geographies.

K. Business Inclusion and Development Plan

It is the policy of the City of Dallas to involve Minority and Women Business Enterprises (M/WBEs) to the greatest extent feasible on the City's construction, procurement and professional services contracts

The information shall be submitted with the proposal and shall include:

1. Submission of an affirmative action plan and/or policy
2. Submission of documentation showing history of M/WBE utilization on previous contracts on the form provided.
3. Firm (s) Team make-up includes a significant number of diverse M/WBE firms in meaningful roles on the project.
 - The name, address and telephone number of each M/WBE;
 - The description of the work to be performed by each M/WBE; and
 - The approximate dollar amount/percentage of the participation.
4. Evidence of acknowledgement of the City's Good Faith Effort (BID) Policy, signed BID affidavit that demonstrates intent to comply with the policy and evidence of M/WBE inclusion to meet the BID goal for the project.

SECTION VI. GENERAL SERVICE REQUIREMENTS

A. Meetings

The Dallas OED will schedule periodic meetings in Dallas (approximately twice yearly) to review the portfolio holdings, performance and organization of the Proposer/Proposed EB-5 Fund.

B. Reports

Proposers may be required to provide quarterly and annual portfolio reports (described below) as well as such other reports as may be reasonably requested by the Dallas OED. Reports must be provided within the timeframes specified by the Dallas OED.

SECTION VII. CITY RIGHTS

- A. The City reserves the right to request additional information from any and all Proposing Firms if necessary to clarify any information contained in the submittals.
- B. The City reserves the right, at its sole discretion, to accept or reject any and all proposals received as a result of this RFP, to waive minor irregularities, to amend or terminate the RFP, and to conduct discussions with all responsible Proposing Firms, in any manner necessary, to serve the best interest of the City.
- C. The City specifically reserves the right to receive a full indemnity running to the City.
- D. The City reserves the right to revise the planned EB-5 program.

SECTION VIII. ADMINISTRATIVE INFORMATION

A. The issue date for this RFP is November 20, 2008. A projected timeline follows in section IX.

B. This RFP is issued by the Business Development and Procurement Services Department of the City.

C. The contact for this RFP is Janice Hardaway (Buyer, Business Development and Procurement Services) at 214.670.1877 or janice.bowden@dallascityhall.com. No other contacts with the city regarding this RFP is allowed.

D. Questions and inquiries, both verbal and written, must be submitted to Janice Hardaway at 214.670.1877 or janice.hardaway@dallascityhall.com. The closing date for submitting all questions is 5:00 p.m. (CST) on Friday, December 5, 2008. A summary of all substantive questions and responses will be provided as an addendum to the online materials.

E. There will be a pre-proposal conference at 10 a.m. on December 4th. The conference will be held at 1500 Marilla St, Purchasing Conference Room, Room 3FS.

F. The deadline for receipt of proposals is 2 p.m. (CST) on Wednesday, December 10th, 2008. Proposals shall be submitted to the Office of Business Development and Procurement Services at **1500 Marilla, Room 3FN; Dallas, Texas 75201**. Proposals that are mailed or delivered by courier should allow sufficient time to ensure receipt by the City by the established deadline. Late proposals will not be accepted.

G. Interested respondents must submit ten (10) photocopies of their proposal in addition to the original (labeled accordingly). A total of eleven (11) paper proposals shall be submitted. Four (4) electronic copies of the proposal will also be required in Microsoft Word format on compact disc (CD) media. The original proposal must be the actual document received by the City and must be clearly marked "Original". Faxed and e-mailed responses are not acceptable.

H. Proposing Firms must submit their RFP response (original, CD and copies) in a sealed package. Any additional submissions or alternative RFP responses must be submitted in separate sealed packages and labeled accordingly. The City is not responsible for submissions not properly identified.

I. Proposing Firms acknowledge and agree that the City will not be liable for any costs, expenses, losses, damages (including damages for loss of anticipated

profit) or liabilities incurred by the Proposing Firm as a result of or arising out of, submitting qualifications, negotiating changes to subsequent proposals, or due to the City's acceptance or non-acceptance of the submittal.

J. Proposing Firms should give specific attention to identifying any portions of their qualifications they deem confidential, proprietary information or trade secrets, and provide the City with justification of why any such material, upon request, should not be disclosed by the City under the Open Records Act.

K. By submitting a response to this RFP, the Proposing Firm selected for award represents that it will comply with all Federal, State and City laws, rules, regulations and ordinances applicable to its activities and obligations under this RFP and the memorandum of understanding.

L. Proposing Firms must comply with the City's Business Inclusion and Development Plan.

1. The tab for Business Inclusion and Development Plan (M/WBE) participation should be clearly labeled and indicate the name of the project, contract number assigned to the project, the date, and the name of the Prime Firm.

2. Affirmative Action Plan must be included in the RFP for each firm. Elements of the plan should include, but are not limited to:

- a. A policy statement reflecting the company's hiring policy
- b. Dissemination techniques including methods of advertisement for open positions to target minority populations
- c. Recruitment activities
- d. Responsibility for administration and implementation of the affirmative action plan

3. Provide a listing of all projects that your firm has performed for the City of Dallas or other entity in the last 3 years **on the form provided. Fill in all information.** Describe your firm's history of utilizing M/WBE firms on all your projects.

4. Indicate all firms proposed as sub-consultants or vendors on this project. Indicate the type of work to be performed by each firm and whether each firm is an M/WBE or non- M/WBE firm. If a M/WBE, indicate the firm's current certification number. **Please provide an estimated percent of contract for each sub consultant as applicable.** Also indicate the type(s) of work to be performed by the Prime/Joint Venture firm. List the total percentage of work that the Prime firm expects to

perform on the project.

5. The Affidavit for compliance with the City of Dallas Business Inclusion and Development Plan (BID) **must** be completed and signed and included in the Proposal. (Appendix)

SECTION IX. PROJECTED TIMETABLE

The following is the estimated timetable for assessing the RFPs submitted in the current process.

EVENT	TENTATIVE DATES
Deadline to Submit Questions	December 5th, 2008
Pre-proposal Conference	December 4 th , 2008
Deadline to submit RFPs	December 10th by 2:00 p.m. (CT)
Contract Negotiations	TBD
Council Award (if necessary)	TBD



City of Dallas

Appendix

Business Inclusion and Development Plan



City of Dallas

Business Inclusion and Development Plan

It is the policy of the City of Dallas to involve Minority and Women-Owned Business Enterprises (M/WBEs) to the greatest extent feasible on the City's construction, procurement and professional services contracts. The Business Inclusion and Development (BID) Plan shall apply to all contracts with special emphasis on subcontracting opportunities on contracts that are required by state law to be competitively bid and applies to the utilization of first tier subcontractors.

BID Plan Goals

Construction:	25.00%
Architectural & Engineering:	25.66%
Other Professional Services:	36.30%
Other Services:	23.80%
Goods:	18.00%

M/WBE firm(s) must be located or doing business in Dallas County the M/WBE firm(s) must also be currently certified or in the process of being certified by the North Central Texas Regional Certification Agency (NCTRCA), or DFW Minority Business Council or Women's Business Council SW prior to recommendation for award being made to the City Council.

If an Proposer fails to meet the stated M/WBE Participation Goal, in part or in whole, and if selected as the most advantageous proposer, then a detailed explanation must be submitted to explain the Good and Honest Efforts the firm made to secure M/WBE participation.

INSTRUCTIONS FOR THE HISTORY OF M/WBE UTILIZATION FORM

1. Only projects awarded to the firm as a prime consultant are to be listed. Do not list projects for the City of Dallas on which the firm is a subconsultant unless you had a significant role in the project.
2. The date should be either the date the form is filled out or the date the RFP is to be submitted.
3. List **all** projects awarded within the **last three years** and list **all** projects that are currently in progress whether or not they were awarded within the last three years.
5. In the "Dept." column, list the department for whom the work is being performed. Use DWU for Dallas Water Utilities, PW for Public Works, RM for Risk Management, AVI for Aviation, PKR for Parks and Recreation Department, etc. Also list the project description, name of the other entity and contact information.
6. In the "City Contact Person" column, list the name and telephone number for the City's Project Manager for the indicated project. If that individual is no longer employed by the Department indicated, also list a current employee with some knowledge of the project as a second contact.
7. In the "Total Contract Amount" column, list the amount awarded plus the amount of all Supplemental Agreements, if any.
8. In the "Project Name" column, list the name of the project.
9. In the "MBE" column, list the percentage of all Minority Business Enterprise "MBE" work committed to at the award of the project plus any additional percentage committed as part of any Supplemental Agreement on the left side of the slash. **List the actual percentage of all MBE work performed to date on the right side of the slash.** The percentages should be accurate to two decimal places.

Example:

Original Award Amount - \$100,000
MBE % Committed on Original Award Amount - 30%
Supplemental Agreement(s) Amount - \$20,000
MBE % Committed on Supplemental Agreement(s) Amount - 20%
Work completed to date - \$75,000 or 62.5% of total dollars
MBE completed to date - \$15,000

MBE Percentage Committed ~

$$\frac{(.30) \times (\$100,000) + (.20) \times (\$20,000)}{(\$100,000 + \$20,000)} = \frac{\$30,000 + \$4,000}{\$120,000} = \frac{\$34,000}{\$120,000} = 28.33\%$$

Actual MBE Percentage ~

$$\frac{\text{Actual MBE Completed}}{\text{Total Contract Amount}} = \frac{\$15,000}{\$120,000} = 12.50\%$$

For this example, the numbers listed in the MBE column would be **28.33 / 12.50**.

10. In the "WBE" column, indicate the percentages for total Women Business Enterprise "WBE" participation using the methods of calculation given in Item 9.
11. In the "Percent Complete" column, indicate the percent of the contract completed. For the example in Item 9, the percent complete is 62.50%.
12. In the "Your Firm's Remaining Work" column, indicate only the dollar amount of work **to be performed by your firm excluding all subconsultants** that has not been completed for the project listed. Do not include the dollar amount of work that is to be performed by any firm (subconsultant or supplier, etc.) other than your firm. This column is not intended to provide the total amount remaining on the contract. For most projects, the amount in this column will be less than the amount remaining on the contract since some of the work remaining is likely to be performed by subconsultants. At the bottom of the column, provide a total of all work remaining for your firm on all of the projects indicated.
13. For projects that have been completed or are nearing completion and the planned M/WBE participation has not been achieved, provide an explanation for the difference.
14. The form may be shortened to eliminate excess rows or lengthened to add rows to present the firm(s) work accurately. The consultant may supply additional information, if desired. Additional information is voluntary.
15. If the prime firm has not performed work for the City of Dallas for the past three years, or has performed two projects for the City of Dallas in the past three years, please use a similar format to provide historical information on your firm's utilization of M/WBE firms on at least three projects in the past three years with other clients.
16. If you have any questions, please contact the person indicated in the request for Proposals.

EXHIBIT B
TARGETED INDUSTRIES

Table 1. Advanced Building Components and Systems Constituent Industries

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
117	Wood windows and door manufacturing	\$500,000	\$2,097,751	12.5	1.59	19.8
122	Prefabricated wood building manufacturing	\$500,000	\$1,495,959	8.0	1.67	13.4
235	Metal window and door manufacturing	\$500,000	\$1,646,806	8.9	1.55	13.9
237	Ornamental and architectural metal work manufacturing	\$500,000	\$1,665,412	8.8	1.55	13.7
248	Metal valve manufacturing	\$500,000	\$1,848,332	6.5	1.80	11.7
316	Industrial process variable instruments	\$500,000	\$1,157,929	4.6	2.33	10.7
326	Lighting fixture manufacturing	\$500,000	\$1,798,915	7.3	1.87	13.6

Table 2. Food Manufacturing

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
57	Confectionery manufacturing from cacao beans	\$500,000	\$10,083,333	20.8	3.17	66.0
58	Confectionery manufacturing from purchased chocolate	\$500,000	\$3,826,923	10.3	2.76	28.5
60	Frozen food manufacturing	\$500,000	\$3,248,898	11.3	2.31	26.1
61	Fruit and vegetable canning and drying	\$500,000	\$4,264,447	9.6	2.89	27.9
62	Fluid milk manufacturing	\$500,000	\$4,154,884	6.9	10.81	74.5
64	Cheese manufacturing	\$500,000	\$4,224,422	5.4	11.49	61.9
65	Dry- condensed- and evaporated dairy products	\$500,000	\$5,879,630	7.5	9.60	72.4
72	Frozen cakes and other pastries manufacturing	\$500,000	\$1,395,161	7.7	1.83	14.1
73	Bread and bakery product- except frozen- manufacturing	\$500,000	\$1,686,783	11.4	1.59	18.2
75	Mixes and dough made from purchased flour	\$500,000	\$3,127,706	7.2	2.62	18.8
77	Tortilla manufacturing	\$500,000	\$2,167,857	14.2	1.55	22.0
78	Roasted nuts and peanut butter manufacturing	\$500,000	\$8,125,000	18.1	4.83	87.6
79	Other snack food manufacturing	\$500,000	\$3,682,724	5.3	3.89	20.5
80	Coffee and tea manufacturing	\$500,000	\$3,267,386	5.9	3.86	22.7
81	Flavoring syrup and concentrate manufacturing	\$500,000	\$3,223,520	4.4	3.41	15.1
83	Spice and extract manufacturing	\$500,000	\$3,007,426	6.3	3.62	22.9
84	All other food manufacturing	\$500,000	\$1,352,575	3.8	2.94	11.0
85	Soft drink and ice manufacturing	\$500,000	\$3,528,579	5.2	3.77	19.6

Table 3. Headquarters, Management and Administration Operations

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
425	Non-depository credit intermediation	\$500,000	\$1,058,413	5.7	1.93	11.1
426	Securities- commodity contracts- investments	\$500,000	\$1,241,169	9.4	2.01	18.8
438	Accounting and bookkeeping services	\$500,000	\$949,619	8.5	1.68	14.2
444	Management consulting services	\$500,000	\$976,393	6.5	2.00	12.9
452	Office administrative services	\$500,000	\$1,274,755	5.1	2.43	12.3
455	Business support services	\$500,000	\$915,756	10.6	1.43	15.2
451	Management of companies and enterprises	\$500,000	\$852,899	3.8	2.05	7.8*

Table 4 Instruments Manufacturing

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
302	Electronic computer manufacturing	\$500,000	\$5,163,043	2.0	10.87	21.9
303	Computer storage device manufacturing	\$500,000	\$2,375,000	3.0	4.15	12.4
305	Other computer peripheral equipment manufacturing	\$500,000	\$1,894,714	4.1	3.14	13.0
311	Semiconductors and related device manufacturing	\$500,000	\$2,734,724	3.2	5.81	18.7
318	Electricity and signal testing instruments	\$500,000	\$1,445,000	5.1	2.39	12.1
324	Magnetic and optical recording media manufacture	\$500,000	\$2,378,641	5.9	3.13	18.4

Table 5 Information Technology Services

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
417	Software publishers	\$500,000	\$1,803,472	3.7	3.35	12.4
423	Information services	\$500,000	\$1,734,243	4.4	3.19	14.0
424	Data processing services	\$500,000	\$1,330,185	4.6	2.58	11.9
443	Other computer related services	\$500,000	\$1,496,701	5.8	1.96	11.3

Table 6 Logistics, Trade and Commerce

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
394	Truck transportation	\$500,000	\$1,237,686	9.1	1.63	14.9
397	Scenic and sightseeing transportation and sup	\$500,000	\$1,104,367	7.7	1.68	13.0
390	Wholesale trade	\$500,000	\$1,152,418	5.0	1.98	9.8*
400	Warehousing and storage	\$500,000	\$844,451	11.2	1.32	14.9
401	Motor vehicle and parts dealers	\$500,000	\$1,093,693	8.6	1.58	13.6
402	Furniture and home furnishings stores	\$500,000	\$1,217,778	11.3	1.46	16.5
403	Electronics and appliance stores	\$500,000	\$657,700	8.2	1.33	10.9
404	Building material and garden supply stores	\$500,000	\$1,114,566	11.1	1.44	16.1
405	Food and beverage stores	\$500,000	\$1,029,799	16.5	1.29	21.2
406	Health and personal care stores	\$500,000	\$986,668	14.4	1.32	19.0
408	Clothing and clothing accessories stores	\$500,000	\$1,384,389	17.8	1.31	23.3
409	Sporting goods- hobby- book and music stores	\$500,000	\$1,132,631	22.9	1.23	28.1
410	General merchandise stores	\$500,000	\$881,960	10.4	1.38	14.3
411	Miscellaneous store retailers	\$500,000	\$949,700	21.8	1.19	25.9
412	Non-store retailers	\$500,000	\$2,422,816	28.7	1.24	35.6

Table 7 Media, Entertainment and Amenities

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
323	Audio and video media reproduction	\$500,000	\$2,019,048	8.5	2.01	17.1
413	Newspaper publishers	\$500,000	\$1,123,108	6.3	1.67	10.4
414	Periodical publishers	\$500,000	\$1,673,834	6.2	2.07	12.8
415	Book publishers	\$500,000	\$2,146,339	6.5	2.16	14.0
416	Database- directory- and other publishers	\$500,000	\$2,639,579	6.6	2.26	14.8
418	Motion picture and video industries	\$500,000	\$1,963,218	10.8	2.45	26.4
419	Sound recording industries	\$500,000	\$3,432,219	4.4	2.86	12.7
420	Radio and television broadcasting	\$500,000	\$1,226,521	5.0	2.58	12.9
447	Advertising and related services	\$500,000	\$1,220,917	8.7	1.98	17.3
448	Photographic services	\$500,000	\$1,410,125	14.7	1.53	22.4
471	Performing arts companies	\$500,000	\$916,153	35.3	1.21	42.9
472	Spectator sports	\$500,000	\$906,365	9.0	1.56	14.0
473	Independent artists- writers- and performers	\$500,000	\$1,924,242	29.1	1.91	55.5
474	Promoters of performing arts and sports and a	\$500,000	\$1,525,894	66.6	1.15	76.3
475	Museums- historical sites- zoos- and parks	\$500,000	\$1,153,805	10.6	1.76	18.8
477	Bowling centers	\$500,000	\$1,372,126	25.7	1.23	31.5
478	Other amusement and recreation	\$500,000	\$1,329,075	16.3	1.38	22.5
479	Hotels and motels	\$500,000	\$1,289,054	12.0	1.46	17.5
481	Food services and drinking places	\$500,000	\$1,264,409	22.1	1.28	28.3

Table 8 Telecommunications

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
306	Telephone apparatus manufacturing	\$500,000	\$2,727,255	3.1	5.17	15.9
307	Broadcast and wireless communications equipment	\$500,000	\$2,098,427	3.6	3.73	13.5
308	Other communications equipment manufacturing	\$500,000	\$1,399,254	3.9	2.72	10.6
422	Telecommunications	\$500,000	\$2,520,350	5.1	2.86	14.7

Table 9 Transportation Equipment Manufacturing and Assembly

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
287	Speed changers and mechanical power transmissions	\$500,000	\$1,765,758	9.3	1.75	16.2
346	Motor vehicle body manufacturing	\$500,000	\$1,560,976	5.6	1.94	10.9
350	Motor vehicle parts manufacturing	\$500,000	\$2,314,015	6.2	2.19	13.6
352	Aircraft engine and engine parts manufacturing	\$500,000	\$2,500,250	6.3	2.83	17.7
359	Motorcycle- bicycle- and parts manufacturing	\$500,000	\$4,624,542	11.4	2.24	25.6

Table 10 Energy, Clean Tech and Environment

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
19	Oil and gas extraction	\$500,000	\$4,266,664	4.3	3.58	15.2
30	Power generation and supply	\$500,000	\$5,561,013	3.0	4.45	13.4
31	Natural gas distribution	\$500,000	\$4,152,669	3.3	4.71	15.3
32	Water- sewage and other systems	\$500,000	\$2,067,691	5.7	2.49	14.1
143	Asphalt paving mixture and block manufacturing	\$500,000	\$4,561,404	5.5	3.41	18.6
144	Asphalt shingle and coating materials manufacture	\$500,000	\$4,554,257	5.4	3.48	18.9
145	Petroleum lubricating oil and grease manufacture	\$500,000	\$3,371,729	3.0	4.25	12.7
148	Industrial gas manufacturing	\$500,000	\$5,988,325	5.3	5.05	26.9
261	Oil and gas field machinery and equipment	\$500,000	\$1,779,126	4.7	2.27	10.6
275	Air purification equipment manufacturing	\$500,000	\$2,059,851	13.5	1.52	20.4
277	Heating equipment- except warm air furnaces	\$500,000	\$2,076,440	8.1	1.78	14.4
288	Pump and pumping equipment manufacturing	\$500,000	\$2,496,556	7.5	2.05	15.3
333	Electric power and specialty transformer manufacturing	\$500,000	\$1,966,463	8.1	1.92	15.5
337	Storage battery manufacturing	\$500,000	\$5,208,333	26.3	1.80	47.2
407	Gasoline stations	\$500,000	\$1,382,753	16.7	1.31	21.9
439	Architectural and engineering services	\$500,000	\$901,354	6.5	1.93	12.6
440	Specialized design services	\$500,000	\$1,501,470	11.1	1.89	21.0
445	Environmental and other technical consulting	\$500,000	\$1,319,916	7.7	2.16	16.7
460	Waste management and remediation services	\$500,000	\$1,286,193	6.1	1.76	10.7

Table 11 Human Health, Education and Wellness

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
160	Pharmaceutical and medicine manufacturing	\$500,000	\$6,097,222	7.4	3.74	27.8
313	Electro-medical apparatus manufacturing	\$500,000	\$1,881,898	4.6	2.77	12.8
319	Analytical laboratory instrument manufacturing	\$500,000	\$1,580,711	4.1	3.26	13.4
375	Surgical and medical instrument manufacturing	\$500,000	\$2,580,038	9.0	2.12	19.0
376	Surgical appliance and supplies manufacturing	\$500,000	\$2,591,388	7.6	2.18	16.6
378	Ophthalmic goods manufacturing	\$500,000	\$2,328,810	9.7	1.92	18.6
446	Scientific research and development services	\$500,000	\$860,575	6.8	1.80	12.2
461	Elementary and secondary schools	\$500,000	\$703,798	18.7	1.20	22.5
462	Colleges- universities- and junior colleges	\$500,000	\$855,004	14.2	1.34	19.0
463	Other educational services	\$500,000	\$1,070,534	18.4	1.32	24.3
464	Home health care services	\$500,000	\$946,614	20.8	1.25	25.9
466	Other ambulatory health care services	\$500,000	\$1,425,845	9.3	1.79	16.7
467	Hospitals	\$500,000	\$1,007,848	7.2	1.73	12.5
468	Nursing and residential care facilities	\$500,000	\$732,966	14.3	1.29	18.4
469	Child day care services	\$500,000	\$1,191,146	36.0	1.14	41.0
470	Social assistance- except child day care services	\$500,000	\$768,586	22.7	1.18	26.8

Table 12 Building, Development and Infrastructure

<u>IMPLAN Code</u>	<u>Industry</u>	<u>Investment</u>	<u>Output Generated</u>	<u>Direct Project Employment</u>	<u>Job Multiplier</u>	<u>Maximum Jobs (One Year)</u>
33	New residential 1-unit structures- all	\$500,000	\$1,819,800	11.5	1.84	21.1
34	New multifamily housing structures- all	\$500,000	\$1,435,066	11.7	1.58	18.5
38	Commercial and institutional buildings	\$500,000	\$1,213,720	11.5	1.53	17.5
37	Manufacturing and industrial buildings	\$500,000	\$1,084,177	11.2	1.42	15.9
43	Maintenance and repair of nonresidential buildings	\$500,000	\$1,470,621	11.4	1.67	19.1

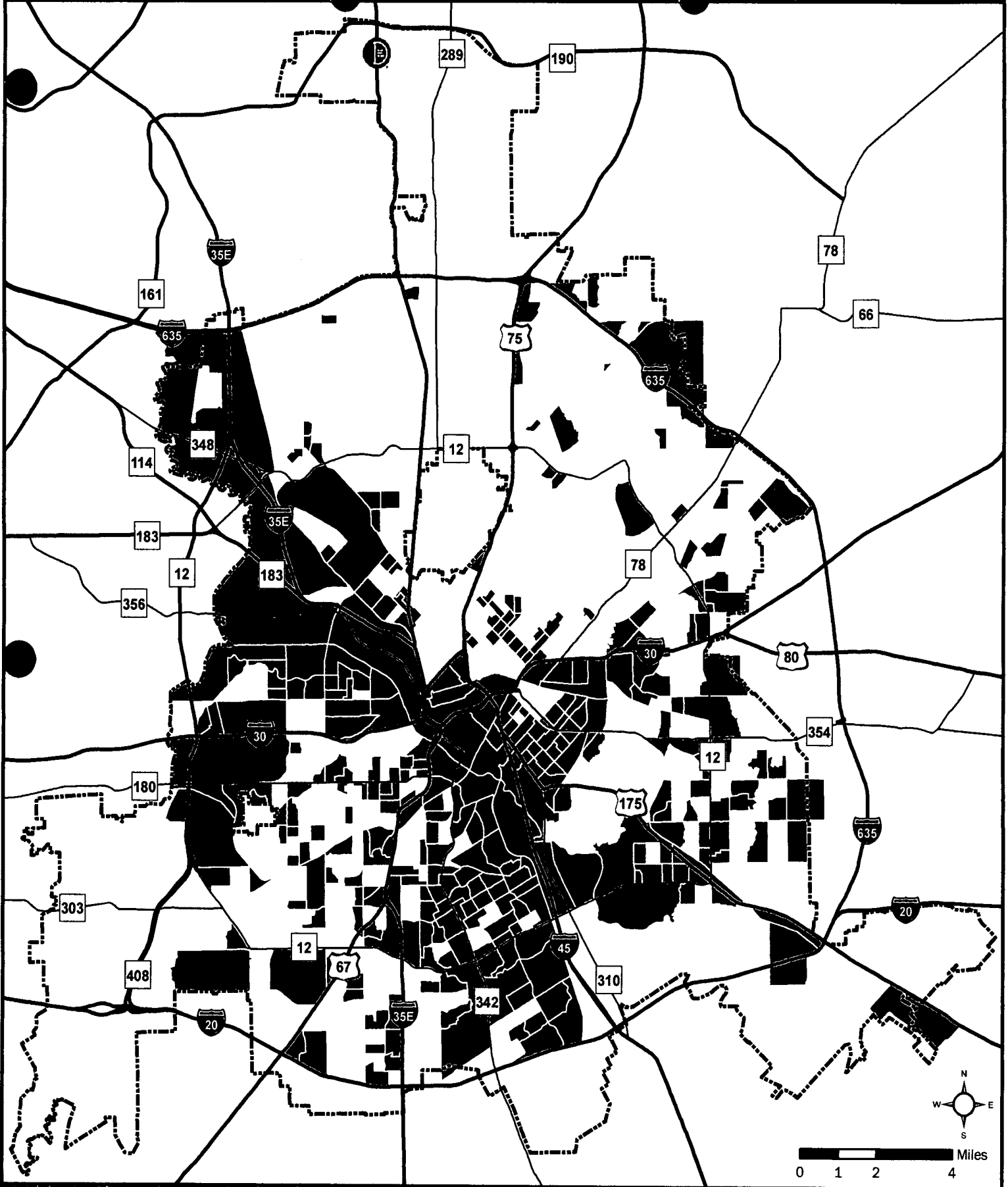
**EXHIBIT C
CATALYST PROJECTS**

- University of North Texas-Dallas (UTD)
- Dallas Transit-Oriented Development (TOD)
- International Inland Port of Dallas (IIPOD)
- Trinity River Corridor
- Dallas Convention Center Hotel
- Dallas Arts District

**EXHIBIT D
TARGETED EMPLOYMENT AREAS**

[See Attached]

EB-5 Program: Targeted Employment Areas



City of Dallas
Office of Economic Development




Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

Legend

 EB-5 Eligible Areas

 Not Eligible

 City of Dallas

 Freeway

**EXHIBIT E
APPROVED USES**

None

Heather Lepaska, Sr. Coordinator, 1500 Marilla, 5C-South, Dallas, Texas 75201 and (ii) Assistant Director, Risk Management Division, Human Resources Department, 1500 Marilla, 6A-South, Dallas, Texas 75201.

b. Provide that the Manager's insurance is primary insurance as respects the City , its officers, employees and elected representatives.

c. Ensure that all certificates of insurance identify the service or product being provided and name the City department shown in Required Provisions (b)(i) (above) as the Certificate Holder.

SECTION D. (1) Without limiting any of the other obligations or liabilities of the Manager, the Manager shall require each subcontractor performing work under the contract, at the subcontractor's own expense, to maintain during the term of the contract, levels of insurance that are necessary and appropriate for the services being performed, comply with all applicable laws and are consistent with industry standards. The subcontractor's liability insurance shall name the Manager as an additional insured. (2) The Manager shall obtain and monitor the certificates of insurance from each Subcontractor. The Manager must retain the certificates of insurance for the duration of the contract and shall have the responsibility of enforcing insurance requirements among its subcontractors. The City shall be entitled, upon request and without expense, to receive copies of these certificates.

SECTION E. Approval, disapproval or failure to act by the City regarding any insurance supplied by the Manager or its subcontractors shall not relieve the Manager of full responsibility or liability for damages and accidents as set forth in the contract documents. Neither shall the bankruptcy, insolvency nor denial of liability by the insurance company exonerate the Manager from liability.

EXHIBIT H
CONFLICTS OF INTEREST POLICY AND CODE OF ETHICS

[See Attached]

CIVITAS CAPITAL MANAGEMENT, LLC

CONFLICTS OF INTEREST POLICY AND CODE OF ETHICS

INTRODUCTION

Civitas Capital Management, LLC (the “*Company*”) maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the Securities and Exchange Commission (the “*SEC*”). This Code of Business Conduct and Ethics (the “*Code*”) applies to each employee of the Company (“*Employee*”). It is designed to ensure compliance with legal requirements and the Company’s standards of business conduct. Employees shall read and understand this Code and uphold the standards in the Code in their day-to-day activities at the Company.

This Code is predicated on the principle that the Company owes a fiduciary duty to its clients. Every fiduciary has the duty and a responsibility to act in the utmost good faith and in the best interests of the client and to always place the client’s interests first and foremost. Accordingly, the Company’s employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients.

This Code does not address every possible situation that may arise, consequently every Employee is responsible for exercising good judgment, applying ethical principles, and bringing potential violations of the Policy to the attention of the Senior Managing Director, who shall serve as the Chief Compliance Officer of the Company (the “*CCO*”).

Each Employee shall sign the acknowledgement form attached to this Code indicating his or her receipt and understanding of, and agreement to comply with this Code. Such signed acknowledgement should be immediately returned the CCO.

GENERAL STANDARDS OF CONDUCT

Corporate Conduct

The following general principles guide the Company’s corporate conduct:

- The Company will act in accordance with applicable laws and regulations.
- The Company will provide products and services designed to help clients achieve their financial goals.
- The Company will conduct business fairly, in open competition.
- The Company will provide employment opportunities without regard to race, color, sex, pregnancy, religion, age, national origin, ancestry, citizenship, disability, medical condition, marital status, sexual orientation, veteran status, political affiliation, or any other characteristic protected by federal or state law.
- The Company will support the communities in which we operate.

Individual Conduct

The following general principles guide the individual conduct of each Employee:

- The Employee will not take any action that will violate any applicable laws or regulations.
- The Employee will adhere to the highest standards of ethical conduct.
- The Employee will maintain the confidentiality of all information obtained in the course of employment with the Company.
- The Employee will bring any issues reasonably believed to place the Company or its clients at risk to the attention of the CCO.
- The Employee will not abuse or misappropriate the Company's assets or use them for personal gain.
- The Employee will not engage in any activities that create a conflict of interest between the Employee and the Company.
- The Employee will deal fairly with clients, colleagues, and others.
- The Employee will comply with this Code.

ETHICAL BUSINESS PRACTICES

Compliance with Laws and Regulations

It is the policy of the Company that any violation of applicable laws and of this Code shall be immediately reported to the CCO. An Employee must not conduct individual investigations, unless authorized to do so by the CCO. Any Employee who in good faith raises an issue regarding a possible violation of law, regulation or Company policy or any suspected illegal or unethical behavior will be protected from retaliation.

Falsification or Alteration of Records

Falsifying or altering records or reports, preparing records or reports that do not accurately or adequately reflect the underlying transactions or activities, or knowingly approving such conduct is prohibited. Examples of prohibited financial or accounting practices include:

- Making false or inaccurate entries or statements in any Company or client books, records, or reports that intentionally hide or misrepresent the true nature of a transaction or activity.
- Manipulating books, records, or reports for personal gain.
- Failing to maintain books and records that completely, accurately, and timely reflect all business transactions.
- Maintaining any undisclosed or unrecorded Company or client funds or assets.
- Using funds for a purpose other than the described purpose.

- Making a payment or approving a receipt with the understanding that the funds will be, or have been, used for a purpose other than what is described in the record of the transaction.

Political Contributions

No corporate funds, merchandise, or service may be paid or furnished, directly or indirectly, to a political party, committee, organization or to a political candidate or incumbent, except if legally permissible and if approved in advance in writing by the CCO. This Code does not apply to or restrict the ability of any Employee of the Company to participate voluntarily in political activities on their own personal time or to make personal contributions. However, the Company is prohibited from reimbursing any Employee for political contributions made from such individual's personal funds.

Payments to Government Officials or Employees

Company funds or gifts may not be furnished, directly or indirectly, to a government official, government employee or politician for the purpose of obtaining or maintaining business on behalf of the Company. Such conduct is illegal and may violate federal and state criminal laws. Assistance or entertainment provided to any government office should never, in form or substance, compromise the Company's arms-length business relationship with the government agency or official involved.

Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Employee of the Company should endeavor to respect the rights of and deal fairly with the Company's clients, customers, vendors, suppliers, and competitors. No Employee of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice. The Company's Employees should not falsely disparage or make unfair negative comments about its competitors or their products and services. Negative public statements concerning the conduct or performance of any former Employee of the Company should also be avoided.

Privacy of Personal Information

The Company will acquire and retain only personal information that is required for the effective operation of the business of the Company or that is required by law in the jurisdictions in which the Company operates. Access to such information will be restricted internally to those with a legitimate need to know. Employee communications transmitted by the Company's systems are not considered private.

PROTECTION OF PROPRIETARY AND CONFIDENTIAL INFORMATION.

Confidentiality of Company Information

Information generated by the Company is a valuable company asset. Protecting this information plays a vital role in the Company's continued growth and ability to compete. Such information includes among other things, technical information such as computer programs and databases, business information such as the Company's

objectives and strategies, trade secrets, processes, analysis, charts, drawings, reports, sales, earnings, forecasts, relationships with clients, marketing strategies, training materials, employee compensation and records, and other information of a similar nature. Employees must maintain the confidentiality of the Company's proprietary and confidential information and must not use or disclose such information without the express consent of an officer of the Company or when legally mandated. Adhering to this principle is a condition of continued service or employment.

Confidentiality of Investor Information

As an investment adviser, we have particular responsibilities for safeguarding our investors' information and the proprietary information of the Company. Employees should be mindful of this obligation when using the telephone, fax, telex, electronic mail, and other electronic means of storing and transmitting information. Employees should not discuss confidential information in public areas, read confidential documents in public places, or leave or discard confidential documents where they can be retrieved by others.

Information concerning the identity of investors and their transactions is confidential. Such information may not be disclosed to persons within the Company except as they may need to know it in order to fulfill their responsibilities to the Company. You may not disclose such information to anyone or any firm outside the Company unless (i) the outside firm requires the information in order to perform services for the Company and is bound to maintain its confidentiality; (ii) when the client has consented or been given an opportunity to request that the information not be shared (iii) as required by law, or (iv) as authorized by the CCO.

DISCIPLINARY MATTERS – REPORTABLE EVENTS

All Employees are required to notify the CCO immediately in the event of any "reportable events." A reportable event occurs when an Employee:

- Violates any provision of any securities law or regulation or any agreement with or rule or standard of any government agency, self-regulatory organization or business or professional organization or has engaged in conduct which is inconsistent with just and equitable principles of trade or detrimental to the interests or welfare of the exchanges;
- Is the subject of any written customer complaint involving allegations of theft or misappropriation of funds or securities or forgery;
- Is named as a defendant or respondent in any proceeding brought by a regulatory or self-regulatory body;
- Is denied registration, expelled, enjoined, directed to cease and desist, suspended or otherwise disciplined by any securities, insurance or commodities industry regulatory or self-regulatory organization; is denied membership or continued membership in any self-regulatory organization; or is barred from becoming associated with any member or member organization of any self-regulatory organization;
- Is arrested, arraigned, indicted or convicted of or pleads guilty to or pleads no contest to any criminal offense (other than minor traffic violations).

- Is a director, controlling stockholder, partner, officer or sole proprietor or an associated person with a broker, dealer or insurance company which was suspended, expelled or had its registration denied or revoked by any agency, jurisdiction or organization or is associated in such a capacity with a bank, trust company or other financial institution which was convicted of or pleaded no contest to any felony or misdemeanor;
- Is a defendant or respondent in any securities or commodities-related civil litigation or arbitration which has been disposed of by judgment, award or settlement for an amount exceeding \$15,000;
- Is or becomes associated in any business or financial activity with any person who is subject to a “statutory disqualification” as that term is defined in the Securities Exchange Act of 1934;
- Is the subject of any claim for damages by a customer, broker or dealer which is settled for an amount exceeding \$15,000.

Although any one of these events may not result in dismissal, disciplinary action up to and including termination may result if an Employee does not properly notify the CCO immediately following the incident. Where required, the Company will be responsible for notifying the appropriate authorities of the occurrence of such event by an Employee.

ANTI-MONEY LAUNDERING PROGRAM AND PROCEDURES

Civitas Capital Management, LLC (the "**Company**"), maintains a policy of strict compliance with the letter and spirit of all U.S. and international laws. In order to ensure compliance, at all times, with U.S. and international laws against money laundering, the Company and its affiliated entities have established this Anti-Money Laundering Policy (this "**Policy**"). This Policy applies to the Company and all of its affiliated entities, whether located in the United States or in a foreign country, and all Employees and agents of the Company, wherever located.

All Employees and agents, including administrative personnel, and the supervisors of such Employees and agents (collectively, "**Designated Persons**"), must understand the procedures set forth in this Policy and the consequences of non-compliance with such procedures. Penalties for violating U.S. laws and regulations guarding against money laundering are severe and can include imprisonment for Employees or agents and substantial fines both for the Company and its Employees and agents. A copy of this Policy shall be distributed to each current Designated Person in 2008 and to each new Designated Person at the time of hiring. Each Designated Person shall certify that he/she has received, read and fully understands this Policy by executing and returning to the Company's Chief Compliance Officer, Jason T. Barnes (the "**Chief Compliance Officer**"), the Employee/Agent Certification attached hereto. Designated Persons with questions or concerns regarding this Policy should contact the Chief Compliance Officer. Additionally the Chief Compliance Officer may delegate responsibility for the administration of this Policy to the Company's Administrators.

This Policy contains only general compliance guidelines and is not a substitute for legal advice. Designated Persons are urged to notify their supervisor of any issues that arise, from time to time, that require the advice and counsel of the Chief Compliance Officer.

MANDATORY PROCEDURES

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 (the "**USA PATRIOT Act**") requires all "financial institutions," including private investment funds, to implement policies and procedures to educate their Employees and agents on the prevention of money laundering activities. Such policies include certain due diligence procedures for accepting subscription monies from investors, as described below.

In addition, investments from certain high-risk persons ("**High-Risk Persons**") must receive heightened scrutiny, such as investments from (i) senior foreign political figures, any member of any such person's immediate family or a close associate of such person; (ii) persons resident in or organized under the laws of a jurisdiction designated by the U.S. Department of Treasury as presenting money laundering concerns, or persons whose subscription monies originate from or are routed through certain banking entities organized or chartered in any such jurisdiction; and (iii) persons resident in or organized under the laws of a "non-cooperative jurisdiction," or persons whose subscription monies originate from or are routed through certain banking entities organized or chartered in a "non-cooperative jurisdiction." A "**non-cooperative jurisdiction**," as defined in the USA PATRIOT Act, is a jurisdiction that is designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental organization, such as the Financial Action Task Force on Money Laundering ("**FATF**"). The FATF list of non-cooperative jurisdictions is frequently updated. A current list, may be found at www1.oecd.org/fatf/NCCT_en.htm and should be regularly consulted.

DUE DILIGENCE PROCEDURES

With respect to each *new or existing investor* in the Company or any of its affiliated entities, each Designated Person shall comply with the following due diligence procedures (the "*Due Diligence Procedures*"):

1. Verify the Identity of the Investor. Verification of identity shall include (a) a full review of the subscription agreement and investor questionnaire (the "*Subscription Documents*") submitted by the investor and (b) follow-up with the investor to complete any items in the Subscription Documents that have not been completed or to clear up any discrepancies in the information provided. If the investor is an entity, verification of identity shall include verification of the identity of each beneficial owner of such investor to the extent reasonable and practicable. In reviewing the Subscription Documents, the Designated Person shall ensure that all items have been completed and that the Subscription Documents have been duly authorized by the investor. **Note:** All documents and communications relating to subscriptions from High-Risk Persons are subject to heightened review standards, as set forth below in Item 4(c). For additional subscriptions from existing investors, Designated Persons shall review such investor's existing Subscription Documents in the manner set forth above and require such investor to execute a supplemental document (i) reaffirming such investor's information, representations and warranties contained in the existing Subscription Documents and (ii) providing such additional information necessary to comply with this Policy. Any changes in the existing investor's information should be maintained in such investor's file.
2. Maintain Accurate and Complete Identification Records for each Investor. Maintain a separate file for each investor, including such investor's Subscription Documents and a written record of any due diligence follow-up procedures performed, information and correspondence related to such investor, and a written record of any discrepancies in information obtained from or with respect to, such investor.
3. Consult the Lists of Prohibited Investors (as defined below). If any investor is listed on the list of Prohibited Investors, notify the Chief Compliance Officer immediately.
4. Do Not Accept Any Subscription Monies From Prohibited Investors or Otherwise Act in Contravention of the Due Diligence Procedures. No Employee or agent shall:
 - a. Accept any subscription monies from any new or existing investor without first confirming that such investor and any of its known affiliated entities are **NOT** one of the following prohibited investors ("*Prohibited Investors*"):
 - i. Specially Designated Nationals and Blocked Persons on the list maintained by the U.S. Department of Treasury's Office of Foreign Asset Control ("*OFAC*") (<http://www.treas.gov/ofac/>)
 - ii. Parties subject to economic sanctions on the list maintained by OFAC (<http://www.treas.gov/ofac/>)
 - iii. Specially Designated Terrorists, Specially Designated Global Terrorists or Foreign Terrorist Organizations on the list maintained by OFAC (<http://www.treas.gov/ofac/>);*

- iv. Specially Designated Narcotics Traffickers on the list maintained by OFAC (<http://www.treas.gov/ofac>); or
 - v. foreign banks unregulated in the jurisdiction in which they are organized or chartered, but which have no physical presence.
 - b. Accept any subscription monies from any new or existing investor without fully reviewing such investor's completed and executed Subscription Documents and verifying the identity of such investor, including its beneficial owners, if applicable.
 - c. Accept any subscription monies from any new or existing investor that is a High-Risk Person, without prior written approval from the Chief Compliance Officer, outlining the heightened review procedures taken for such High-Risk Person.
5. Refer Requests For Investor Information to the Chief Compliance Officer. Designated Persons shall refer any and all requests received from the U.S. government or a financial institution for information regarding an existing or proposed investor to the Chief Compliance Officer. Each Designated Person shall immediately notify the Chief Compliance of his/her receipt of such request.

PENALTIES FOR VIOLATIONS OF U.S. LAW

Penalties for violations of the laws and regulations outlined in this Policy are serious and vary depending on the particular law that is violated and the degree of the violation. Significant civil fines are imposed against both companies and individuals that violate the law. If a company or individual is found criminally liable, significant fines and prison sentences may be imposed.

TRAINING PROGRAM

Each Designated Person will receive compliance training according to the compliance training program set forth below. The Chief Compliance Officer is responsible for developing and implementing the training program to assist Designated Persons to understand their obligations with respect to this Policy. The compliance training program consists of the following:

1. Each Designated Person will receive and read a copy of this Policy at the time of hiring or such other time, as applicable. Each Designated Person will sign the attached Employee/Agent Certification, confirming that he has read and fully understands this Policy.
2. A compliance training program will be held at the Company's principal business office or at another location designated by the CCO. Attendance of Designated Persons at the compliance training program is mandatory.
3. A written register of all persons who have completed the compliance training program shall be maintained by the Chief Compliance Officer.
4. In addition to the compliance training program, all Designated Persons, Employees and agents are encouraged to consult their supervisor or the Chief Compliance Officer with any questions that may arise regarding adherence to this Policy.

PERIODIC AUDITS AND ANNUAL REPORTS

Audits shall be conducted as appropriate (but no less frequently than annually) to further adherence to this Policy. Our independent public accountants will be responsible for auditing this Policy. After each audit, a

written report shall be submitted to the Company and the Chief Compliance Officer, detailing the Company's compliance efforts and any violations of U.S. laws, along with resulting disciplinary actions.

The Board of Managers[?] shall be advised at least annually by the Company's Chief Compliance Officer of the measures taken in furtherance of this Policy, including any violations and resulting disciplinary actions.

EMPLOYEE/AGENT RESPONSIBILITIES

It is the responsibility of each Designated Person to ensure that, at all times, operations are performed in accordance with this Policy. By signing the attached Employee/Agent Certification, each Designated Person certifies that he or she understands that it is the policy of the Company to comply with the letter and spirit of U.S. and international laws and that violations of these laws could expose the Company as well as its Employees or agents to fines and possible imprisonment.

REPORTING VIOLATIONS

The Company strongly encourages all Designated Persons to report any possible violation of this Policy. The anonymity of the reporting person will be protected to the maximum extent possible. No Designated Person will be discharged, demoted, suspended, harassed or discriminated against solely because he/she has reported a possible violation. While Designated Persons cannot insulate themselves from discipline by reporting the violations that they have personally committed, such self-reporting may, in appropriate circumstances, be considered a mitigating factor in any disciplinary action.

Upon notification of any suspicious activity that the Chief Compliance Officer, upon the advice of counsel, deems to be in violation of the rules and regulations described in this Policy, the Chief Compliance Officer shall notify the Department of Treasury of such suspicious activities.

DISCIPLINARY ACTION

Any violation of this Policy, intentional or otherwise, will result in appropriate disciplinary actions. Appropriate disciplinary action may include, but is not limited to, reprimand, loss or reduction of compensation, seniority or promotional opportunity, demotion, temporary suspension or permanent discharge.

CITY OF DALLAS EB-5 REGIONAL CENTER – BUSINESS PLAN

June 2009

Civitas Capital Management, LLC

CIVITAS CAPITAL MANAGEMENT, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225
Phone: (214) 450-4400
Facsimile: (214) 346-1937

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Civitas Capital Management, LLC ("*Civitas*") is a specialty financial services and management company formed to capitalize on three strategic opportunities. First, the Civitas management team possesses exclusive distribution channels that will allow it to efficiently aggregate and deploy capital sourced from non-U.S. citizens seeking to immigrate to the United States via the United States Citizenship and Immigration Service's (the "*USCIS*") Foreign Trader, Investor and Regional Center Program (the "*EB-5 Program*"). Second, Civitas has been awarded an exclusive, long-term contract by the City of Dallas, Texas (the "*City*") to manage the City of Dallas Regional Center (the "*CDRC*"). Third, the Civitas management team has for many years been involved in various aspects of investment in emerging domestic markets, experience which uniquely positions Civitas to invest profitably in markets historically underserved by traditional sources of capital.

DALLAS AND THE CIVITAS FUNDS

Civitas has entered into an exclusive contract (the "*CDRC Management Agreement*") with the City for a minimum of 10 years to manage the CDRC and invest therein by aggregating EB-5 investments in multiple fund investment vehicles called the Civitas Dallas Access Funds ("*Civitas Funds*"). Under the CDRC Management Agreement, in exchange for Civitas' services, the City will agree to provide Civitas exclusive access to interested EB-5 Program investors, preferred relationships with the City and its Public-Private Partnership programs, and co-branding and marketing relationships that will help promote the CDRC and Civitas in all international markets in which the City has an active development presence.

THE CIVITAS STRUCTURE

Civitas is a newly-formed entity organized expressly for the purpose of raising a series of Civitas Funds that will aggregate capital from EB-5 Program investors and deploy it within the CDRC.

Civitas will generate revenue through Administrative Fees, Management Fees and Performance Fees (see "*Milestones, Dates and Costs*" below).

THE CIVITAS TEAM

Civitas was formed by a small group of seasoned professionals with backgrounds in investment and financial management, securities and transactional law, investment banking, real estate development and investment, media and entertainment investments, and entrepreneurship. In the aggregate, Civitas management has more than 40 years of direct business experience and has worked on over \$25 billion of corporate, real estate and related transactions. Jason T. Barnes, a licensed attorney whose experience includes more than a decade focused in the private equity industry, brought the Civitas team together. That team includes Rafael M. Anchia, Daniel J. Healy and Kevin W. Page. Detailed biographical information on the Founders appears in **Section 2**.

The Founders have structured the Civitas Funds to include an overarching Advisory Board with five to ten members selected based on their ability to help Civitas (a) identify and evaluate investment opportunities within the CDRC, and (b) raise EB-5 capital to execute the CDRC strategy. Civitas has already assembled the bulk of an impressive Advisory Board for the Civitas Funds. Members who have already committed include: Jim Keyes (CEO of Blockbuster, Inc.), Don Williams (Former CEO of Trammell Crow, Inc.), Daniel

Chen (Vice President, J. P. Morgan Chase; President, Hong Kong Association–Northern Texas; Board of Directors, Taiwanese Chamber of Commerce).

In addition, Civitas enjoys close strategic relationships with Spencer Crain Cabbage Healy & McNamara PLLC ("**Spencer Crain**"), a Dallas-based law firm with an internationally recognized immigration practice, and Haynes and Boone, LLP, an international full service law firm. Spencer Crain is responsible for designing and maintaining the immigration compliance regime. Haynes and Boone is outside general counsel to Civitas and the Civitas Funds, and has enjoyed almost four decades of success in the United States and beyond, including Texas, where it maintains the largest law firm presence in the Dallas-Fort Worth area.

THE CDRC BUSINESS MODEL

Civitas' strategy is focused on launching a series of EB-5 Funds which will invest in businesses and real estate developments within the geographic boundaries of the CDRC (i.e., the City of Dallas). These investments will align with the twelve industry sectors defined in the City's application to create the CDRC and its response to the related Request for Evidence ("**RFE**") from the USCIS. The twelve sectors were selected based in part on economic development research by the Office of Economic Development of the City of Dallas as described in *ForwardDallas!*, a comprehensive 2006 report.

The economic impact associated with investment in each targeted business sector has been modeled by the City of Dallas using IMPLAN, an industry-standard econometric modeling software suite. The results of this analysis clearly illustrate that investment in these industry sectors will generate jobs within the CDRC at a rate that will easily satisfy EB-5 program requirements. Each Civitas Fund will invest in one or more of the following industry clusters:

- Advanced Building Components and Systems
- Food Manufacturing
- Headquarters, Management & Administrative Operations
- Instruments Manufacturing
- Information Technology Services
- Logistics, Trade and Commerce
- Media, Entertainment & Amenities
- Telecommunications
- Transportation Equipment Manufacturing & Assembly
- Energy, Clean Tech and Environment
- Human Health, Education & Wellness
- Building, Development & Infrastructure

The business plan for the City of Dallas Regional Center is based on three pillars:

CDRC Investment. As exclusive manager of the CDRC on behalf of the City, Civitas' primary objective will be to launch the Civitas Funds, using its network to raise EB-5 capital and generate investment opportunities. Investments will generally fall into one of several categories:

- *Expansion Capital.* Investments in established companies for the purpose of growing their businesses. These investments may take the form of senior loans, mezzanine loans, equity investments or hybrid structures, and will likely be the most common type of investment made by the Civitas Funds.
- *Buyout and Corporate Restructuring Capital.* In this area, investments will involve financing various elements of the capital structure involved in leveraged buyouts, management buyouts, equity buyouts, buy-and-build, other acquisition strategies and restructurings, and related uses of capital.
- *Venture Capital.* Equity and equity-like investments in small, rapidly growing, private companies in various stages of development with high-impact business plans or intellectual property.
- *Distressed Assets and Special Situations.* Debt or equity securities investments in companies that have solid fundamental performance but must be recapitalized with patient capital.
- *Strategic Placements.* Based on the business and surrounding circumstances, the Civitas Funds will consider various debt structures, joint ventures, credit enhancements, loan participations, co-investments alongside other capital providers, and the like.

Underserved Market Investment. The CDRC Management Agreement will allow for investment anywhere within the City of Dallas, but will emphasize a focus on Targeted Employment Areas ("**TEAs**"). These will include – but will not be limited to – Dallas' "Southern Sector," an area that historically has been underserved by traditional sources of capital, yet encompasses over 75% of the undeveloped land in the City. It boasts a large workforce, but one that generally subsists at or below the poverty line. Economic development in the Southern Sector is among the City's highest priorities, and part of Civitas' mandate as manager of the CDRC will be to further this goal.

Investment Support and Integration. A central element of Civitas' strategy involves the systematic identification of investment opportunities, but no less important is the post-closing development of the businesses in which the Civitas Funds invest. By seeking to make these businesses, and the lives of those associated with them, more successful and fulfilling, we will differentiate ourselves as a management team that can deliver not only attractive risk-adjusted rates of return, but also a measurable social impact.

SOURCING TRANSACTIONS AND INVESTORS

A central component of the Civitas Funds' strategy will involve the identification of businesses in Dallas that can benefit from a combination of patient capital and a sophisticated support network. Potential sources of transactions include:

- Dallas Office of Economic Development;
- Investment banks and securities brokerage firms;
- The Texas Emerging Technology Fund;
- Universities and research centers;
- Banks, credit unions, community development organizations, SBICs and other lenders;

- Real estate finance, private equity and other investment firms; and
- Transactional attorneys, accountants and other professional service providers.

Civitas must also attract sufficient EB-5 capital with which to execute its strategy. As with transaction sourcing, the network to which Civitas has access, and that its Founders will continue to develop, is significant. Sources of potential investors include:

- Direct development by the Civitas team and as a result of Civitas' online presence;
- Compensated in-country agents and marketing representatives;
- Wealth managers, investment managers and family offices serving an international clientele;
- Foreign diplomatic and trade organizations;
- Ethnic Chambers of Commerce;
- Immigration attorneys, accountants and other professional service providers; and
- Investment conferences.

INTERNATIONAL MARKETING AND INVESTOR INTAKE PROCESS

Civitas has created a detailed, comprehensive marketing plan that will include:

- Co-marketing trade missions to various countries in conjunction with City of Dallas OED (China, Taiwan, Korea, etc.);
- A Web presence that includes multiple, localized Civitas websites, as well as standalone EB-5 informational websites;
- Production of educational and promotional videos in multiple languages;
- Off-shore seminars and conference presentations;
- Co-marketing and "finder" arrangements with in-country agencies and partners;
- Printed and electronic collateral materials;
- A disciplined membership program in professional organizations that support the EB-5 Program and EB-5 education.

In addition to its marketing efforts, Civitas will develop a robust and secure "Investor Intake System" database that aggregates investor information in tracking files to make reporting to both investors and the USCIS as efficient as possible. This web-based database system will be the primary intake tool for both web-only and agent-acquired investor prospects and will represent one of the most sophisticated investor-tracking software systems in the EB-5 industry today.

MILESTONES, DATES AND COSTS

Civitas anticipates closing at least one fund annually, each with between \$75MM and \$100MM in investment capital (although Civitas retains the discretion to close a fund in any amount). Assuming USCIS approval of the creation of the CDRC by the third quarter of 2009, Civitas would expect to be fully subscribed for its first fund by June 2010 and to break escrow on its first investable funds by November 2010 (depending on I-526 approval rates). Civitas would anticipate deploying such capital into job-creating businesses or developments by Q3 2011 with a planned four-year additional hold period. Of course, actual deployment rates and hold periods may vary, but in any event, all investor capital will be at risk in each fund for at least the two years required by EB-5 regulations, and very likely for four to six years.

Summary of Investment Process and Fees. Each potential investor in a Civitas Fund will escrow a minimum of \$500,000 in investment capital. Simultaneously, each potential investor will pay to Civitas, as manager of the relevant fund, a fee equal to 7.5% of the investor's capital (the "**Compliance Fee**"). The Compliance Fee is paid in addition to, and not out of, the investor's investment capital, and covers Civitas' marketing and processing costs as well as non-refundable fees paid to service providers for, among other things, background checks and source-of-funds validations. If the I-526 is rejected by USCIS, the entire amount of investment capital will be returned along with any portion of the Compliance Fee not charged against services already rendered (*i.e.*, background checks, source-of-funds validations, etc.).

Upon USCIS approval of the investor's I-526, escrow is broken and the investor's capital is released to and invested in the relevant Civitas Fund, at which point it is fully at risk. Each Civitas Fund pays Civitas, as the fund's manager, an annual fee equal to 2% of committed capital (the "**Management Fee**"), paid quarterly in advance for the life of the fund from available sources of revenue. If no revenue has been generated by fund investment activities, the Management Fee will accrue until such time as revenue sources are available to pay the fees, thus ensuring that all of the investors' capital is committed to qualified projects. Finally, once the investors have received their principal investment back, Civitas will receive 20% of any profits (the "**Performance Fee**").

Costs and Expenses. Each fund bears its own expenses, including but not limited to legal fees, audit and accounting fees, costs associated with transaction due diligence, travel and the like. Such Costs and Expenses may be charged as fees against individual transactions where applicable (such as travel and due diligence necessary to close a particular investment) or from a reasonable legal, accounting and audit fees holdback account in an amount adequate to satisfy standard accounting procedures as interpreted by Civitas' certified public accountant. In any event, all costs and expenses will be borne within the individual fund vehicle, beyond the control of the investors, and thus "at risk" from the perspective of the EB-5 Program requirements.

NUMBER OF INVESTORS PER FUND AND JOB CREATION

While Civitas retains the discretion to close a fund in any amount, each Civitas Fund will target closing with between \$75MM and \$100MM in capital. This means the target number of investors for any given Civitas Fund is between 120 and 200 qualified investors. The CDRC may have multiple concurrent offerings of diversified funds and concentrated investments, *all of which will meet or exceed job creation requirements.*

Typically, a Civitas Fund will have a five-year life. Civitas, as manager of each fund, will have the discretion to extend each fund's life to allow for the orderly disposition of assets, if applicable. Thus, capital invested in the CDRC, via Civitas Funds, will be at risk for periods of time considerably longer than EB-5 regulations require.

Econometric analysis of each of the targeted industry sectors requested for approval by the CDRC have demonstrated that all anticipated CDRC investments will meet or exceed job creation requirements.

JASON T. BARNES

Mr. Barnes is a Managing Director and General Counsel of Civitas, and presently a Partner in the Corporate, Finance and Private Equity sections of the Dallas-based law firm Haynes and Boone, LLP. Throughout his career he has developed relationships with a wide variety of disparate financial institutions, asset managers, principals and high net worth individuals in businesses and transactions that cross industries, markets, geographies and asset classes. Mr. Barnes' practice and experience covers transactions involving over \$25 billion in value, and clients with assets ranging from \$10 million to \$40 billion.

Mr. Barnes has a particular emphasis and level of experience working with the principals and sponsors of investment vehicles both during and after formation. He works with clients to better structure products and offerings for their target market, and assists in the process of identifying and negotiating with prospective investors and partners. In addition to providing advice related to the structural issues, tax-minimization strategies, and regulatory matters that are important to investment funds, Mr. Barnes actively represents such funds in connection with their ongoing equity, debt and acquisition-related investment activities.

In addition, Mr. Barnes has spent years working *pro bono* with funds and managers in the structuring of social-purpose investment vehicles, and the tailoring of mainstream structures to provide "double bottom line" returns to investors. He writes and speaks regularly about this issue, and works as a general matter to educate the investment community on the merits of investments in underserved and emerging markets.

Mr. Barnes graduated from the Georgia Institute of Technology with a Bachelor of Science in Economics, earned his Juris Doctor from the Emory University School of Law, has been a member of the Pro Bono College of the State Bar of Texas since 2001, and has been named a Texas "Rising Star" (best lawyers under 40) by Texas Monthly magazine every year since 2003.

RAFAEL M. ANCHIA

Mr. Anchia is a partner at Haynes and Boone, LLP and serves on the board of Civitas Capital Management, LLC. He represents financial institutions and public and private funds in a variety of transactions involving, among other things, senior and subordinated debt and equity, domestic and international syndications and distressed debt acquisitions and sales. He also represents issuers and underwriters on tax-exempt bond transactions. He is also actively involved in community affairs and public service. Representing District 7 on the Dallas ISD Board of Trustees from 2001 to 2004, he oversaw a \$1 billion budget, 19,000 employees and almost 220 schools in the nation's 12th largest school district.

Mr. Anchia was recently elected to his third term as Texas State Representative for District 103, which includes parts of Dallas, Irving, Carrollton and Farmers Branch. Texas Monthly named Mr. Anchia "Rookie of the Year" during the 79th Legislative Session and one of the "10 Best Legislators" during the 80th Legislative Session. He was named an American Marshall Memorial Fellow in 2001, a Broad Foundation Fellow in 2003, LULAC National "Man of the Year" in 2005, a Flemming Institute Fellow in 2006, and an Aspen Institute Rodel Fellow in 2007. He also presently serves as the National Chairman of the National Association of Latino Elected Officials, and is Board Secretary for the Dallas-based charitable organization Education is Freedom.

Mr. Anchia earned his undergraduate degree from Southern Methodist University and his Juris Doctor from Tulane University.

DANIEL J. HEALY

Dan Healy is Managing Director at Civitas Capital Management, LLC. He is responsible for overseeing financial analysis of the firm's investment opportunities, as well as transaction sourcing, asset management and disposition. Mr. Healy has over ten years of real estate investment and consulting experience.

Mr. Healy has served as Executive Vice President and Partner with Royalton Real Estate Capital, LLC, a Dallas-based real estate private equity firm where he had broad management and transaction responsibilities. Previously, Mr. Healy was Executive Vice President with Highland Capital Real Estate Advisors, the real estate private equity arm of Highland Capital Management, L.P., a \$40 billion investment firm. There, he sourced, structured and monitored a variety of notable transactions, including the development of a licensed broker-dealer platform for Highland.

Prior to his tenure at Highland Capital, Mr. Healy was a principal with Bishop Avenue Capital, LLC and worked in the Investment Banking Group at the Henry S. Miller Company, as well as for Denis Healy & Associates.

Mr. Healy holds a Bachelor of Arts in Government and Politics, *summa cum laude*, from the University of Texas at Dallas, and a Master of Business Administration from Southern Methodist University. He also maintains FINRA Series 7, 24, 28, and 63 securities licenses.

KEVIN W. PAGE

Kevin Page is a seasoned entrepreneur and business-builder with over a decade of experience in the media and entertainment sectors, including considerable investment banking and mergers and acquisition structuring and finance experience. After a successful career in the entertainment industry, both in front of and behind the camera (*e.g.*, *Robocop*, *Seinfeld*, *The Alamo*), Mr. Page began his business career at Smith Barney, where he acquired multiple securities licenses and advised high-net-worth private clients. From there he became the founding Vice President of the Dallas-based investment banking firm Aspen Advisors, where he sourced and advised on numerous transactions in a variety of areas including media, entertainment, emerging-technology, software, business services, roll-ups, and Internet acquisitions.

In 2001, Mr. Page returned to his entertainment industry roots and founded Page 3 Productions, a high-definition documentary production company. As Executive Producer/Writer/Director for Page 3, he produced more than a dozen documentary films and oversaw the global release of seven of those properties through the firm's wholly-owned subsidiary, Transpersonal Media.

In 2007, Mr. Page formed SSO Media Capital Group, a business advisory firm focused on media and entertainment companies located in the U.S. Southwest. In addition to his duties as a business advisor, Mr. Page is a licensed investment banker (FINRA Series 7, 24 and 63 licenses) and President of SSO Venture Partners, LLC.

Mr. Page is a current member (and former Membership Committee member) of The Dallas Producer's Association (DPA), The Texas Association of Film/Tape Professionals (TAFTP), and The Texas Motion Picture Alliance (TXMPA).

In addition to his professional activities, Mr. Page has been a longtime supporter of the arts through active non-profit work. In 1997 he participated in the Dallas Leadership Arts Program, a board-level leadership training program where he co-chaired the group's annual project: "That Art Book!" His past board assignments include the USA Film Festival, the Dallas Wind Symphony and New Theatre Company.

Mr. Page graduated *magna cum laude* with a Bachelor of Arts from the University of Nebraska - Lincoln.

**AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
CIVITAS DALLAS ACCESS FUND I, L.P.**

(a Texas Limited Partnership)

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AGREEMENT OF LIMITED PARTNERSHIP

OF

CIVITAS DALLAS ACCESS FUND I, L.P.

(A TEXAS LIMITED PARTNERSHIP)

Dated as of [_____], 2009

THE LIMITED PARTNER INTERESTS OF CIVITAS DALLAS ACCESS FUND I, L.P. HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE OR ANY OTHER APPLICABLE U.S. OR NON-U.S. SECURITIES LAWS, IN EACH CASE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE LIMITED PARTNER INTERESTS MAY BE ACQUIRED FOR INVESTMENT ONLY, AND NEITHER THE INTERESTS NOR ANY PART, THEREOF MAY BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS PARTNERSHIP AGREEMENT; AND (III) THE TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT AND THE INVESTMENT REPRESENTATIONS FOR THE LIMITED PARTNER INTERESTS. THE LIMITED PARTNER INTERESTS WILL NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS, THIS PARTNERSHIP AGREEMENT AND THE SUBSCRIPTION AGREEMENT AND THE INVESTMENT REPRESENTATIONS. THEREFORE, PURCHASERS OF THE INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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**AGREEMENT OF LIMITED PARTNERSHIP
OF
CIVITAS DALLAS ACCESS FUND I, L.P.**

(a Texas Limited Partnership)

This AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (this "*Agreement*") of Civitas Dallas Access Fund I, L.P., a Texas Limited partnership (the "*Partnership*"), is made as of the [____], 2009, by and among Civitas Dallas Access Fund I GP, LLC, a Texas limited liability company, as general partner (the "*General Partner*") and the parties admitted to the Partnership as limited partners pursuant to this Agreement.

WITNESSETH :

WHEREAS, the Partnership was formed pursuant to a Certificate of Limited Partnership of the Partnership, effective [____], 2009, which was executed by the General Partner and filed in the office of the Secretary of State of the State of Texas on [____], 2009; and

WHEREAS, the Partners are entering into this Agreement to govern the Partnership;

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree that the Agreement of Limited Partnership of the Partnership is amended and restated, and they agree to be bound, as follows:

ARTICLE I

Definitions

As used herein, the following terms shall have the following meanings, and all defined terms that relate to accounting matters shall be interpreted in accordance with U.S. generally accepted accounting principles in effect from time to time except as otherwise specifically provided herein:

"*Act*" means the Texas Limited Partnership Law, Title 4 of the Texas Business Organization Code, as amended from time to time (or any corresponding provisions of succeeding law).

"*Adjusted Amount*" means the Capital Commitment of a Partner, *minus* (i), with respect to a New Partner, the amount by which that New Partner's Capital Contributions made on the date of a Subsequent Closing is higher than it otherwise would be, as a result of an upward revaluation of one or more existing Portfolio Investments pursuant to Section 3.3, *plus* (ii) with respect to a New Partner, the amount by which that New Partner's Capital Contributions made on the date of such Subsequent Closing is lower than it otherwise would be, as a result of a downward revaluation of one or more existing Portfolio Investments pursuant to Section 3.3.

"*Administrative Expenses*" has the meaning set forth in Section 8.1(a).

"*Advisers Act*" means the Investment Advisers Act of 1940, as amended from time to time.

"*Advisory Committee*" means the Advisory Committee established by the Manager pursuant to Section 7.8.

"Affiliate" means, with respect to a specified Person at a specified time, (i) any Person that, at that specified time, directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the specified Person, and (ii) any Person that, at that specified time, directly or indirectly, is the beneficial owner of a majority of the voting ownership interests of the specified Person, which definition shall, as applied to the General Partner, specifically include the Manager and the constituent members of the General Partner at that specified time, and any officer of the General Partner, the Manager or the general partner of the General Partner at that specified time.

"Agreement" means this Agreement of Limited Partnership of Civitas Dallas Access Fund I, L.P., including the annexes and schedules hereto, as the same may be amended or restated from time to time.

"Allocation Provisions" has the meaning set forth in Section 4.1(e).

"Assignee" has the meaning set forth in Section 10.2.

"Authorized Investments" has the meaning set forth in Section 6.1(b).

"Available Assets" means cash and other assets of the Partnership that the General Partner reasonably determines are available for distribution, but does not include, without limitation, any amounts determined by the General Partner to be reasonably necessary (i) to pay the Partnership's current liabilities and other current obligations; (ii) to establish reserves for other liabilities and obligations; (iii) to maintain adequate working capital for the continued conduct of the Partnership's business and to own and operate Portfolio Investments; (iv) to make payments under Section 5.4(b); and (v) to reinvest in Portfolio Investments.

"Business Day" means any day on which commercial banking institutions in Dallas, Texas are not authorized or required to close.

"Capital Account" has the meaning set forth in Section 4.1(a).

"Capital Commitment" means, with respect to any Partner, the amount set forth in its Subscription Agreement, as adjusted from time to time (i) to take account of additional Capital Commitments made at Subsequent Closings and (ii) as otherwise provided in this Agreement.

"Capital Contribution" means, with respect to any Partner, at any time, the amount of capital actually contributed to the Partnership by that Partner on or prior to that time, either in the aggregate or with respect to specified Portfolio Investments, Organizational Expenses, or Operating Expenses, as the context may require.

"Carrying Value" means, with respect to any asset, the asset's adjusted basis for U.S. federal income tax purposes, except that the Carrying Values of all Partnership assets shall be adjusted to equal their respective Fair Values, on the occurrence of any event described in Section 4.1(d)(i) or (ii). In the case of an event described in Section 3.3, any such adjustment shall be made pursuant to the provisions of that Section. Upon an adjustment to the Carrying Value (i) for capital account maintenance purposes and for purposes of computing Net Income and Net Loss (but not for purposes of requiring actual distributions under Article V), it shall be as though the asset was sold at Fair Value, and gain or loss shall be allocated to Capital Accounts pursuant to Section 4.2 as though the proceeds of that sale had been distributed; and (ii) upon an adjustment, pursuant to the definition of Carrying Value, to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for depreciation, cost recovery or other amortization attributable to that property shall for purposes of Capital Account maintenance equal an amount that bears the same ratio to the Carrying Value

at the beginning of that year or other period as the U.S. federal income tax depreciation, amortization or other cost recovery deduction for that year or other period bears to the property's adjusted tax basis at the beginning of that year or other period; *provided, however*, that where the property has no remaining tax basis at the beginning of that year or other period, deductions for depreciation, cost recovery or other amortization attributable to that property for purposes of Capital Account maintenance shall be computed using any reasonable method as selected by the General Partner.

"Certificate" means the Certificate of Formation of the Partnership, dated as of [____], 2009, which was executed by the General Partner and filed in the office of the Secretary of State of the State of Texas on [____], 2009, and all subsequent amendments thereto and restatements thereof.

"Closings" has the meaning set forth in Section 3.2(c).

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time, including successor provisions of succeeding law.

"Co-Investment Opportunities" means opportunities that the General Partner elects to provide to Persons including, without limitation, any, all, or none of the Limited Partners (including Affiliates), or unrelated third parties, to invest in Portfolio Investments alongside the Partnership.

"Dissolution Sale" means all sales and liquidations by or on behalf of the Partnership of its assets in connection with or in contemplation of the winding-up of the Partnership.

"Event of Dissolution" has the meaning set forth in Section 11.1.

"Expert" has the meaning set forth in Section 10.1(c).

"Expiration Date" means the earlier of (i) the fifth (5th) anniversary of the date of the Initial Closing or (ii) any earlier date as required by Sections 3.11 or 10.1.

"Fair Value" means the value of any Portfolio Investments, Loan Assets, securities or other assets measured at their fair value at the time of and as determined by the General Partner, with the General Partner taking into account factors that it determines to be appropriate under the circumstances, including without limitation, available appraisals, the discounted present value of estimated future cash flows, replacement costs and comparable market prices.

"Final Closing" means the last Subsequent Closing, which shall not be more than twelve (12) months after the Initial Closing.

"Final Distribution" means the distribution described in Section 11.3.

"Financial Statements" has the meaning set forth in Section 9.2(a).

"Financing Fees" means the portion of fees collected in connection with the origination or commitment of funds to Portfolio Investments and any break-up fees earned in connection with the Partnership's unconsummated Portfolio Investments.

"Fiscal Year" means the fiscal year of the Partnership, determined in accordance with Section 2.8.

"Fractions Rule" has the meaning set forth in Section 4.1(e).

“Fund Leverage Default” means a “default” or “event of default” under the terms of a Fund Leverage.

“Fund Leverage Facility” has the meaning set forth in Section 6.2(a).

“Fund Leverage Finance Agreement” means a financing agreement entered into between the Partnership and a Fund Leverage Lender, the purpose of which is to provide the Partnership with access to a Fund Leverage Facility.

“Fund Leverage Lender” means a commercial, private or governmental entity that extends financing to the Partnership pursuant to a Fund Leverage Agreement.

“General Partner” means Civitas Dallas Access Fund I GP, LLC, a Texas limited liability company, and/or any successor or additional general partner admitted pursuant to the terms hereof, in its capacity as a general partner of the Partnership.

“Incentive Distribution” has the meaning set forth in Section 5.2(a)(iv).

“Indemnified Party” has the meaning set forth in Section 7.5(a).

“Initial Closing” means the Initial Closing, as defined in the Subscription Agreements.

“Initial Limited Partner” means Civitas Capital Management, LLC.

“Interest” means at any time, the interests entitled to vote, as determined on the basis of capital commitments to the Parallel Funds (with respect to partners of those Parallel Funds); *provided, however*, that the interest of any Funds Partner, if not entitled to vote on the issue at hand, shall not be included in any such calculation regarding the issue at hand.

“Investment Committee” has the meaning set forth in Section 7.9.

“Investment Company Act” means the Investment Company Act of 1940, as amended from time to time.

“Investment Period” means the period from the Initial Closing through the Expiration Date.

“IRR” means, with respect to any Partner, the interest rate, compounded quarterly, that will equate to zero (0) the sum of the present values of (i) all Capital Contributions made by that Partner to the Partnership (expressed as a negative value) and (ii) all distributions made by the Partnership to that Partner (or its successor in-interest) (expressed as a positive value), discounted by (in regard to both (i) and (ii)) that interest rate for the actual time elapsed from the date these Capital Contributions were made by that Partner to the date these distributions are made to that Partner.

“Legal Counsel” has the meaning set forth in Section 12.15.

“Limited Partners” means the parties admitted as limited partners under an accepted Subscription Agreement, in their capacities as limited partners of the Partnership, and, for purposes of the allocation and distribution provisions contained in Articles IV, V, and XI, an Assignee. For purposes of the Act, the Limited Partners shall constitute one class or group of limited partners.

“Losses” has the meaning set forth in Section 7.6(a).

“Management Agreement” means that certain Management Agreement by and between the Manager and the General Partner on behalf of the Partnership.

“Management Fee” has the meaning set forth in Section 8.3(a).

“Management Team” means the Management Team shall initially include, but not be limited to, Daniel J. Healy, Kevin W. Page and Jason T. Barnes.

“Manager” means Civitas Capital Management, LLC, a Texas limited liability company.

“Net Cash Flow” means the *difference*, if any, *between* (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Partnership from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from Portfolio Investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and Transfers, (c) proceeds from the sale, Transfer, disposition (including pursuant to a court order), or other financing of Portfolio Investments, and (d) amounts received with respect to Permitted Temporary Investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and Transfers, *and* (ii) the sum of (a) all Operating Expenses then due and owing, (b) the Management Fee then due and owing, and (c) to fund any reserves as may be determined by the General Partner.

“Net Income” or **“Net Loss”** mean, respectively, for each taxable year or other period, the Partnership’s taxable income or loss for that taxable year or other period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss) and otherwise in accordance with the methods of accounting followed by the Partnership for federal income tax purposes, adjusted as follows:

(i) any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition shall be added to that taxable income or loss;

(ii) depreciation, amortization and other cost recovery deductions, as well as gain or loss recognized upon the sale or exchange of Partnership assets, taken into account in computing that taxable income or loss shall be determined by taking into account any increase or decrease in the Carrying Value of Partnership assets;

(iii) any items that are specially allocated pursuant to Section 4.2(c)(i), (ii), and (iii) or 4.2(e) shall not be taken into account in computing Net Income or Net Loss; and

(iv) any expenditure of the Partnership described in Code Section 705(a)(2)(B) (or treated as such under Regulations Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition shall be deducted from that taxable income or loss.

“New Partners” has the meaning set forth in Section 3.3.

“Operating Expenses” has the meaning set forth in Section 8.1(b).

“Organizational Expenses” has the meaning set forth in Section 8.2.

"Parallel Fund" means entities that are created to accommodate unique legal, tax or regulatory needs of Limited Partners, and that invest in Portfolio Investments side-by-side with the Partnership, generally on the basis of capital commitments available to make the investment (as determined in good faith by the General Partner from time to time, taking into account, among other things, the portion of the Partnership's and the Parallel Fund's capital commitments allocated to investments meeting certain property type, diversification and other criteria, if any), in each case on substantially the same terms and conditions as the Partnership. The economic terms of any Parallel Fund will have economic terms that are no more favorable to investors than those of the Partnership.

"Partners" means the General Partner and the Limited Partners; **Partner** means the General Partner or any Limited Partner.

"Partnership" means Civitas Dallas Access Fund I, L.P., a Texas limited partnership.

"Partnership Interest" means, with respect to each Partner, the ownership interest in the Partnership held by that Partner.

"Partnership Legal Matter" has the meaning set forth in Section 12.15.

"Percentage Interest" means, with respect to each Partner, the Adjusted Amount of the Partner divided by the aggregate Adjusted Amounts of all Partners.

"Permitted Temporary Investments" means investments in (i) U.S. government and agency obligations with maturities of not more than one (1) year and one (1) day from the date of acquisition; (ii) commercial paper with maturities of not more than six (6) months and one (1) day from the date of acquisition and having a rating assigned to that commercial paper by Standard & Poor's Ratings Services or Moody's Investors Service, Inc. (or, if neither organization rates such commercial paper at that time, by any nationally-recognized rating organization in the United States of America) equal to one of the two highest commercial paper ratings assigned by the organization, it being understood that as of the date hereof the ratings by Standard and Poor's Rating Services are "P1" and "P2" and the ratings by Moody's Investors Service, Inc. are "A1" and "A2;" (iii) interest-bearing deposits in United States, Canadian, Japanese or European Union countries' banks that have an unrestricted surplus of at least U.S. \$250 million, maturing within one (1) year; and (iv) money market mutual funds with assets of not less than U.S. \$500 million, substantially all of which assets are believed by the General Partner to consist of items described in the foregoing clause (i), (ii) or (iii).

"Person" means any individual, partnership, corporation, limited liability company, joint venture, joint stock company, unincorporated organization or association, trust (including the trustees thereof, in their capacity as such), government, governmental agency, political subdivision of any government or other entity.

"Portfolio Companies" means Persons the Portfolio Securities of which are acquired directly or indirectly by the Partnership; *provided*, that **"Portfolio Companies"** does not include (i) Persons that are not otherwise Affiliates of the Partnership, or (ii) special purpose investment vehicles organized primarily for the purpose of acquiring Portfolio Investments on behalf of the Partnership.

"Portfolio Investments" means Investments made by the Partnership and/or one or more of the Parallel Funds in Loan Assets, Portfolio Securities, Portfolio Companies, Permitted Temporary Investments and/or other *de minimis* assets, either directly, through entry into joint ventures, or through the acquisition of or investment in Portfolio Companies or otherwise. Any such assets acquired as part of

a single portfolio or in a series of related transactions, including, without limitation, a series of investments in the same Portfolio Company, shall constitute one Portfolio Investment.

“Portfolio Securities” means Securities and other business interests of any and all types and descriptions, whether issued by governmental bodies, authorities or agencies thereof or by other issuers, whether listed on securities exchanges or not so listed, publicly or privately held, of every type and nature whatsoever, whether foreign or domestic, freely transferable or subject to restrictions on Transfer, including without limitation, common and preferred stock, debentures, bonds, promissory notes, evidences of indebtedness, warrants, any financial instruments issued by banks, options and subscription rights of, and other participating interests in, corporations, partnerships, joint ventures, proprietorships, and other business entities, and puts, calls, options, straddles, or privileges on any security or group or index of securities, derivatives, swaps, and other rights or obligations to purchase, sell, hedge or subscribe to any of the foregoing.

“Principals” means Daniel J. Healy, Kevin W. Page and Jason T. Barnes.

“Regulations” means Income tax regulations promulgated under the Code, as those regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Required Interest” has the meaning set forth in Section 12.3(a).

“Revaluation Profit” means, with respect to a Limited Partner, the distributions received by that Limited Partner pursuant to Section 3.3 that represent the cost of carry or, as a result of a revaluation of one or more Portfolio Investments under Section 3.3, that Limited Partner’s share of any unrealized profit from those Portfolio Investments that the Limited Partner is deemed to have sold to New Partners.

“Side Letter Agreement” has the meaning set forth in Section 12.5.

“Subscription Agreement” means a Partnership Subscription Agreement duly executed by a Limited Partner and accepted by the General Partner.

“Subsequent Closing” has the meaning set forth in Section 3.3.

“Tax Distributions” has the meaning set forth in Section 5.3.

“Transfer” means, with respect to any Partner’s Partnership Interest, the sale, exchange, transfer, assignment, pledge, creation of a security interest in or encumbrance on or other disposition of the interest or any economic interest therein (including, without limitation, as a result of any participation or swap transaction) either directly, indirectly, by operation of law or otherwise.

“Unfunded Capital Commitment” means, with respect to a Limited Partner, the amount by which (i) the sum of (A) that Limited Partner’s Capital Commitment *plus* (B) distributions to that Limited Partner in respect of a return of Capital Contributions pursuant to Section 3.3 (other than that Limited Partner’s Revaluation Profit) *plus* (C) the amount of any distributions made to that Limited Partner pursuant to Section 5.2(a)(i) before the Expiration Date, *exceeds* (ii) the aggregate of all Capital Contributions made to the Partnership by that Limited Partner.

“Unrecovered Capital Balance” means, with respect to each Partner, at any time, the aggregate amount of all Capital Contributions previously made by the Partner (taking into account the effect of Subsequent Closings pursuant to Section 3.3), *minus* any amounts that have previously been distributed or deemed distributed to that Partner pursuant to Section 5.2(a)(i).

“*Visa Default*” means, with respect to a Limited Partner, the occurrence of any event, or existence of a condition, that could reasonably be expected to jeopardize such Limited Partner’s ability to remove restrictions on the conditional permanent visa issued in connection with such Limited Partner’s investment in the Partnership.

ARTICLE II

General Provisions

2.1 Continuation and Withdrawal. As provided in Section 2.9, the Initial Limited Partner withdraws from the Partnership, and the parties hereto continue a limited partnership heretofore formed under and pursuant to the Act. Each Person executing a Subscription Agreement shall be admitted to the Partnership as a Limited Partner on their execution of such Subscription Agreement and the acceptance thereof by the General Partner.

2.2 Name. The name of the Partnership shall be “Civitas Dallas Access Fund I, L.P.” The General Partner is authorized to make any variations in the Partnership’s name that the General Partner deems necessary or advisable. The General Partner shall provide written notice to each Limited Partner of any change in the name of the Partnership.

2.3 Organizational Certificates and Other Filings. If requested by the General Partner, the Limited Partners shall immediately execute all certificates and other documents, and any amendments or renewals of those certificates and other documents, as thereafter reasonably required, consistent with the terms of this Agreement, that are necessary or helpful for the General Partner to accomplish all filing, recording, publishing and other acts that may be appropriate to comply with all requirements for (i) the formation, continuation and operation of the Partnership as a limited partnership under the laws of the State of Texas; (ii) if the General Partner deems it advisable, the operation of the Partnership as a limited partnership, or partnership in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate; and (iii) all other filings required to be made by the Partnership.

2.4 Purpose and Powers. The Partnership is organized for the object and purpose of making investments in Portfolio Investment in accordance with the investment criteria described in Section 6.1, owning, managing, supervising and disposing of those investments, sharing the profits and losses therefrom and engaging in activities necessary, incidental or ancillary thereto, and engaging in any other lawful act or activity for which limited partnerships may be organized under the Act in furtherance of the foregoing. Notwithstanding any other provision of this Agreement, the Partnership, and the General Partner on behalf of the Partnership, may execute, deliver and perform those agreements and documents that the General Partner determines are necessary or desirable for the formation and organization of the Partnership. In furtherance of this purpose, the Partnership shall have all powers necessary, suitable or convenient to accomplishing the aforesaid purpose, subject to the limitations and restrictions set forth in Section 6.1 or elsewhere in this Agreement, as principal or agent, including, without limitation, all of the powers that may be exercised by the General Partner and the Manager on behalf of and, except as specifically provided herein, at the expense of the Partnership pursuant to this Agreement or the Act. The foregoing purposes and powers include, without limitation, the following directly or indirectly:

(a) to engage in investment activities that the General Partner and/or Manager determines, including, without limitation, to purchase for investment purposes, sell, exchange, invest and reinvest in, and otherwise trade, directly or indirectly, in and with Portfolio Investments and other Partnership property and funds;

(b) to enter into and perform the terms of any Fund Leverage Facility, including repaying borrowings under any Fund Leverage Facility on behalf of the Partnership and to encumber assets (including a pledge of Unfunded Capital Commitments as security) for the Fund Leverage Facility;

(c) to acquire for investment purposes, improve, maintain, manage, mortgage, sell or exchange and otherwise deal with the assets and/or businesses that constitute the Portfolio Investments;

(d) to alter or restructure the Partnership's investment in any Portfolio Investment at any time during the term of the Partnership without any pre-condition that the General Partner make any distributions to the Partners in connection therewith;

(e) to invest Partnership funds in Permitted Temporary Investments;

(f) to pay the commissions, fees or other charges to Persons (including the General Partner and its Affiliates) in connection with any transactions entered into by or on behalf of the Partnership;

(g) to invest Partnership funds in Permitted Temporary Investments;

(h) either by itself, through its Affiliates or by contract with others, to have and maintain one or more offices within or without the State of Texas, and in connection therewith to rent, lease or purchase office space, facilities and equipment, to engage and pay personnel and do those other acts and things and incur those other expenses on its behalf that are necessary or advisable in connection with the maintenance of the office(s) and the conduct of the business of the Partnership;

(i) to open, maintain and close accounts with brokers;

(j) to open, maintain and close bank accounts, and draw checks and other orders for the payment of moneys;

(k) to engage accountants, consultants, custodians, appraisers, administrators, tax advisers, the Manager, attorneys, asset and property managers, leasing brokers, and any and all other third-party agents and assistants, both professional and nonprofessional, and to compensate them in the manner that the General Partner reasonably deems necessary or advisable;

(l) to enter into, make and perform all contracts, agreements and other undertakings as may be necessary or advisable or incidental to carrying out its purpose;

(m) to Transfer, reallocate or acquire Partnership Interests pursuant to Article X;

(n) to sue and be sued, to prosecute, settle or compromise all claims against third parties, to compromise, settle or accept judgment with respect to claims against the Partnership, and to execute all documents and make all representations, admissions and waivers in connection therewith;

(o) to register or qualify the Partnership under any applicable U.S. federal or state laws or foreign laws, or to obtain exemptions under those laws, if that registration, qualification or exemption is deemed necessary or desirable by the General Partner;

(p) to form one or more corporations, limited liability companies, real estate investment trusts, partnerships or other entities, to register or qualify those entities as provided in clause (m) above, and to utilize those entities as vehicles for making investments, and to otherwise carry out the business of

the Partnership and cause those entities to take any action that the General Partner and/or Manager would have the authority to take on behalf of the Partnership;

- (q) to structure investments for tax purposes for one or more classes or types of Partners;
- (r) to reinvest Net Cash Flow in Portfolio Investments during the Investment Period;
- (s) to make any and all elections and filings for U.S. federal, state, local and foreign tax purposes including those to adjust the basis of Partnership property pursuant to Code Sections 734(b), 743(b), and 754 or comparable provisions of state, local or foreign law;
- (t) to purchase insurance including, without limitation, property and casualty insurance and liability insurance; and
- (u) to take any other actions that are necessary to further the business of the Partnership.

2.5 Principal Place of Business. The Partnership shall maintain its office and principal place of business at, and its business shall be conducted from, Civitas Dallas Access Fund I, L.P., c/o Civitas Capital Management, LLC, 7557 Rambler Road, 7th Floor, Dallas, Texas 75231, or any other place(s) inside or outside the United States that the General Partner reasonably selects.

2.6 Registered Office and Registered Agent. The address of the Partnership's registered office in Texas initially is Civitas Dallas Access Fund I, L.P., c/o Civitas Capital Management, LLC, 7557 Rambler Road, 7th Floor, Dallas, Texas 75231, subject to changes that the General Partner determines to make. The name and address of the Partnership's registered agent for service of process in the State of Texas initially is, Civitas Dallas Access Fund I, L.P., c/o Civitas Capital Management, LLC, 7557 Rambler Road, 7th Floor, Dallas, Texas 75231.

2.7 Term. The term of the Partnership commenced on the filing of the Certificate in the office of the Secretary of State of the State of Texas, and shall continue until the Partnership is dissolved pursuant to Section 11.1.

2.8 Fiscal Year. The Fiscal Year of the Partnership shall end on each December 31, unless otherwise required under Code Section 706. The Partnership shall have the same Fiscal Year for U.S. federal and state income tax purposes and for financial and partnership accounting purposes.

2.9 Withdrawal of Initial Limited Partner. On the admission of one or more Limited Partners to the Partnership at the Initial Closing, the Initial Limited Partner shall (i) receive a return of any original capital contribution, (ii) withdraw as an Initial Limited Partner of the Partnership, and (iii) have no further right, interest, or obligation of any kind whatsoever as a partner in the Partnership.

ARTICLE III

Capital Contributions

3.1 Initial Closing. The Initial Closing shall not occur unless the aggregate amount of all Capital Commitments (including the capital commitments of any Parallel Fund) equals or exceeds \$10,000,000.

3.2 Capital Commitments and Contributions.

(a) Size of Capital Commitments. The Partnership shall accept total Capital Commitments up to \$50,000,000.

(b) General Partner. The General Partner shall invest in the Partnership, directly or indirectly and as General Partner or Limited Partner, an amount of capital (whether in cash or properties) that equals one-tenth of one percent (0.10%) of total Capital Contributions to the Partnership (or such greater amount as the General Partner may elect) at any one time outstanding, which shall be contributed on the same terms and at the same times as other Partners.

(c) Limited Partners. The Capital Commitment of each Limited Partner shall equal at least \$500,000. Limited Partners shall be admitted to the Partnership at the Initial Closing and at any subsequent closing held up to twelve (12) months after the Initial Closing (in each case, a "Subsequent Closing," and together with the Initial Closing, the "Closings"); each such Closing to be held on a date specified by the General Partner (the date of a given Closing being referred to as a "Closing Date"). After being admitted, each Limited Partner shall make a contribution to the Partnership in the full amount of its Capital Commitment. Contributions of capital by the Limited Partners shall be made in U.S. dollars by wire transfer of federal funds to Partnership account(s) specified by the General Partner. Other than as set forth in this Article III, no Partner shall be entitled to any interest or compensation by reason of its Capital Contributions or by reason of serving as a Partner. No Partner shall be required to lend any funds to the Partnership.

3.3 Subsequent Closing. If Partnership Interests are sold to Limited Partners at a Subsequent Closing (including, without limitation, the sale of additional Partnership Interests to previously admitted Limited Partners), then those Limited Partners shall fund their proportionate share (based on Capital Commitments after giving effect to the Subsequent Closing and, if the General Partner has so elected as described below, adjusted upward or downward as determined by the General Partner to reflect the valuation (as set forth below) of existing Portfolio Investments) of (i) any Portfolio Investment made before a Subsequent Closing and (ii) any Capital Contributions made to pay Organizational Expenses or Operating Expenses before such Subsequent Closing, *plus* interest at eight percent (8%) *per annum* from the date of each applicable funding, *less* that Limited Partner's proportionate share of all distributions made to Partners admitted in prior Closings. Those amounts shall be paid to the Partnership and, then if the General Partner so elects, shall be distributed to the pre-existing Partners. If the General Partner determines to make that distribution, the distribution shall be made in proportion to the Partners' respective Percentage Interests, and not pursuant to Section 5.2 (and those amounts, exclusive of the interest amount, shall increase those Partners' Unfunded Capital Commitments pursuant to the definition thereof and shall decrease those Partners' Unrecovered Capital Balance). If the General Partner determines that a revaluation is appropriate, then the Portfolio Investment(s) will be valued at the increased or decreased revalued amount. For purposes of Article IV and Sections 5.2 and 5.4, any amounts contributed to the Partnership by Limited Partners at a Subsequent Closing ("New Partners") including, without limitation, amounts resulting from the sale of additional Interests to previously-admitted Limited Partners, shall be treated as if the New Partners have purchased a pro rata share of the Partnership Interests from the pre-existing Partners, and a portion of the Capital Account of each pre-existing Partner shall be allocated to those New Partners, so that after the allocation, the Capital Account of any New Partners and any pre-existing Partners are in proportion to their respective Percentage Interests. If a downward revaluation of one or more existing Portfolio Investments occurs, then a New Partner's Unfunded Capital Commitment shall be reduced by the amount necessary to cause the ratio (the "Ratio") that the New Partner's Unfunded Capital Commitment bears to its Adjusted Amount to be the same as the Ratio of previously admitted Limited Partners. Each Limited Partner that purchases a Partnership Interest at a Subsequent Closing shall be deemed to have made a Capital Contribution equal to the amount contributed to the Partnership at such Subsequent Closing (excluding any cost of carry payment or any payment representing Revaluation Profit). Each Limited Partner that

purchases a Partnership Interest at a Subsequent Closing shall be deemed to have made a Capital Contribution equal to the amount contributed to the Partnership at such Subsequent Closing (excluding any cost of carry payment or any payment representing Revaluation Profit).

ARTICLE IV Capital Accounts and Allocations

4.1 Capital Accounts.

(a) The Partnership shall maintain a separate capital account (a "*Capital Account*") for each Partner. A Partner's Capital Account shall be (i) increased by:

(A) the cash amount of all Capital Contributions made by that Partner to the Partnership pursuant to this Agreement, and

(B) that Partner's allocable share of Net Income and any special allocations of income or gain pursuant to Section 4.2(c) or (d);

and (ii) decreased by:

(A) the amount of cash and the Fair Value of any property distributed to that Partner by the Partnership (net of any Company liabilities assumed by that Partner or that are secured by any such property) pursuant to this Agreement including, without limitation, Tax Distributions under Section 5.3, and

(B) that Partner's allocable share of Net Loss and any special allocations of loss or deduction pursuant to Section 4.2(c) or 4.2(d);

and otherwise shall be maintained in accordance with Code Section 704(b) and Regulations Section 1.704-1(b)(2)(iv).

(b) If any Partnership Interest is Transferred in accordance with this Agreement, then the transferee shall succeed to the Capital Account of the transferor to the extent that Capital Account relates to the Transferred Interest, except as otherwise provided in Regulations Section 1.704-1(b)(2)(iv)(m).

(c) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e), immediately before the distribution of any property (other than cash) to a Partner, the Capital Account of each Partner shall be increased or decreased, as the case may be, to reflect the manner in which the unrealized income, gain, loss and deduction inherent in that property (that has not previously been reflected in the Capital Accounts of the Partners) would be allocated among the Partners if there were a taxable disposition of that property for its Fair Value.

(d) Immediately before:

(i) a contribution of money or other property (other than a *de minimis* amount) to the Partnership by a New Partner or existing Partner with respect to a Partnership Interest, unless all existing Partners (and no New Partners) make such a contribution in proportion to their Partnership Interests, or

(ii) a distribution of money or other property (other than a *de minimis* amount) by the Partnership to a retiring or continuing Partner, with respect to a Partnership Interest, unless all

Partners receive simultaneous distributions of money, or undivided interests in the distributed property, in proportion to their Partnership Interests,

the Capital Account of each Partner shall be increased or decreased, as the case may be, to reflect the manner in which the unrealized income, gain, loss and deduction inherent in all of the Partnership's property (that has not previously been reflected in the Capital Accounts of the Partners) would be allocated among the Partners if there were a taxable disposition of all of that property for its Fair Value and a corresponding distribution of proceeds, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). In the case of an event described in Section 3.3, that adjustment shall be made pursuant to this Section 4.1(d) and Section 3.3, and only to the extent that the General Partner has determined to revalue any Portfolio Investment.

(e) The provisions of this Agreement relating to the maintenance of Capital Accounts and allocations to Partners (collectively, the "**Allocation Provisions**") are intended to comply with Code Section 514(c)(9)(E) and the Regulations thereunder (the "**Fractions Rule**"), and Code Section 704(b) and the Regulations thereunder, and shall be interpreted and applied in a manner consistent with the Fractions Rule. Notwithstanding anything to the contrary in this Agreement, the Allocation Provisions are deemed modified, with effect from the date of this Agreement, to the extent necessary to comply with the Fractions Rule, and without limiting the foregoing, any allocation for a particular year pursuant to the Allocation Provisions that would violate the requirements of the Fractions Rule shall not be made and there shall instead be made (i) allocations for that year consistent with the Fractions Rule, but to the extent consistent with the Fractions Rule those allocations shall deviate as little as possible from the allocations generally provided herein as determined by the General Partner and (ii) adjustments pursuant to Section 4.2(d). Within thirty (30) days after the General Partner's determination that a deemed modification has taken place, the General Partner shall provide written notice of that determination to each Limited Partner. Notwithstanding anything to the contrary contained herein, the General Partner and its members shall not be liable to any Limited Partner in connection with any violation of the requirements of the Fractions Rule.

4.2 Allocations to the Partners.

(a) Net Income shall be allocated in the following order and priority:

(i) first, to the extent that a Net Loss has been allocated pursuant to Section 4.2(b)(iii), then in the same ratio and in reverse order as Net Loss was previously allocated pursuant to Section 4.2(b)(iii), until the cumulative Net Income then and previously allocated pursuant to this Section 4.2(a)(i) equals the cumulative Net Loss then and previously allocated pursuant to Section 4.2(b)(iii);

(ii) second, to each Partner until the cumulative Net Income then and previously allocated pursuant to this Section 4.2(a)(ii) equals the sum of (A) the cumulative Net Loss then and previously allocated pursuant to Section 4.2(b)(ii) in the same ratio and in the inverse order as Net Loss was previously allocated pursuant to Section 4.2(b)(ii) and (B) the cumulative amount then distributable for the current and prior periods (whether or not then distributed and irrespective of the existence of Net Cash Flow) and all amounts previously distributed pursuant to Section 5.2(a)(ii) and then Section 5.2(a)(iii); and

(iii) third, (A) twenty percent (20%) to the General Partner; and (B) eighty percent (80%) among all Partners in proportion to their respective Percentage Interests.

(b) Net Loss shall be allocated in the following order and priority:

(i) first, to the extent that Net Income has been allocated pursuant to Section 4.2(a)(iii), then in the same ratio and in the reverse order as Net Income was previously allocated pursuant to Section 4.2(a)(iii), until the cumulative Net Loss then and previously allocated pursuant to this Section 4.2(b)(i) equals the cumulative Net Income then and previously allocated pursuant to Section 4.2(a)(iii);

(ii) second, to the extent that Net Income has been allocated pursuant to Section 4.2(a)(ii), then in the same ratio and in the reverse order as Net Income was previously allocated pursuant to Section 4.2(a)(ii), until the cumulative Net Loss then and previously allocated pursuant to this Section 4.2(b)(i) equals the cumulative Net Income then and previously allocated pursuant to Section 4.2(a)(ii); and

(iii) third, among all Partners in proportion to their respective Percentage Interests.

(c) Notwithstanding anything to the contrary in this Section 4.2:

(i) “nonrecourse deductions” as defined in Regulations Section 1.704-2, shall be allocated among all Partners (including the General Partner) in proportion to their respective Percentage Interests, and, if there is a net decrease in Partnership minimum gain for a Partnership taxable year (as described in Regulations Section 1.704-2(f)), then each Partner will be allocated items of Partnership income and gain for that year equal to its share of the net decrease in Partnership minimum gain (as described in the Regulations and to the extent provided for in the Regulations). This Section 4.2(c)(i) is intended to be a “minimum gain chargeback” that complies with Regulations Section 1.704-2(f). “Partner nonrecourse deductions” as defined in Regulations Section 1.704-2(i) shall be allocated in accordance with that provision, including the chargeback provided therein;

(ii) subject to Section 4.2(c)(i), if a Limited Partner’s Capital Account has been reduced to zero, then Net Loss otherwise allocable to that Limited Partner shall instead be allocated to the General Partner, and Net Income shall thereafter be allocated first to the General Partner until that allocation has been fully offset;

(iii) to the extent required for allocations pursuant to this Section 4.2 to have substantial economic effect, if a Partner unexpectedly receives an adjustment, allocation or distribution described in subparts (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d), then that Partner shall be allocated items of income or gain in an amount and manner sufficient to eliminate as quickly as possible any deficit Capital Account balance created for purposes of Regulations Section 1.704-1(b)(2)(ii)(d) by that adjustment, allocation or distribution. This provision is intended to be a “qualified income offset” that complies with Regulations Section 1.704-1(b)(2)(ii)(d);

(iv) subject to Section 4.1(e), any special allocations pursuant to this Section 4.2(c) shall be taken into account in computing subsequent allocations pursuant to this Section 4.2, so, to the extent possible, that the net amount of any items allocated to each Partner will be equal to the net amount that would have been allocated to each Partner if the special allocations pursuant to this Section 4.2(c) had not occurred, including by allocating Net Income to the General Partner to reverse any allocation pursuant to Section 4.2(c)(i);

(v) any non-cash items of Net Income or Net Loss shall be allocated pursuant to Sections 4.2(a) and 4.2(b) as if those non-cash items were distributable pursuant to Sections 5.2 or 5.4;

(vi) the Partners intend that the Allocation Provisions shall produce final Capital Account balances of the Partners that will permit liquidating distributions in accordance with final Capital Account balances under Section 11.3(b) to be made (after unpaid loans and interest thereon, including those owed to Partners, have been paid) in a manner identical to the order of priorities set forth in Section 5.2. Notwithstanding anything to the contrary except in Section 4.1(e) (relating to Code Sections 704(b) and 514(e)(9)(E)), to the extent that the Allocation Provisions would fail to produce those final Capital Account balances, (A) Net Income and Net Losses for the current taxable year and future taxable years (or items of gross income and deduction of the Partnership for those years) may be reallocated among the Partners by the General Partner as necessary to produce that result (or, to the extent it is not possible to achieve that result with allocations of items of income (including gross income) and deduction for the current year and future years, then for prior open taxable years) as reasonably determined by the General Partner, and (B) the General Partner shall amend those provisions if and to the extent necessary to produce that result without the consent of any other Partner being required; and

(vii) the General Partner shall have the power to amend this Agreement without the consent of the other Partners, as it reasonably considers advisable, to make the allocations and adjustments described in Section 4.1(e) and Section 4.2(c)(vi). To the extent that the allocations and adjustments described in Section 4.1(e) and Section 4.2(c)(vi) result in a reduction in the distributions that any Partner will receive under this Agreement, compared with the amount of the distributions that Partner would receive if all distributions were made pursuant to the order of priority set forth in Section 5.2, then the Partnership may make a guaranteed payment (within the meaning of Code Section 707(c)) to that Partner (to be made at the time that Partner otherwise would receive the distributions that have been reduced) to the extent that payment does not violate the requirements of Code Sections 704(b) and 514(c)(9)(E), or may take any other action, as reasonably determined by the General Partner, to accomplish the intended economic priorities set forth in Section 5.2.

(d) if the Allocation Provisions are modified pursuant to Section 4.1(e) (but only to the extent the Allocation Provisions would have violated the Fractions Rule in the absence of any modification) or Section 4.2(c) (other than Sections 4.2(c)(vi) and 4.2(c)(vii)), then allocations thereunder for subsequent periods shall be adjusted, to reverse the effect of those modifications on the Capital Accounts of the Partners as rapidly as possible without causing this Agreement to fail to comply with the Fractions Rule.

(e) If the Carrying Value of any Partnership asset differs from its adjusted tax basis for U.S. federal income tax purposes, then income, gain, loss and deduction with respect to that asset shall be allocated for U.S. federal income tax purposes, as reasonably determined by the General Partner, in accordance with the principles of Code Sections 704(b) and (c), to take account of the difference between Carrying Value and adjusted basis of that asset.

4.3 Negative Capital Accounts. Except as may be required by law, no Partner shall be required to reimburse the Partnership for any negative balance in that Partner's Capital Account; *provided, however*, that, subject to Sections 3.3 and 3.11, each Limited Partner shall remain fully liable to make contributions of capital to the extent of that Limited Partner's Unfunded Capital Commitment until the Expiration Date.

ARTICLE V

Distributions

5.1 Withdrawal of Capital. Except as otherwise expressly provided in this Agreement, no Partner has the right to withdraw capital from the Partnership or to receive any distribution or return of its Capital Contribution. Distributions of Partnership assets that are provided for in this Agreement shall be made only to Persons who, according to the books and records of the Partnership, are the record holders of Partnership Interests on the date determined by the General Partner as the date the Partners are entitled to those distributions.

5.2 Cash Distributions.

(a) The General Partner shall make distributions of Net Cash Flow at such times and in such amounts as it determines. Upon a distribution of Net Cash Flow, and subject to the terms of any Fund Leverage Facility, Net Cash Flow shall be applied by the General Partner initially allocated among all Partners in proportion to their Capital Contributions subject to Section 3.7. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

(i) first, to the relevant Limited Partner to the extent of its Unrecovered Capital Balance; and

(ii) second, (A) eighty percent (80%) to the relevant Limited Partner and (B) twenty percent (20%) to the General Partner (the distributions pursuant to Section 5.2(a)(iii) and Section 5.2(a)(iv)(B) being the "Incentive Distribution").

(b) Notwithstanding any provision of this Article V, (i) in no event shall any distribution be made to a Limited Partner to the extent that it could reasonably be expected to cause a Visa Default, and (ii) all amounts distributed in connection with the dissolution of the Partnership or the sale or other disposition of all or substantially all the assets of the Partnership that leads to a dissolution of the Partnership will be distributed to the Partners in accordance with Section 11.3.

(c) Pending distribution, funds held by the Partnership that are required to be distributed pursuant to this Section 5.2 shall be invested in Permitted Temporary Investments to the extent practicable or reinvested in accordance with the terms hereof.

5.3 Tax Advances and Distributions. The General Partner may make distributions of Net Cash Flow to itself and to the Partners in an amount sufficient to discharge tax liabilities of the Partners attributable to their investment in the Partnership (each, a "Tax Distribution"); *provided*, that Tax Distributions may only be made to the extent that the Partnership has generated taxable income (taking into account any prior year losses and any foreign tax credits earned by the Partnership); and, *provided, further*, the aggregate amount of the Tax Distribution distributed each tax year may not exceed, in the aggregate, (a) the *sum* of (i) the highest individual federal long-term capital gains tax rate multiplied by the amount of the net long term capital gain allocated to the Partners and (ii) the highest individual combined federal, state and local rates for individuals living in New York City (taking into account the deductibility of state and local taxes) multiplied by the amount of ordinary income and net short term capital gain allocated to the Partners (taking into account loss carryovers), *minus* (b) any distributions previously made to the Partners in the same tax year. Any Tax Distribution shall be treated as an advance of distributions otherwise payable to a relevant Partner pursuant to Section 5.2(a). In no event shall any

such distribution be made to a Limited Partner to the extent that it could reasonably be expected to cause a Visa Default.

5.4 Final Distribution. The Final Distribution shall be made in accordance with Section 11.3.

5.5 General Distribution Provisions.

(a) Any cash distribution to the Partners pursuant to Sections 5.2, 5.3, 5.4 or 11.3 shall be made in U.S. dollars.

(b) Notwithstanding anything to the contrary contained herein, any distributions made to a Limited Partner pursuant to Section 5.2(a)(ii) before the Expiration Date shall increase dollar-for-dollar that Limited Partner's Unfunded Capital Commitment, up to an amount equal to that Limited Partner's Capital Commitment.

(c) As determined by the General Partner, certain marketable securities may be distributed to the Partners prior to the liquidation of the Partnership. Upon liquidation, distributions may be made in-kind to the Partners in proportion to the amounts distributable to the Partners pursuant to Section 11.3.

5.6 Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Partnership and the General Partner (on behalf of the Partnership) shall not make a distribution to any Partner on account of its Partnership Interest if that distribution would violate Section 153.210 of the Act or any other applicable law.

ARTICLE VI

Investment Criteria

6.1 Investment Criteria.

(a) The General Partner, on behalf of the Partnership, is authorized to make investments in accordance with the investment criteria contained in this Section 6.1 and the provisions of Section 2.4.

(b) The investment objective of the Partnership is to achieve superior returns by making investments, directly or indirectly, in Portfolio Investments. In addition, when the funds of the Partnership are not invested, directly or indirectly, in Portfolio Investments, distributed to the Partners or applied towards the expenses of the Partnership, then the General Partner (on behalf of the Partnership) may invest those funds in Permitted Temporary Investments (all of the types of investments in which the Partnership is authorized to invest under this Section 6.1 are referred to herein as "*Authorized Investments*").

(c) Subject to the terms of the Fund Leverage Finance Agreement, the Partnership (including investment vehicles of the Partnership) shall be permitted to finance (or refinance) any Portfolio Investment with the Fund Leverage Facility, guarantee any Portfolio Investment's debt, or incur other debt (in each case, in any form, as long as the security for that debt is secured by Partnership property) for Partnership purposes including, without limitation, to pay Organizational Expenses, indemnification obligations, and other Operating Expenses, or to establish reserves.

6.2 Fund Leverage Facility.

(a) The Partnership is authorized to enter into loan facilities with a Fund Leverage Lender (the "***Fund Leverage Facility***").

(b) For so long as a Fund Leverage Facility is in effect, and pursuant to the terms of the applicable Fund Leverage Finance Agreement, proceeds of disbursements made under the Fund Leverage Facility may be used by the Partnership, without limitation, to: (i) pay Operating Expenses, Management Fees, any fees and interest payable under the Fund Leverage Finance Agreement and related documents, and Organizational Expenses; (ii) establish and maintain reserves (as determined by the General Partner); and/or (iii) make Portfolio Investments as determined by the Manager.

(c) Subject to the terms of the Fund Leverage Finance Agreement, the Partnership (not including its Affiliates) may not be permitted to incur indebtedness for or guarantee borrowed money, and may not create or suffer to exist any liens or other encumbrances on its assets (whether directly or indirectly owned), in each case other than in connection with the Fund Leverage Facility.

(d) Each Limited Partner understands, acknowledges, and agrees that, upon the occurrence and continuance of a Fund Leverage Default, the Fund Leverage Lender could have the right, among others, without consultation, to (i) suspend the investment authority of the Manager and suspend the payment of the Management Fee pursuant to the terms of the Management Agreement; (ii) require that the General Partner delegate control of some or all of its activities to the Fund Leverage Lender; and/or (iii) require the Limited Partners to remove the General Partner.

(e) Each Limited Partner understands, acknowledges, and agrees, in connection with any such Fund Leverage Facility and for the benefit of any third-party lender thereunder, (i) to the extent not publicly available, that the General Partner may from time to time request the delivery within ninety (90) days after the end of a Limited Partner's fiscal year, a copy of that Limited Partner's annual report, if available, or that Limited Partner's balance sheet as of the end of the fiscal year and the related statements of operations for that fiscal year prepared or reviewed by independent public accountants in connection with that Limited Partner's annual reporting requirements; (ii) that the General Partner may from time to time request a certificate confirming (A) the remaining amount of that Limited Partner's Unfunded Capital Commitment and/or (B) that the Limited Partner has not and will not, other than as set forth in Section 3.6, pledge, collateralize, assign, encumber or otherwise grant a security interest in its Partnership Interest; (iii) that the Limited Partner's obligation to fund its Unfunded Capital Commitment is without defense, counterclaim, or offset of any kind (subject to the proviso in Section 3.3 and to applicable law); and (iv) that the Limited Partner is required to make any other representations and deliver any other documents that the General Partner and the third-party lender reasonably requests. Each Limited Partner shall comply with those requests. Each Limited Partner shall deliver, on the request of the General Partner or third-party lender, an opinion of counsel (or appropriate corporate or similar resolution authorizing that Limited Partner's investment in the Partnership) to the effect that the Limited Partner's Subscription Agreement and the Commitment set forth therein to fund the Partnership is valid and binding.

6.3 Non-U.S. Partners. On the request of a potential Limited Partner who is not a citizen of the United States, the General Partner reasonably shall consider alternative structures for Portfolio Investments that could limit, reduce, or eliminate a potential non-U.S. Partner's exposure to local, state, and/or federal tax liabilities. The General Partner may (but shall be under no obligation to) pursue any alternative structure for any Portfolio Investment. The Non-U.S. party shall pay all expenses associated with the investigation, formation, and/or implementation of any alternative structure, and that formation (if any) shall not have any detrimental effect on any existing Limited Partner.

ARTICLE VII

Management

7.1 Relationships.

(a) The management, operation and control of the Partnership and its business shall be vested exclusively in the General Partner, subject to the rights of the Limited Partners set forth herein. The General Partner shall exercise all powers necessary and convenient for the purposes of the Partnership, on behalf and in the name of the Partnership. The General Partner is designated, and is specifically authorized to act at Partnership expense as, the "tax matters partner" under the Code and in any similar capacity under state, local or non-U.S. law. As the tax matters partner, the General Partner will file federal income tax returns for the Partnership. Notwithstanding anything to the contrary contained herein, the acts of the General Partner in carrying on the business of the Partnership as authorized herein shall bind the Partnership.

(b) Subject to the disclosure and reporting requirements contained in Article IX, the General Partner may keep confidential from the Limited Partners any information known by the General Partner relating to Portfolio Investments made by the Partnership or Authorized Investments being considered by the Partnership, including, without limitation, information relating to Portfolio Companies in which the Partnership is considering making an investment, if the General Partner believes in good faith that disclosure of that information is reasonably likely to have a material adverse effect on the Partnership or any of the Portfolio Investments or could result in a violation of applicable law or breach of contract.

(c) The Partnership and the General Partner may enter into an agreement pursuant to which the General Partner delegates to the Manager some or all of the General Partner's authority to manage and operate the Partnership. It is further understood and agreed that whenever any action is required to be taken or consent required to be given by the General Partner pursuant to the terms of this Agreement, then to the extent of that delegation any such action may be performed on its behalf by the Manager, and any such consent may be granted by the Manager.

(d) A Limited Partner has the rights and powers granted to Limited Partners in this Agreement or the Act, including representation (if applicable) on the Advisory Committee.

(e) Any and all rights, including voting rights, pertaining to any Portfolio Investments shall be vested exclusively in the Partnership and may be exercised only by the General Partner acting in accordance with this Agreement, and no Limited Partner, either alone or acting with one or more other Limited Partners, has any such rights with respect to the Portfolio Investments.

7.2 Liability of the Limited Partners. Except for the obligations under this Agreement and under the Subscription Agreements, the liability of the Limited Partners is limited to the maximum extent permitted by the Act. In no event shall the Limited Partners be obligated to make Capital Contributions in excess of their respective Unfunded Capital Commitments. Losses and expenses incurred by the

Partnership during any Fiscal Year shall be allocated among the Partners in accordance with the procedures for allocating losses set forth in Section 4.2. If a Limited Partner is required under the Act to return to the Partnership or pay amounts previously distributed to that Limited Partner for the benefit of the Partnership's creditors, then the obligation of that Limited Partner to return or pay any such amount to the Partnership shall be the obligation of that Limited Partner and not the obligation of the General Partner.

7.3 Investment Company Act, Advisers Act. The Partnership is being formed so as to be exempt from registration under the Investment Company Act and so as to make the General Partner exempt from registration under the Advisers Act. If changing laws, regulations and interpretations, or other facts and circumstances, make it necessary or advisable to register the Partnership under the Investment Company Act or to register the General Partner or the Manager under the Advisers Act, then the General Partner has the power to take any action that it reasonably deems advisable in light of those changing conditions to permit the Partnership to continue in existence and to carry on its activities as provided for herein, including, without limitation, registering the Partnership under the Investment Company Act or the General Partner or the Manager under the Advisers Act and taking any and all action necessary to secure that registration, and amending this Agreement as provided in Section 12.3.

7.4 Qualification. The General Partner shall qualify itself and the Partnership to do business in each jurisdiction where the activities of the Partnership make qualification necessary, or where qualification is necessary or desirable to protect the limited liability of the Limited Partners.

7.5 Liability of the General Partner.

(a) The General Partner shall be liable for Partnership's debts and obligations to the full extent of the General Partner's assets (except to the extent any debts or obligations are by their terms "nonrecourse" debts or obligations, or otherwise contain limitations on the General Partner's or the Partnership's liability), but, except as provided in Section 7.6, the General Partner shall be entitled to require the exhaustion of the Partnership's assets (including any Unfunded Capital Commitments) and shall be entitled to the benefits of the indemnities in Section 7.6 before exhausting its own assets. None of the General Partner, its Affiliates, the Manager, the Advisory Committee, the Investment Committee or their respective partners, officers, members, shareholders, directors and employees (each, an "Indemnified Party"), shall be liable to the Partnership or to any Limited Partner for any act or omission of the Indemnified Parties in connection with the conduct of the Partnership's affairs or otherwise in connection with this Agreement or the matters contemplated herein, unless a court or governmental body of competent jurisdiction determines in a final judgment that the specified act or omission resulted solely from the Indemnified Party's fraud, bad faith, willful misconduct, gross negligence or intentional and material breach of a material term of this Agreement, **BUT NOT FOR THE GENERAL PARTNER'S NEGLIGENT ACTS OR OMISSIONS**. In addition, no Indemnified Party shall be liable to the Partnership or to any Limited Partner(s) for any mistake, negligence, dishonesty or bad faith of any broker, adviser or other agent of the Partnership selected with reasonable care by the General Partner or the Manager, as the case may be. The standard of liability in this paragraph shall apply in lieu of any standard that otherwise would be imposed by applicable law.

(b) The General Partner may consult with legal counsel and other experts selected by it, and any act or omission suffered or taken by it on behalf of the Partnership or believed by the General Partner in good faith and in reliance on and in accordance with the advice of those experts to be in furtherance of the Partnership's interests shall be deemed to be reasonable and proper, and the General Partner shall be fully protected for any such act or omission.

7.6 Indemnification.

(a) To the fullest extent permitted by law, the Partnership shall indemnify and save harmless each of the Indemnified Parties from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated (collectively, "Losses"), that are incurred by any Indemnified Party and arise out of or are related to the affairs or activities of the Partnership or any alternative investment structure through which Portfolio Investments are made, including acting as a director or member of a company any securities of which are or were a Portfolio Investment, or the performance by that Indemnified Party of any of the General Partner's responsibilities hereunder or otherwise in connection with the matters contemplated herein or therein; *provided, however*, that an Indemnified Party shall not be entitled to indemnification hereunder to the extent it is determined by any court or governmental body of competent jurisdiction in a final judgment that any Losses resulted solely from an Indemnified Party's fraud, bad faith, willful misconduct, gross negligence or intentional and material breach of this Agreement, **BUT IT IS SO ENTITLED IF THE LOSSES RESULTED FROM THE GENERAL PARTNER'S ORDINARY NEGLIGENT ACTS OR OMISSIONS.** The satisfaction of any indemnification and any saving harmless pursuant to this Section 7.6(a) shall be from and limited to Partnership assets, including the right to call Unfunded Capital Commitments, and no Limited Partner shall have any personal liability on account thereof. If for any reason (other than the gross negligence, willful misconduct, bad faith, fraud or intentional and material breach of this Agreement by any Indemnified Party) the foregoing indemnification is unavailable to an Indemnified Party, or is insufficient to hold it harmless, then the Partnership shall contribute to the amount paid or payable to the Indemnified Party as a result of the loss, claim, cost, damage or liability to appropriately reflect the relative benefits received by the Partnership on the one hand, and the Indemnified Party on the other hand in addition to the relative fault of the Partnership and the Indemnified Party, as well as any relevant equitable considerations.

(b) Expenses (including legal fees and costs) reasonably incurred by an Indemnified Party in defense or settlement of any loss that may be subject to a right of indemnification hereunder shall be advanced by the Partnership before the final disposition thereof on receipt of an undertaking by or on behalf of the Indemnified Party to repay any amount to the extent that it shall be determined ultimately that the Indemnified Party is not entitled to be indemnified hereunder.

(c) The right of any Indemnified Party to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which any Indemnified Party otherwise may be entitled by contract or as a matter of law or equity and shall extend to any Indemnified Party's successors, assigns and legal representatives.

(d) An Indemnified Party shall first seek recovery under any other indemnity or any insurance policies by which that Indemnified Party is indemnified or covered, as the case may be, but only to the extent that the indemnitor with respect to any indemnity or the insurer with respect to any insurance policy provides (or acknowledges its obligation to provide) that indemnity or coverage, as the case may be, on a timely basis. If the Indemnified Party is other than the General Partner, then that Indemnified Party shall obtain the written consent of the General Partner before entering into any compromise or settlement that would result in an obligation of the Partnership to indemnify that Indemnified Party.

7.7 Co-Investment Opportunities. During the Investment Period, the Partnership may, at the General Partner's exclusive option, provide Co-Investment Opportunities in instances in which the General Partner determines that it is not in the Partnership's best interest to invest (or that the Partnership

is prohibited from investing under the terms of this Agreement) the entire amount required to fund a given Portfolio Investment because of the size of or risk inherent in that Portfolio Investment. Any Co-Investment Opportunities will be on substantially similar terms and conditions that the General Partner determines are fair and reasonable to the Partnership, and may include the payment of fees and profits interests to the General Partner or its Affiliates. The General Partner may allocate and reallocate Portfolio Investments among the Partnership and the Parallel Funds on a basis that it determines is fair and reasonable to the Partnership.

7.8 Advisory Committee.

(a) The Manager shall appoint an Advisory Committee that consists of at least three (3) members who are not affiliated with the Manager, and who may or may not be representatives of Partners. The General Partner shall disclose and present to the Advisory Committee for its review those matters that the General Partner determines should receive Advisory Committee review or approval, including (i) conflict-of-interest situations involving the Manager's or the General Partner's participation in a competitive business, or (ii) any approvals that may be required or requested pursuant to the Advisers Act. To the extent necessary, any such approval shall constitute disclosure to and consent by the Partnership for purposes of the Advisers Act and all other applicable federal and state affiliated transaction requirements. The Advisory Committee shall be empowered to waive any conflicts of interest presented for its consideration. Except to the extent of the Advisory Committee's approval authority explicitly described in this Section 7.8, the General Partner and the Manager shall retain responsibility for all other decisions relating to the Partnership's management and operations.

(b) The Manager shall endeavor in good faith to appoint members to the Advisory Committee who, as a group, are representative of the interests of the Partners. If any member of the Advisory Committee resigns or is removed, then the Manager may appoint a successor. The Manager has the right, effective on delivery of written notice, to remove members of the Advisory Committee.

(c) The Advisory Committee shall hold an annual meeting within a reasonable period after the close of each Fiscal Year, the exact date of which and the time and place of which shall be determined by the Manager. That meeting may be held the same day as the annual meeting of the Partners. The Advisory Committee may review and comment on outstanding investments, economic and financial trends, conditions affecting investments generally or specifically, and other matters relating to the Partnership's business. In addition to the annual meeting of the Advisory Committee, the Manager may call meetings of the Advisory Committee from time to time, and shall call a meeting of the Advisory Committee if so requested by a majority of the members of the Advisory Committee, at the principal place of business of the Manager on any date on which the Manager, together with a majority of the members of the Advisory Committee, may mutually agree, any such agreement not to be unreasonably withheld. If any change in the date, time or place of any meeting occurs, then the Manager shall promptly give reasonable notice to the members of the Advisory Committee. A member of the Advisory Committee may participate in any meeting of the Advisory Committee by telephone.

(d) Unless otherwise provided herein, any recommendation or approval to be made by the Advisory Committee shall require the approval of a majority of the members of the Advisory Committee. Unless a majority of the members of the Advisory Committee determines otherwise, (i) attendance at Advisory Committee meetings may be by telephone conference or by written consent, and members of the Advisory Committee may waive notice of any meeting before or after it is held, and (ii) any and all actions and decisions of the Advisory Committee may be taken and made by written consent of that number of members of the Advisory Committee necessary to take that action or make that decision, in each case in lieu of a meeting.

(e) Neither the Advisory Committee nor any member thereof shall have the power to bind or act for or on behalf of the Partnership in any manner, and in no event shall a member of the Advisory Committee be considered a general partner of the Partnership by agreement, estoppel or otherwise, or be deemed to participate in the control of the business of the Partnership as a result of the performance of his duties hereunder or otherwise. No fees shall be paid by the Partnership to the members of the Advisory Committee, but those members shall be entitled to reimbursement by the Partnership for their reasonable out-of-pocket expenses with respect to their attendance at meetings.

(f) To the extent permitted by law, the Advisory Committee shall not owe any duties (fiduciary or otherwise) to any Limited Partner, the Partnership, any Portfolio Company or any of their respective limited partners, members or owners in respect of the activities of the Advisory Committee. The participation by any Limited Partner who is a member of the Advisory Committee in the activities of the Advisory Committee shall not be construed to constitute participation by that Limited Partner in the control of the business of the Partnership so as to make that Limited Partner liable as a general partner for the debts and obligations of the Partnership for purposes of the Act. No Limited Partner who has a representative serving on the Advisory Committee shall be deemed to be an Affiliate of the Partnership or the General Partner solely by reason of that membership. In addition to, and without limiting the foregoing, the General Partner is authorized to enter into additional agreements on behalf of the Partnership that provide for the exculpation and indemnification of the members of the Advisory Committee and their Affiliates and that contain additional provisions related to the Advisory Committee and its members, it being understood that those agreements may provide for levels of exculpation and indemnification that are more favorable to those Persons than comparable provisions in this Agreement that benefit the General Partner and its Affiliates.

7.9 Investment Committee. The Manager shall form an investment committee (the "*Investment Committee*") responsible for the sourcing, conducting due diligence with respect to and approving Portfolio Investments. In connection with each meeting of the Investment Committee, the Manager will ensure that a notice of the meeting, an agenda and materials relevant to agenda items are delivered in a timely manner to each member of the Investment Committee to facilitate meaningful discussion.

7.10 General Partner as Limited Partner. The General Partner shall also be a Limited Partner to the extent that it makes an investment in the Partnership as a Limited Partner or it acquires by Transfer or otherwise all or any part of the Interest of a Limited Partner, and to that extent shall be treated as a Limited Partner in all respects. The consent of Limited Partners to a Transfer of a Limited Partner Interest to the General Partner need not be obtained.

7.11 Meetings of the Partners. The General Partner shall call an annual meeting of the Partners, at any time and place that the General Partner determines (but in no event more than one hundred twenty (120) days after the end of the Fiscal Year), and that may be held the same day as the annual meeting of the Advisory Committee. The General Partner may call special meetings of the Partners from time to time and shall call a special meeting of the Partners if requested by at least fifty percent (50%) of the Partnership Interests or by the Advisory Committee, at a reasonably convenient date, time, and place, all as determined by the General Partner but in no event to be less than twenty (20) nor more than sixty (60) days after the receipt of the requisite request. The Partners may ask questions of the representative(s) of the General Partner and Manager that are present at that meeting. The General Partner shall cooperate reasonably with the Limited Partners in connection with that meeting and shall provide to the Limited Partners an agenda of matters that the General Partner anticipates being discussed at that meeting and any reasonably requested information (consistent with the provisions of this Agreement) relevant to that meeting. Limited Partners, however, shall not be entitled to any rights other than those granted hereunder or required by the Act. At any meeting, a vote may be taken in person or by

proxy, and any Partner may select a designee to attend and vote at any meeting or may attend any meeting by telephone. At any meeting, Limited Partners holding a majority of the Interests shall constitute a quorum. Actions contemplated by this Agreement requiring a vote of the Partners shall be taken at a meeting of the Partners, or may be taken by written consent in lieu of a meeting. .

7.12 Non-U.S. Ownership. Each Limited Partner hereby agrees to provide the General Partner with any information that the General Partner reasonably requests from time to time with respect to foreign citizenship, residency, ownership, or control of a Limited Partner so as to permit the General Partner to evaluate and comply with any regulatory and tax requirements applicable to the Partnership or proposed investments of the Partnership.

7.13 Confidentiality of Information.

(a) The Manager, the General Partner and the Partnership shall use reasonable efforts to keep confidential any confidential information obtained by those parties in those capacities relating to any Limited Partner (other than disclosure to the General Partner's employees, agents, advisers, or representatives responsible for matters relating to the Partnership); *provided, however*, that the foregoing shall not prevent any such Person from complying with any legal requirements applicable to that Person; *provided, further*, that the foregoing shall in no way prevent the General Partner or the Manager from conducting the affairs of the Partnership in the ordinary course.

(b) Each Limited Partner agrees to keep confidential, and not to make use of (other than for purposes reasonably related to its Partnership Interest or for purposes of filing that Limited Partner's tax returns or for other routine matters required by law) or disclose to any Person, any information or matter received from or relating to the Partnership and its affairs and any information or matter related to any Portfolio Investment (other than disclosure to that Limited Partner's employees, agents, advisers, or representatives responsible for matters relating to the Partnership); *provided, however*, that, a Limited Partner may disclose any such information to the extent that (i) the information is or becomes generally available to the public through no act or omission of that Limited Partner, (ii) the information otherwise is or becomes known to that Limited Partner other than by disclosure by the Partnership or the General Partner; *provided, however*, the source of that information is not bound by a confidentiality agreement or other contractual, legal or fiduciary obligation of confidentiality, or (iii) that Limited Partner is required by law to disclose the information.

7.14 Business with Affiliates. In addition to the services and transactions specifically contemplated by this Agreement, the General Partner, its Affiliates and their representatives and advisers may provide services and engage in transactions with the Partnership and its Affiliates on terms and conditions that are customary in arm's-length transactions of that type; *provided, however*, that the General Partner shall not be paid any acquisition, disposition or financing fees relating to Portfolio Investments. Fees paid for management services will be at competitive, arm's-length market rates for full service/best of-market management services. The service provider will be entitled to indemnity and exculpation with respect to loss or damage suffered by the service provider other than loss or damage arising out of the service provider's gross negligence, willful misconduct or fraud.

7.16 Limitations on the General Partner.

(a) Anything contained in any other Section of this Agreement notwithstanding, the General Partner and its Affiliates shall not have any authority or be entitled: (i) to perform any act in violation of any applicable law or regulation thereunder, including applicable federal and state securities laws; (ii) to perform any act in violation of the Act or this Agreement; (iii) to perform any other act expressly requiring the consent of the Limited Partners or the Advisory Committee under this Agreement without

first obtaining that consent; or (iv) to avoid its ultimate obligations under this Agreement by delegation of authority or responsibility.

(b) The General Partner shall endeavor to cause the Partnership to maintain cash reserves for Operating Expenses, capital expenditures, repairs, replacements, contingencies and related items in those amounts that the General Partner deems necessary or advisable.

ARTICLE VIII

Expenses

8.1 Administrative Expenses and Operating Expenses.

(a) The Manager and/or the General Partner shall bear the following ordinary day-to-day expenses incidental to the administration of the Partnership, except as provided in Section 8.1(b): (i) all costs and expenses of providing to the Partnership, the Manager and the General Partner the office space, facilities, utility service, and necessary administrative and clerical functions connected with the Partnership's, the Manager's and/or the General Partner's operations; and (ii) compensation of the General Partner's and the Manager's employees who are engaged in the operation or management of the Partnership's and/or the General Partner's business (collectively, the "**Administrative Expenses**"). Neither the Manager nor the General Partner shall be entitled to reimbursement from the Partnership for any Administrative Expenses incurred by the Manager and/or the General Partner.

(b) The Partnership shall bear and be charged with all costs and expenses of the Partnership's activities and operations, including, without limitation: (i) all fees, costs, and expenses, if any, incurred in developing, negotiating, structuring, acquiring, holding, financing, refinancing, monitoring, disposing of, or otherwise dealing with Portfolio Investments and Authorized Investments pursued for the Partnership, whether or not the Partnership actually invests therein, including, without limitation, broken deal expenses, any travel, legal, due diligence, telecommunications, investment banking, reporting, projections, tax and accounting expenses and other fees and out-of-pocket costs related thereto; (ii) the costs of rendering financial assistance to or arranging for financing for any assets or businesses constituting an Authorized Investment; (iii) taxes of the Partnership, fees of auditors, counsel and other advisers of the Partnership, insurance costs of the Partnership and litigation costs of the Partnership; (iv) administrative expenses related to the operation of the Partnership, including, without limitation, the fees and expenses of accountants, lawyers and other professionals incurred in connection with the Partnership's annual audit, data processing, tax planning, engineering, investment-level management and servicing, environmental, financial reporting, legal opinions and tax return preparation and similar services, as well as expenses associated with the distribution of reports to the Partners; (v) interest expenses, brokerage commissions and other investment costs incurred by or on behalf of the Partnership; (vi) the expenses associated with the Advisory Committee and Partner meetings; (vii) indemnification expenses incurred pursuant to Section 7.6; (viii) all other customary expenses; and (ix) amounts to be contributed or advanced to any Portfolio Investment for the purpose of that entity or investment paying any cost of the type described in the foregoing clauses (i) through (viii) (collectively, the "**Operating Expenses**"). To the extent that any Operating Expenses are paid by the Manager or the General Partner, as the case may be, those Operating Expenses shall be reimbursed by the Partnership. To the extent that any Operating Expenses are incurred by the General Partner, the Manager or their Affiliates, those Operating Expenses (including employment costs and related overhead expenses allocable thereto, as reasonably determined by the General Partner based on the time expended by the employees who render such services), shall be reimbursed by the Partnership.

8.2 Organizational Expenses.

(a) The General Partner or one of its Affiliates shall bear and be charged with the fees of any placement agent and financial adviser in connection with the offering and sale of Interests to prospective Limited Partners. The Partnership shall bear and be charged with all costs and expenses (other than placement fees) pertaining to the offering and sale of Partnership Interests to prospective Limited Partners and the organization of the Partnership and the General Partner, including, without limitation, any related legal fees and travel expenses (collectively, but excluding the placement fees referred to in the first sentence of this Section 8.2, the "**Organizational Expenses**"). The Partnership shall be deemed to first bear and be charged with those Organizational Expenses that are amortizable under Code Section 709, with the General Partner bearing the excess (if any). The Partnership shall promptly reimburse to the General Partner or the Manager, as applicable, any Organizational Expenses paid by the General Partner or the Manager that were required to be borne by the Partnership pursuant to the immediately preceding sentence, as determined by the General Partner.

(b) The General Partner and the Manager (if one is appointed) will pay all of their respective general overhead expenses. The General Partner may provide accounting, data processing, legal, investment-level management and servicing, market research or other similar services to the Partnership that otherwise would be performed for the Partnership by third parties and, in that event, the Partnership will reimburse the cost of performing those services (including employment costs and related overhead expenses allocable thereto, as reasonably determined by the General Partner based on the time expended by the employees who render those services); *provided, however*, that those reimbursements shall not exceed the amount that would be payable by the Partnership if the services were provided by third parties on an arm's-length basis.

(c) Except as explicitly set forth in this Section 8.2, the Partnership shall be responsible for and pay all costs, expenses and amounts relating to the Partnership's operations

8.3 Management Fees. Pursuant to the terms of the Management Agreement, the Partnership shall pay the Manager a base management fee (the "**Management Fee**") relating to the management of the Partnership and the Portfolio Investments, with respect to each calendar quarter (or portion thereof), which fee shall be payable at the beginning of that calendar quarter (or portion thereof). During the Investment Period, the Management Fee on an annual basis shall equal two percent (2%) of the aggregate Capital Commitments of the Limited Partners, and shall be paid out of cash flow generated from the operations and investments of the Partnership.

ARTICLE IX

Books and Records and Reports to Partners

9.1 Records and Accounting.

(a) Proper and complete records and books of account of the business of the Partnership, including a list of the names, addresses, and interests of all Limited Partners, shall be maintained at the Partnership's principal place of business or at the principal office of the Partnership's administrator. Except as otherwise expressly provided herein, those records and books of account shall be maintained on an accrual basis that allows the proper preparation of the Partnership's financial statements and tax returns, and shall be kept in U.S. dollars. Any Partner, or its duly authorized representatives, shall be entitled, at its own expense, for any purpose reasonably related to its interest as a Partner of the Partnership, and subject to Section 7.12, to a copy of the list of names, addresses, and interests of the Limited Partners. Subject to Section 9.1(b), each Limited Partner may, for any reason reasonably related

to its interest, examine the books of account, records, reports and other papers relating to the Partnership that are not legally required to be kept confidential or secret, and may make copies and extracts therefrom at its own expense and may discuss the affairs, finances, and accounts of the Partnership with the General Partner and the Partnership's independent public accountants (and by this provision the Partnership authorizes those accountants to discuss with each Limited Partner the finances, accounts and affairs of the Partnership), all during regular business hours as may reasonably be requested. The General Partner shall maintain the records of the Partnership for three (3) years following termination of the Partnership.

(b) Notwithstanding anything contained herein to the contrary, if the Partnership is or may be constrained in any respect in its ability to make any Authorized Investment or retain any Portfolio Investment, as a result of a Limited Partner's ownership of a Partnership Interest, and after reasonable attempts by the Partnership to mitigate the circumstances, then to the fullest extent permitted by applicable law, that Limited Partner shall not be entitled to have access to any information or documents with respect to the portion of the business of the Authorized Investment or Portfolio Investment, as the case may be, that gives rise to the constraint, to the extent reasonably necessary to remove the constraint, and that Limited Partner and the General Partner shall use their respective reasonable efforts in good faith to negotiate an arrangement (that may include, without limitation, alteration of any of the terms of this Agreement to the extent mutually acceptable to the Limited Partner and the General Partner) that has the objective of permitting the Partnership to make or retain the investment.

9.2 Audit and Report.

(a) Within ninety (90) days of the end of the Fiscal Year, or as soon as reasonably practicable thereafter, the General Partner will provide to the Limited Partners: (i) audited (in accordance with U.S. GAAP) annual financial statements consisting of a balance sheet, income statement and statement of cash flows ("*Financial Statements*") of the Partnership; and (ii) annual financial statements of each Portfolio Company, and (iii) a performance analysis for each Portfolio Investment.

(b) Within forty five (45) days of the end of each fiscal quarter, the General Partner will provide to the Limited Partners: (i) unaudited Financial Statements of the Partnership, prepared in accordance with U.S. GAAP; and (ii) an investment activity report indicating Portfolio Investments made and realized, specifying for each such investment the relevant industry and country and, as appropriate, size of new investment or return on realized investment, and a brief narrative description of other material events affecting the Partnership and its investments during the quarter.

(c) After the end of each Fiscal Year, subject to the receipt of all necessary and appropriate information about Portfolio Investments or from other relevant Persons, the General Partner shall exercise reasonable efforts to cause the independent certified public accountants to prepare and transmit, within one hundred twenty (120) days following the close of that Fiscal Year, a report setting forth in sufficient detail all transactions effected by the Partnership during that Fiscal Year, to enable each Partner to prepare its U.S. federal income tax return, and shall mail that report to (i) each Partner and (ii) each former Partner (or its successor or legal representative) who may require that information in preparing its federal income tax return.

(d) Any allocations of unrelated business taxable income to any Limited Partner shall be reported to that Limited Partner in sufficient detail to enable that Limited Partner to file its annual Form 5500 and Form 990 filings (or any successor forms).

(e) Except as required by a court of law with competent jurisdiction, or information that has become public through disclosure by someone other than the specified Partner, no Partner may disclose

any information disclosed by the Partnership to that Partner under this Section 9.2, other than to that Partner's Management Team, lawyers, accountants, and other professional advisers.

(f) The outside auditors of the Partnership must at all times be acceptable to the Advisory Committee.

9.3 Withholding.

(a) The General Partner is authorized but not obligated to take any action that it determines to be necessary or appropriate to cause the Partnership and its subsidiaries to comply with any withholding requirements established under Code Section 1445 with regard to (i) the sale of "U.S. real property interests" (as defined in the Code), (ii) the distribution of cash or property to any Limited Partner who is a "foreign person" (as defined in Regulations Section 1.1445-2(b)(2)(i)(c)), or (iii) the Transfer of interests in the Partnership.

(b) As determined by the General Partner, and as provided for or to be provided in the Code or Regulations under Code Sections 1441, 1442, 1445 and 1446, the General Partner may elect to withhold a portion of any distribution payable to any Limited Partners, and assignees who are "foreign persons" or who fail to provide to the Partnership an appropriate certificate in accordance with the applicable provisions of those Code Sections or applicable Regulations thereunder.

(c) To the extent that any state statute similar to Code Section 1445 applies to any Portfolio Investment, the General Partner is authorized to take those actions that it determines to be necessary or appropriate to cause the Partnership and its subsidiaries to comply with the withholding requirements thereunder, including, without limitation (if deemed necessary or appropriate by the General Partner), withholding the appropriate portion of distributions otherwise required to be made to any Limited Partner who is subject to that state statute.

(d) To the extent that the General Partner is required to withhold taxes under the laws of countries other than the United States, the General Partner is authorized to withhold a portion of any distribution payable to any Limited Partners or their assignees, with that withholding to be treated as provided in Section 5.4(a).

ARTICLE X

Transfers, Withdrawals and Default

10.1 Certain Restrictions on Transfers. Except as specifically provided otherwise in this Agreement, no Limited Partner may Transfer (or enter into an agreement to Transfer) all or any part of its Partnership Interest without the prior written consent of the General Partner. Without limiting the generality of the preceding sentence, unless waived by the General Partner, (i) no Transfer shall be permitted if it is effected through an established securities market or secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704, or would make the Partnership ineligible for "safe harbor" treatment under Code Section 7704 and the Regulations promulgated thereunder; (ii) no Transfer shall be permitted that has a reasonable likelihood of requiring registration or qualification of the Partnership or any Affiliates or the securities of any of them under federal, state or foreign securities laws; (iii) to the extent that the Partnership is then relying, or desires to preserve its ability to rely, on Section 3(c)(7) of the Investment Company Act, each transferee of a Partner's Interest (each, an "Assignee") shall be a "qualified purchaser," as that term is defined in the Investment Company Act; (iv) to the extent that the Partnership is then relying, or desires to preserve its ability to rely, on Section 3(c)(1) of the Investment Company Act, no Transfer shall be permitted that would increase the

number of the Partnership's beneficial owners under Section 3(c)(1); and (v) no Transfer shall be permitted if that Transfer would result in the Partnership's being considered to have terminated within the meaning of Code Section 708. Any Transfer made in violation of the provision shall be void, of no force and effect, and the Limited Partner attempting to make the Transfer shall remain obligated to fund its entire Unfunded Capital Commitments.

10.2 Admissions and Withdrawals Generally. Except as provided herein, no Partner has the right to withdraw from the Partnership and no additional Partner may be admitted to the Partnership.

ARTICLE XI

Term and Dissolution of the Partnership

11.1 Term. The term of the Partnership commenced on the date of the filing of the Certificate pursuant to the Act and continues until the Partnership is dissolved, which dissolution shall occur on the first of any of the following events (each an "*Event of Dissolution*"):

(a) the first December 31st after the fifth (5th) anniversary of the Initial Closing; *provided, however,* that the term of the Partnership may be extended by the General Partner for up to two (2) additional consecutive one (1)-year terms after that date;

(b) after the Investment Period, a good faith determination by the General Partner that the Partnership has disposed of and reduced to cash substantially all of its Portfolio Investments; or

(c) the entry of a decree of judicial dissolution under Section 17-802 of the Act.

11.2 Winding-Up. On the occurrence of an Event of Dissolution, the Partnership shall be wound up and liquidated as promptly as business circumstances allow. The General Partner or, if there is no general partner, a liquidator appointed by a majority-in-interest of the Partners, shall proceed with the Dissolution Sale and the Final Distribution. In the Dissolution Sale the General Partner or the liquidator shall use its best efforts to reduce to cash and cash equivalent items those assets of the Partnership that the General Partner or the liquidator determines to sell, subject to obtaining Fair Value for those assets and any tax or other legal considerations.

11.3 Final Distribution. Subject to the Act, after the Dissolution Sale, the proceeds thereof and the other assets of the Partnership (including, without limitation, restricted securities) shall be paid or distributed in one or more installments in the following order of priority:

(a) To creditors of the Partnership (including, if applicable, the General Partner and its Affiliates), to the extent otherwise permitted by law, in satisfaction of liabilities of the Partnership, including the expenses of winding-up, liquidation and dissolution of the Partnership (whether by payment or the making of reasonable provision for payment thereof); and then

(b) The remaining proceeds, if any, *plus* any remaining assets of the Partnership, shall be applied and distributed to those Partners having positive Capital Accounts (after taking into account the effect of Section 4.2(c)(vi)), in accordance with the relative positive amounts and in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). For purposes of the application of this Section 11.3(b) and determining Capital Accounts on dissolution, all unrealized gains, losses, and accrued income and deductions of the Partnership shall be treated as realized and recognized immediately before the date of distribution, and any resulting Net Income or Net Loss shall be allocated as provided in Section 4.2 (including Section 4.2(c)(vi)).

After that distribution, the Partners shall execute, acknowledge and cause to be filed a certificate evidencing the cancellation of the certificate of limited partnership of the Partnership, at which time the Partnership shall be terminated.

ARTICLE XII

Miscellaneous

12.1 Sole and Absolute Discretion. Except as otherwise expressly stated in this Agreement, all actions that any General Partner may take and all determinations that any General Partner may make pursuant to this Agreement may be taken and made at the sole and absolute discretion of that General Partner.

12.2 Power of Attorney. Each Limited Partner hereby acknowledges and confirms that it has duly appointed the General Partner and the general partner of the General Partner and the officers of that general partner, and any successor of it or them, as its true and lawful attorney-in-fact coupled with an interest for the limited purposes and on the terms and conditions specified in the power of attorney contained in the Subscription Agreement. That appointment shall expire immediately if the General Partner is subject to bankruptcy proceedings or is adjudicated incompetent by a court of competent jurisdiction.

12.3 Amendments.

(a) Except as required by law, or amendments made pursuant to Section 4.2(c)(vii), this Agreement may be amended only by the General Partner with the consent of a majority-in-interest of the Partners; *provided, however*, that amendments to this Agreement and the Certificate that do not adversely affect the Limited Partners or the Partnership may be made from time-to-time, by the General Partner, without the consent of any of the Limited Partners, (i) to amend any provision of this Agreement and the Certificate that requires any action to be taken by or on behalf of the General Partner or the Partnership pursuant to requirements of Texas law if the provisions of Texas law are amended, modified or revoked so that the taking of that action is no longer required; (ii) to take any action in light of changing regulatory conditions that is necessary to permit the Partnership to continue in existence; (iii) to add to the duties or obligations of the General Partner, or to surrender any right granted to the General Partner herein, for the benefit of the Limited Partners; (iv) to correct any clerical mistake or to correct or supplement any immaterial provision herein or in the Certificate that may be inconsistent with any other provision herein or therein, or to correct any printing, stenographic or clerical errors or omissions, that are not inconsistent with the provisions of this Agreement or the status of the Partnership as a partnership for federal income tax purposes; and (v) to change the name of the Partnership or to make any other change that is for the benefit of, or not adverse to the interests of, the Limited Partners; *provided, however*, that except as provided in Sections 4.1(e), 4.2(c)(vi) and 4.2(c)(vii), no amendment shall (i) disproportionately alter the Interest of a Limited Partner in allocations under Section 4.2 or in distributions under Section 5.2 or Section 11.3 without the consent of that Limited Partner; (ii) increase the Commitment of any Partner without the consent of each Partner so affected; (iii) change the percentage in Interests of Limited Partners or Funds Partners, as applicable (the "**Required Interest**") necessary for any consent required hereunder to the taking of an action, unless that amendment is approved by Limited Partners or Funds Partners, as the case may be, who then hold Interests equal to or in excess of the Required Interest for the subject of that proposed amendment; or (iv) reduce the percentage of Limited Partners required to approve amendments as provided in the other clauses of this Section 12.3 without the consent of the percentage of Limited Partners required by that clause before the effectiveness of any reduction.

(b) Any amendment to this Agreement that may be made solely with the approval of the General Partner may be executed on behalf of each Limited Partner by the General Partner pursuant to the power of attorney given by the Limited Partners under the Subscription Agreement, as may be modified pursuant to Section 12.7. Each Limited Partner hereby agrees that, on the request of the General Partner, the Limited Partner shall execute any amendment to this Agreement that has been duly authorized pursuant to Section 12.3(a).

(c) Any request for consent of the Limited Partners in this Section 12.3 shall be made by written notification from the General Partner to the Limited Partners at the address listed in such Limited Partner's Subscription Agreement. Failure of a Limited Partner to respond within thirty (30) days after notification is sent shall be deemed a consent to the proposed amendment by that Limited Partner.

12.4 Interest. Unless explicitly provided otherwise, any interest accruing on amounts due to the Partnership under this Agreement shall accrue at a rate of the lesser of (i) 10% per annum or (ii) the highest lawful rate, and shall compound annually.

12.5 Complete Agreement. This Agreement (together with, to the extent provided herein, any Side Letter Agreements that may be entered into by the General Partner from time to time and the Subscription Agreement) constitutes the complete and exclusive statement of the agreement among the Partners with respect to the subject matter hereof and replaces and supersedes any prior oral or written agreements by and among the Partners. Notwithstanding the provisions of this Agreement or any Subscription Agreement, it is hereby acknowledged and agreed that the General Partner, on its own behalf or on behalf of the Partnership, and without the approval of any Limited Partner, may enter into a side letter or similar agreement (a "Side Letter Agreement") with a Limited Partner that has the effect of establishing rights, or altering or supplementing the terms hereof or of any Subscription Agreement with respect to such Limited Partner. The parties agree that any terms contained in a Side Letter Agreement with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement or any Subscription Agreement. The General Partner may provide to the Limited Partners who are not parties to a Side Letter Agreement copies of such Side Letter Agreement or, if such Side Letter Agreements contain confidential information with respect to any Limited Partner that is a party thereto, descriptions of the material terms thereof.

12.6 Severability. Each provision of this Agreement is severable and if for any reason any provision that is not essential to effect the basic purposes of the Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable and contrary to the Act or existing or future applicable law, then that invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid. In that case, this Agreement shall be construed so limit any term or provision to make it enforceable or valid within the requirements of any applicable law, and if that term or provision cannot be so limited, then this Agreement shall be construed to omit that invalid or unenforceable provisions.

12.7 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if sent (i) if to any Partner, to the Person specified at the Partner's business address set forth in its Subscription Agreement and to his designees if written notice specifying the Person and address of the designee is provided to the Person required to give notice, and (ii) if to the Partnership or the Manager, to the General Partner at the General Partner's business address set forth in its Subscription Agreement; or to another address that any Partner or the Manager shall have last designated by notice to the Partnership at least fifteen (15) days prior thereto, and in the case of a change in address by the General Partner, by notice to the Limited Partners. Any notice shall be deemed to have been duly given if personally delivered or sent by certified, registered or overnight mail, by courier, or by e-mail or facsimile transmission confirmed by letter, and shall be deemed received,

unless earlier received, (i) if sent by certified or registered mail, return receipt requested, three (3) Business Days after the date sent; (ii) if sent by overnight mail or courier, one (1) Business Day after the date sent; (iii) if sent by e-mail or facsimile transmission, on the date sent; so long as that confirmatory notice is sent promptly thereafter by first-class mail, postage prepaid; and (iv) if delivered by hand, on the date of receipt.

12.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to conflict of laws principles.

12.9 Successors and Assigns. Except with respect to the rights of Indemnified Parties, members of the Advisory Committee and the Manager hereunder, and none of the provisions of this Agreement shall be for the benefit of or enforceable by the creditors of the Partnership, and this Agreement shall be binding on and inure to the benefit of the Partners, the Initial Limited Partner, and their legal representatives, successors, and permitted assigns.

12.10 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute one and the same instrument.

12.11 Headings; Gender; Time Periods, etc. The Section headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof. As used herein, masculine pronouns include the feminine and neuter, and the singular includes the plural. If any time period set forth herein expires on a day that is not a Business Day, then that time period shall automatically be extended to the first Business Day immediately following the non-Business Day on which the time period would otherwise expire. The term "including," as used herein shall mean "including, without limitation."

12.12 Delivery of Organizational Documents, etc. The General Partner shall provide a copy of the Certificate, this Agreement and each amendment to the Certificate or this Agreement to each Limited Partner.

12.13 Further Assurances. Each Partner shall take any and all action necessary or appropriate to accomplish the purposes of the Partnership set forth in Section 2.4.

12.14 Waiver of Partition. Each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for partition of any of the Partnership's property.

12.15 Acknowledgment. Each Partner hereby agrees and acknowledges that (i) Haynes and Boone, LLP ("**Legal Counsel**") has been retained by the General Partner to form and represent the Partnership, the General Partner and Manager and in such capacity has provided legal services to the Partnership, the General Partner and Manager; (ii) Legal Counsel has not represented, nor will it represent, Limited Partners in connection with the formation of the Partnership, the acquisition of their Partnership Interest, the management and operation of the Partnership, or any dispute that may arise with any such Limited Partner (each a "**Partnership Legal Matter**"); (iii) the Limited Partners will, if they wish counsel on a Partnership Legal Matter, retain their own independent counsel with respect thereto and will pay all fees and expenses of such independent counsel; (iv) Legal Counsel may represent the Partnership, the General Partner and/or Manager in connection with any and all Partnership Legal Matters; and (v) Legal Counsel may represent any Limited Partner on other matters.

***Remainder of Page Intentionally Left Blank.
Signature Page to Follow.***

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

GENERAL PARTNER:

CIVITAS DALLAS ACCESS FUND I GP, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Manager

LIMITED PARTNERS:

As attorney-in-fact
for all Limited Partners:

CIVITAS DALLAS ACCESS FUND I GP, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Manager

DRAFT

THE SECURITIES BEING SUBSCRIBED FOR HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. WITHOUT REGISTRATION, THESE SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED AT ANY TIME WHATSOEVER, EXCEPT ON DELIVERY TO CDAFI OF AN OPINION OF COUNSEL SATISFACTORY TO CDAFI THAT REGISTRATION IS NOT REQUIRED FOR THE TRANSFER, OR THE SUBMISSION TO CDAFI OF OTHER EVIDENCE SATISFACTORY TO CDAFI TO THE EFFECT THAT A TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR ANY RULE OR REGULATIONS PROMULGATED THEREUNDER. ADDITIONALLY, ANY SALE OR OTHER TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN RESTRICTIONS THAT ARE SET FORTH IN THE AGREEMENT OF LIMITED PARTNERSHIP OF CDAFI.

CIVITAS DALLAS ACCESS FUND I, L.P.

SUBSCRIPTION AGREEMENT

READ CAREFULLY BEFORE SIGNING

ALL SUBSCRIPTIONS ARE SUBJECT TO ACCEPTANCE BY THE CIVITAS DALLAS ACCESS FUND I GP, LLC (THE "**GENERAL PARTNER**"), GENERAL PARTNER OF CIVITAS DALLAS ACCESS FUND I, L.P. ("**CDAFI**"). ALL INFORMATION REQUIRED TO BE PROVIDED IN THIS SUBSCRIPTION AGREEMENT BY THE SUBSCRIBER FOR DETERMINING PURCHASER QUALIFICATIONS WILL BE KEPT STRICTLY CONFIDENTIAL.

Ladies and Gentlemen:

Civitas Dallas Access Fund I, L.P., a Texas limited partnership ("**CDAFI**"), is accepting subscriptions of limited partnership interests in CDAFI (the "**Interests**") pursuant to the terms and conditions of the Confidential Private Placement Memorandum (the "**Memorandum**"), delivered together with this Subscription Agreement (this "**Agreement**"). Upon the General Partner's acceptance of this Subscription Agreement, the undersigned will also enter into the Partnership Agreement (as defined in the Memorandum). All capitalized terms not defined herein shall have the meanings assigned to them in the Memorandum.

CDAFI is offering the Interests for sale to "accredited investors," as that phrase is defined in Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "**Securities Act**").

1. **Subscription.** Subject to the terms and conditions of this Subscription Agreement, the Partnership Agreement and the Memorandum, the undersigned hereby subscribes for the amount set forth on the signature page attached hereto (the "**Purchase Price**"). The undersigned is delivering concurrently with this Agreement an amount equal to (a) US\$500,000 for the purchase of the Interests, and (b) [\$_____], for its Compliance Fee, by certified check made payable to [HSBC Bank USA, National Association] (the "**Escrow Agent**") or by wire transfer of funds to the Escrow Agent (the "**Subscription Funds**"). That

2. **Acceptance of Subscription.** It is understood and agreed that the General Partner shall have the right to accept or reject this subscription in its sole discretion, in whole or in part, for any reason and that the same shall be deemed to be accepted by CDAFI only when this Subscription Agreement is signed by an authorized representative of the General Partner and returned to the undersigned. In order to

subscribe to purchase Interests, an investor must agree to contribute an amount of capital to CDAFI that is not less than \$500,000. The undersigned understands that the Subscription Funds will be returned to the undersigned if this subscription is not accepted in whole or in part, as applicable, by CDAFI.

3. Funds. Upon acceptance of this subscription, the Subscription Funds tendered to the Escrow Agent shall be placed in an escrow account with the Escrow Agent until CDAFI has confirmed that the investor has successfully and fully prosecuted its I-526 Application with the United States Customs and Immigration Service ("USCIS").

4. Risk Factors. The undersigned acknowledges that the Interests offered hereby are speculative and involve a high degree of risk, including, but not necessarily limited to the risk factors described in the Memorandum. The undersigned further acknowledges that an investment in CDAFI is not suitable for investors who cannot afford to lose their entire investment. The undersigned has carefully considered these and other risk factors before making their investment decision.

5. Representations and Warranties of the Undersigned. To induce CDAFI to accept this Subscription Agreement and with the intent that such representations and warranties (a) be relied upon by CDAFI in determining the undersigned's suitability as a purchaser of the Interests and (b) shall survive the purchase of the Interests, the undersigned hereby represents and warrants to CDAFI that:

(i) The undersigned hereby adopts, accepts and agrees, provided this subscription is accepted by the General Partner, to be bound by all the terms and provisions of this Agreement, the Memorandum and the Partnership Agreement, and to perform all obligations and duties therein imposed upon an investor and/or a Limited Partner.

(ii) The undersigned has adequate means of providing for the undersigned's current needs and possible personal contingencies and has no need now and anticipates no need in the foreseeable future to sell the Interests for which the undersigned hereby subscribes. The undersigned has carefully evaluated the financial resources and investment position of the undersigned and the risks associated with an investment in CDAFI and is able to bear the economic risks of this investment and consequently, without limiting the generality of the foregoing, the undersigned is able to hold the Interests for an indefinite period of time and has a sufficient net worth to sustain a loss of the entire investment of the undersigned in CDAFI in the event such loss should occur.

(iii) The undersigned, either alone or with the personal representative(s) of the undersigned, is sophisticated and has such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in CDAFI. In addition, the undersigned represents and warrants that, on the basis of the business and financial experience of the undersigned, the undersigned has acquired the capacity to protect the undersigned's own interest in investments of this nature. The undersigned understands that an investment in CDAFI is highly speculative and is not suitable for investors who cannot afford to lose all of their investment. The undersigned is familiar with the nature of, and risks attendant to, investments in securities of the type being subscribed for hereby and has determined that the purchase of such securities is consistent with the investment objectives of the undersigned.

(iv) The undersigned is acquiring the Interests for the undersigned's own account for investment and not with a view to or for resale in connection with any distribution of the Interests except in compliance with applicable securities laws and the approval of the General Partner. The undersigned acknowledges that transfers of the Interests are limited by the Partnership Agreement.

(v) The undersigned has not offered or sold any portion of the Interests and has no present intention of dividing the Interests with others or of selling, distributing or otherwise disposing of any portion of the Interests either currently or after the passage of a fixed or determinable period of time or upon the occurrence or non-occurrence of any predetermined event or circumstance except in compliance with applicable securities laws and with the approval of the General Partner.

(vi) The undersigned is aware that the undersigned must bear the economic risk of this investment in CDAFI for an indefinite period of time because the Interests have not been registered under the Securities Act, or under the securities laws of any states and, therefore, such securities cannot be sold unless they are subsequently registered under the Securities Act and any applicable state securities laws or an exemption from registration is available. Further, the undersigned understands that only CDAFI can take action so as to register the Interests on behalf of CDAFI and CDAFI is under no obligation to do so and does not propose to do so. The undersigned understands that neither the Securities and Exchange Commission nor the securities administrator of any state has made any finding or determination relating to the fairness or desirability of an investment in CDAFI and that the Interests have not been approved or disapproved by the Securities and Exchange Commission or by any other federal or state agency, and no such agency has passed on the accuracy or adequacy of this Agreement, the Partnership Agreement, or the Memorandum.

(vii) The undersigned understands and agrees that the undersigned cannot sell, transfer, or otherwise dispose of any of the Interests received pursuant to this Agreement without complying with the terms of the Partnership Agreement and delivering to the General Partner an opinion of counsel satisfactory to the General Partner that the transaction contemplated by the undersigned would not violate the Securities Act or any applicable state securities laws. The undersigned understands that there is no public market for the Interests and that such a market for the Interests may never develop. In addition, the undersigned acknowledges that there can be no assurance that the undersigned will be able to sell or dispose of the Interests at any point in the future.

(viii) The undersigned has received a copy of the Partnership Agreement and has read the Partnership Agreement carefully and is fully familiar with the contents, has had the opportunity to obtain any additional information necessary to verify the accuracy of the information and has been given the opportunity to meet with CDAFI and to have CDAFI answer any questions regarding the terms and conditions of an investment in CDAFI and all such questions have been answered to the full satisfaction of the undersigned. The undersigned further acknowledges that CDAFI has made available to the undersigned the opportunity to obtain additional information to evaluate the merits and risks of this investment.

(ix) The undersigned confirms that the Interests were not offered to the undersigned by any means of general solicitation or advertising and the undersigned has received no representations from CDAFI or any employees, attorneys or agents, other than those contained in this Subscription Agreement. The undersigned has made such independent investigation that the undersigned deemed necessary for the purpose of making a decision to invest in CDAFI. In making a decision to purchase the Interests, the undersigned has relied solely upon the undersigned's review of the Partnership Agreement and independent investigations made by the undersigned without assistance of CDAFI and the undersigned confirms that all documents, records and books pertaining to this proposed investment have been made available to the undersigned.

(x) The undersigned has been advised to consult with the undersigned's own attorney regarding legal matters concerning CDAFI, an investment in CDAFI, and to consult with the undersigned's tax advisor regarding the tax consequences of acquiring the Interests and becoming a Limited Partner.

(xi) If the Interests subscribed for hereunder are being offered outside of the United States, then the undersigned is not a resident of the United States, and is at least twenty-one (21) years of age.

(xii) This Agreement and the Partnership Agreement constitute legal, valid and binding obligations of the undersigned, enforceable against the undersigned in accordance with their terms, and the execution, delivery and performance of this Agreement and the Partnership Agreement and the fulfillment and compliance with their respective terms do not and will not conflict with, violate or cause a breach of the terms, conditions or provisions of any agreement, non-compete provision, contract or instrument to which the undersigned is a party or any judgment, order or decree to which the undersigned is subject.

(xiii) No one acting on behalf of CDAFI has made any representations, warranties or agreements to or with the undersigned with respect to the purchase of the Interests, except as described in this Agreement, the Partnership Agreement or the Memorandum.

(xv) The undersigned represents that the Subscription Funds are either separate property of the undersigned, or are otherwise funds as to which the undersigned has the right of management.

(xvi) The undersigned is an "eligible purchaser," meaning that the undersigned is an "accredited investor," as defined in Regulation D promulgated under the Securities Act:

(1) Accredited Investors, as defined in Regulation D (except as specifically designated otherwise herein), are persons who come within *any* of the following categories:

(Check the Applicable Category/Categories)

_____ (A) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase exceeds \$1,000,000; or

_____ (B) natural person who had an individual income in excess of \$200,000 in each of the two (2) most recent calendar years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

(2) The undersigned hereby represents and warrants that the undersigned can bear the economic risk attendant to the purchase of the Interests subscribed, ***including the total loss of the investment of the undersigned.***

_____ Yes _____ No

6. Further Assurances. In addition to the information required in this Agreement, the undersigned agrees that he/she shall:

(i) Execute and deliver such other instruments, documents or certificates and do and perform such other acts and things as may be necessary or desirable for effecting the consummation of this Agreement and the transactions contemplated hereby, including, without limitation, the delivery of any documents to confirm the identity of the undersigned in a manner sufficient to ensure CDAFI's compliance with the Interesting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001;

(ii) Diligently file and prosecute an I-526 Application and complete the Visa Process

(iii) Promptly provide to the General Partner such information as the General Partner may require confirming that the funds to be invested by the undersigned for the subscription of the Interests were lawfully obtained, together with such other documents as the General Partner may reasonably require (which requirement may be met by the undersigned providing a letter addressed to the General Partner from a recognized and qualified firm of accountants or other professionals licensed to practice in the jurisdiction in which the undersigned resides, in form, substance and from a firm of accountants or other professionals acceptable to the General Partner)

(iv) Promptly provide to the Escrow Agent copies of the undersigned's passport and such other documents that the Escrow Agent deem appropriate in order for the Escrow Agent to satisfy its "know your customer" requirements.

(v) Diligently file and prosecute an I-829 Petition within 21 to 24 months after the date conditional resident status is obtained.

7. Indemnification. The undersigned understands the meaning and legal consequences of the representations, warranties and covenants set forth in this Agreement and that CDAFI has relied and will rely upon the representations, warranties and covenants set forth in this Agreement and the undersigned hereby agrees to indemnify and hold harmless CDAFI and its officers, directors, managers, controlling persons and agents from and against any and all losses, claims, damages, liabilities or expenses and any action in respect thereof, joint or several, to which any such person may become subject due to or arising out of a breach by the undersigned of any such representation, warranty or covenant, together with all reasonable costs and expenses (including reasonable attorneys' fees) incurred by any such person in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters so indemnified against. Notwithstanding the foregoing, no representation, warranty, acknowledgment or agreement made in this Agreement by the undersigned shall in any manner be deemed to constitute a waiver of any rights granted to the undersigned under federal or state securities laws.

8. Independent Advice. **THE UNDERSIGNED IS HEREBY ADVISED TO OBTAIN INDEPENDENT LEGAL AND TAX COUNSEL WITH RESPECT TO ISSUES WHICH MAY ARISE IN CONNECTION WITH LEGAL MATTERS CONCERNING CDAFI OR AN INVESTMENT IN CDAFI.**

9. Survival. The undersigned agrees that all representations, warranties and covenants contained in this Agreement shall be true and accurate as of the date of the acceptance of this subscription by CDAFI and shall survive (a) the acceptance of the subscription by CDAFI and (b) the death or disability of the undersigned.

10. Governing Law. This Agreement shall be governed and construed for all purposes in accordance with the laws (without giving effect to the principles governing conflicts of laws) of the State of Texas.

11. Counterparts. This Agreement may be executed by one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

12. Transfer and Assignment. The undersigned agrees not to transfer or assign this Agreement.

13. Successors and Assigns. This Agreement and the representations and warranties contained herein shall be binding upon the heirs, executors, administrators, and successors of the undersigned and this Agreement shall inure to the benefit of and be enforceable by CDAFI and its successors and assigns. If there is more than one signatory hereto, then the obligations, representations, warranties, and agreements of the undersigned are made jointly and severally.

14. Acceptance by the General Partner. It is understood that this subscription is not binding on CDAFI until the General Partner accepts it, which acceptance is at the sole discretion of the General Partner and shall be noted by execution of this Agreement by the General Partner where indicated.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, may be amended only by a writing executed by all of the parties, and supersedes any prior agreement between the parties with respect to the subject matter hereof.

16. Limited Partner. The undersigned hereby acknowledges that, once accepted by the General Partner, this subscription is not revocable by the undersigned. The undersigned agrees that, if this subscription is accepted, the undersigned shall, and the undersigned hereby elects to: (a) become a limited partner of CDAFI; and (b) be bound by the terms and provisions of the Partnership Agreement.

17. Changes in Information. The undersigned represents and warrants that the information contained in this Agreement is true and correct as of the date hereof and agrees to notify promptly CDAFI of any changes in such information which occur prior to the acceptance of this Agreement.

[Remainder of page left blank. Signature page(s) follow]

SUBSCRIPTION FUNDS: \$ _____

Witness Signature
Name of Witness <i>(please print)</i>
Street Address
City, Province and Country
Phone Number

Investor Signature	
Name of Investor <i>(please print)</i>	Embassy Processing Visa
Street Address	Citizenship & Immigration File No.
City, Province and Country	Country of Passport
Phone Number	Date of Birth

ACCEPTANCE

The undersigned hereby accepts the foregoing subscription for _____
this ____ day of _____, 2009.

CIVITAS DALLAS ACCESS FUND I GP, LLC

By: Civitas Capital Management, LLC

By: _____
Name: _____
Title: _____

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made as of [_____, 2009], by and between CIVITAS CAPITAL MANAGEMET, LLC, a Texas limited liability company (“*Civitas*”), and [BANK NAME], a national banking association, as escrow agent (“*Escrow Agent*”).

WHEREAS Civitas has established Civitas Dallas Access Fund I GP, LLC, a Texas limited liability company (the “*General Partner*”), the general partner of Civitas Dallas Access Fund I, L.P., a Texas limited partnership (the “*Fund*”);

WHEREAS the Fund has offered and will offer limited partnership interests (“*Interests*”) to certain investors;

WHEREAS investors who wish to participate in the Fund are required to complete the subscription for Interests, including paying the subscription price for such Interests; and

WHEREAS the amounts paid by investors and accepted by Civitas as subscription price (“*Subscription Proceeds*”), must be maintained in an escrow account in accordance with the terms of the definitive documents of the Fund;

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Definitions

(a) “*Escrowed Funds*” means all Subscription Proceeds deposited hereunder, together with the investment earnings thereon.

(b) “*Investor*” means a prospective investor who completes a subscription for Interests.

(c) “*Investor’s Subscription Proceeds*” means, for each Investor, the Subscription Proceeds actually received by the Escrow Agent for deposit hereunder as a credit to such Investor’s account.

(d) “*Preliminary Investment Questionnaire*” means a questionnaire substantially in the form of *Exhibit A*.

(e) All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Confidential Private Placement Memorandum of the Fund, attached as *Exhibit B*.

2. Currency

All dollar amounts expressed herein are in currency of the United States.

3. Appointment of Escrow Agent

The Escrow Agent is hereby appointed to act, and the Escrow Agent agrees to act, as successor escrow agent in accordance with the terms and conditions of this Agreement. The Escrow Agent shall maintain an account titled “Civitas Dallas Access Fund I Escrow Account” and shall deposit in such account all Subscription Proceeds received by the Escrow Agent in accordance with *Section 4*.

4. Subscription Proceeds

Each Investor shall pay the subscription price in the amount of \$537,500 for an Interest in the Fund either: (a) by certified check made payable to the Escrow Agent and delivered to Civitas for delivery to the Escrow Agent, or (b) by wire transfer of funds to the Escrow Agent, at the following account:

[ACCOUNT INFORMATION]

(a) An Investor's payment of subscription price by certified check shall be deemed accepted by Civitas (and thus shall constitute "**Subscription Proceeds**") when Civitas delivers to the Escrow Agent such certified check together with a copy of the Investor's completed and executed Preliminary Investment Questionnaire.

(b) An Investor's payment of the subscription price by wire transfer shall be deemed accepted by Civitas (and thus shall constitute "**Subscription Proceeds**") when Civitas delivers to the Escrow Agent Civitas' notice to that effect together with a copy of the Investor's completed and executed Preliminary Investment Questionnaire.

(c) Funds received by wire transfer to the Escrow Agent shall be immediately available to be drawn upon or disbursed in accordance with **Section 6** hereof. Funds received by certified check payable to the Escrow Agent shall be subject to collection requirements of presentment and final payment. If, upon presentment for payment, any such check is dishonored, Escrow Agent's sole obligation shall be to notify Civitas of such dishonor and to return such check to Civitas. Notwithstanding the foregoing, if for any reason any deposit whether by wire transfer or certified check is uncollectible after payment or disbursement of the funds represented thereby has been made by Escrow Agent, Civitas shall immediately reimburse Escrow Agent upon receipt from Escrow Agent of written notice thereof.

(d) If the amount of any Investor's Subscription Proceeds shall be less than or greater than \$537,500, Escrow Agent's sole obligation shall be to notify Civitas of such fact and, in the case of excess Subscription Proceeds, to return the excess amount to Civitas.

5. Return of Investor Funds Not Accepted by Civitas

The Escrow Agent shall return any funds received by the Escrow Agent but not accepted in accordance with **Section 4** by Civitas. In any case where such funds had been received by wire transfer, the Escrow Agent shall wire the amount of funds being returned to the account from which funds had been wired. In any case where such funds had been received in the form of a certified check, the Escrow Agent shall issue a bank check for the amount of funds being returned; such bank check shall be payable to the party against whose account the certified check had been drawn.

6. Release of Escrowed Funds

(a) Subject to **Subsection 6(b)**, the Escrow Agent shall release the amount of an Investor's Subscription Proceeds to the Fund upon the Escrow Agent's receipt of notice from Civitas: (i) that the Investor's I-526 Petition has been approved by the USCIS; and (ii) that either (x) the Investor has successfully completed the Visa Process, or (y) completion of the Visa Process is not required as a condition of release of the Investor's Subscription Proceeds to the Fund.

(b) Unless it has already received for an Investor a notice described in **Subsection 6(a)**, the Escrow Agent shall release the amount of such Investor's Subscription Proceeds to the Investor upon the earlier to occur of: (i) Escrow Agent's receipt of notice from Civitas that the Investor's I-526 Petition has

been refused by the USCIS or the subscription has terminated, or (ii) 12 months after the date of the Escrow Agent's receipt of the Investor's Subscription Proceeds.

(c) For any release of funds to an Investor pursuant to *Subsection 6(b)*, the Escrow Agent shall use the same procedures as set forth in *Section 5* for the return of funds not accepted by Civitas.

7. Investment of Escrow Funds

(a) The Escrow Agent shall invest the Escrowed Funds as directed by Civitas in writing, in (i) United States government obligations or obligations of agencies of the United States government which are guaranteed by the United States government, (ii) interest-bearing accounts or certificates of deposit of any bank which has capital and surplus in excess of \$50,000,000 and is regulated by the United States Comptroller of Currency, or (iii) any money market fund registered under the Investment Company Act of 1940, as amended, the portfolio of which is limited to the obligations described in *clause (i)*. The Escrow Agent shall not be liable for any loss or depreciation in market value resulting from the investment, reinvestment or liquidation of the Escrowed Funds as directed hereunder.

(b) The Escrow Agent shall periodically distribute to Civitas the amount of income (net of loss) earned on investment of Escrowed Funds and not previously distributed. Any such distribution shall be made in accordance with payment instructions furnished by Civitas to the Escrow Agent, except that the Escrow Agent may deduct from such distribution a sum sufficient to satisfy, in whole or in part, any then-outstanding invoice for the Escrow Agent's fees and expenses payable hereunder.

8. Tax and Regulatory Compliance

Civitas shall furnish to the Escrow Agent any information reasonably requested by the Escrow Agent for compliance with tax laws, the USA Patriot Act, Pub.L.107-56, or any other law or regulation to which the Escrow Agent is or may become subject. Without limiting the foregoing, Civitas shall provide the Escrow Agent with the properly documented United States taxpayer identification number of each person entitled to payment or distribution hereunder. Any payments of income shall be subject to applicable withholding and reporting regulations then in force in the United States or any other jurisdiction, if applicable.

9. Fees and Expenses of Escrow Agent

Civitas shall pay the fees and expenses of the Escrow Agent in accordance with the schedule attached hereto as *Exhibit C*.

10. Termination

This Agreement, other than *Sections 12* and *13*, shall terminate and cease to be of further force or effect on the date that the last of the Escrowed Funds have been released or distributed pursuant to this Agreement. The provisions of *Sections 12* and *13* shall survive the termination of this Agreement or any termination of the services of the Escrow Agent hereunder.

11. Indemnification of Escrow Agent

Civitas agrees to indemnify the Escrow Agent, its directors, officers, employees and agents ("*Indemnified Parties*") from, and to hold each of them harmless against, any loss, liability, claim, damage or expense incurred or suffered by such Indemnified Party arising from any claim or liability made, asserted or threatened by Civitas or any third party in connection with this Agreement and/or the

performance by the Escrow Agent of its obligations hereunder, including the costs and expenses of defending against any such claim or liability made, asserted or threatened, except to the extent that such loss, liability claim, damage or expense is the result of the gross negligence or willful misconduct of the Escrow Agent. The Escrow Agent shall be entitled to rely absolutely on documents and notices delivered to it - pursuant to this Agreement without independent verification or inspection.

12. Rights, Duties and Immunities of Escrow Agent

Acceptance by the Escrow Agent of its duties under this Agreement is subject to the following terms and conditions, which the parties to this Agreement hereby agree shall govern and control the rights, duties and immunities of the Escrow Agent.

(a) The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth herein. The Escrow Agent shall not be required to inquire as to the performance or observation of any obligation, term or condition under any agreement or arrangement by Civitas. The Escrow Agent is not a party to, and is not bound by, any agreement or other document out of which this Agreement may arise. The Escrow Agent shall be under no liability to any party hereto by reason of any failure on the part of any party hereto or any maker, guarantor, endorser or other signatory of any document or any other person to perform such person's obligations under any such document. The Escrow Agent shall not be bound by any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto. This Escrow Agreement shall not be deemed to create a fiduciary relationship between the parties hereto under state or federal law.

(b) The Escrow Agent shall not be responsible in any manner for the validity or sufficiency of this Agreement or of any property delivered hereunder, or for the value or collectibility of any note, check or other instrument, if any, so delivered, or for any representations made or obligations assumed by any party other than the Escrow Agent. Nothing herein contained shall be deemed to obligate the Escrow Agent to deliver any cash, instruments, documents or any other property referred to herein, unless the same shall have first been received by the Escrow Agent pursuant to this Agreement.

(c) Civitas shall deliver to the Escrow Agent a list of authorized signatories with respect to any notice, certificate, instrument, demand, request, direction, instruction, waiver, receipt, consent or other document or communication required or permitted to be furnished to the Escrow Agent hereunder, and the Escrow Agent shall be entitled to rely on such list with respect to any party until a new list is furnished by such party to the Escrow Agent. The Escrow Agent shall be fully protected in acting on and relying upon any written notice, direction, request, waiver, consent, receipt or other paper or document which the Escrow Agent in good faith believes to have been signed and presented by the property party or parties.

(d) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith or for any mistake in act or law, or for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct.

(e) The Escrow Agent may seek the advice of legal counsel in the event of any dispute or question as to the construction of any of the provisions of this Agreement or its duties hereunder, and it shall incur no liability and shall be fully protected in respect of any action taken, omitted or suffered by it in good faith in accordance with the advice or opinion of such counsel.

(f) The parties hereto agree that should any dispute arise with respect to the payment, ownership or right of possession of all or any portion of the Escrowed Funds, the Escrow Agent is authorized and directed to retain in its possession, without liability to anyone, except for its bad faith, willful misconduct or gross negligence, all or any part of the Escrowed Funds until such dispute shall have been settled either by mutual agreement by the parties concerned or by the final order, decree or judgment of a court or other tribunal of competent jurisdiction in the United States of America, and a notice executed by the parties to the dispute or their authorized representatives shall have been delivered to the Escrow Agent setting forth the resolution of the dispute. The Escrow Agent shall be under no duty whatsoever to institute, defend or partake in such proceedings.

13. Representations and Warranties of Civitas

Civitas represents and warrants to the Escrow Agent:

(a) Civitas is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Texas and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) The undersigned officer of Civitas is duly authorized to execute and to deliver this Agreement on behalf of Civitas; and, as so executed, this Agreement constitutes Civitas' valid and binding agreement, enforceable in accordance with its terms.

(c) The execution, delivery, and performance of this Agreement will not violate, conflict with, or cause a default under the certificate of organization, or operating agreement or other organizational documents, as applicable, of Civitas, or under any applicable law or regulation, any court order or administrative ruling or decree to which Civitas is a party or any of its property is subject, or under any agreement, contract, indenture, or other binding arrangement to which Civitas is a party or any of its property is subject. The execution, delivery and performance of this Agreement is and shall remain consistent with and accurately described in the Confidential Private Placement Memorandum of the Fund, as amended from time to time.

(d) No representation or implication shall be made that the Escrow Agent has investigated the desirability or advisability of investment in Limited Partnership units or the Fund or has approved, endorsed or passed upon the merits of the investment therein. The name of the Escrow Agent has not and shall not be used in any manner in connection with the offer or sale of Limited Partnership units or interests in the Fund other than to state that the Escrow Agent has agreed to serve as escrow agent for the limited purposes set forth herein.

(e) No party other than the parties hereto and the prospective investors have, or shall have, any lien, claim or security interest in the Escrowed Funds or any part thereof. No financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Escrowed Funds or any part thereof.

14. Resignation of Escrow Agent

The Escrow Agent shall have the right to resign upon sixty (60) days written notice to Civitas. In the event of such resignation, Civitas shall appoint a successor escrow agent hereunder by delivering to the Escrow Agent a written notice of such appointment. Upon receipt of such notice, the Escrow Agent shall deliver to the designated successor escrow agent all money and other property held hereunder and shall thereupon be released and discharged from any and all further responsibilities whatsoever under this

Agreement; provided, however, that the Escrow Agent shall not be deprived of its compensation earned prior to such time.

15. Notices

All notices and other communications required or permitted hereunder shall be in writing and shall be delivered by hand, transmitted via facsimile, sent via nationally recognized courier or mailed by first-class mail, postage prepaid, addressed

If to Civitas: Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225
P: (469) 387-3840
F: (214) 346-1937

If to the Escrow Agent: _____

16. Headings

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

17. Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable. A declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

18. Entire Agreement, Waiver

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. There are no warranties, representations or agreements between the parties in connection with the subject matter hereof except as specifically set forth or referred to in this Agreement. No amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

19. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in any federal court located in the Commonwealth of Pennsylvania or any Pennsylvania state court, and each of such parties hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such suit, action or proceeding.

20. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

21. Execution in Counterparts

This Agreement may be signed in counterparts. Each of such counterparts shall constitute an original document; and, such counterparts, taken together, shall constitute one and the same agreement.

22. Execution by Facsimile

The signature of any of the parties to this Agreement may be evidenced by a facsimile copy of this document bearing such signature.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

CIVITAS CAPTIAL MANAGEMENT, LLC

By: _____
Name: _____
Title: _____

[BANK NAME]

By: _____
Name: _____
Title: _____

EXHIBIT A
PRELIMINARY INVESTMENT QUESTIONNAIRE

[See Attachment]

EXHIBIT B

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

[See Attachment]

EXHIBIT C
ESCROW FEES

[Provided by Bank]

PROSPECTIVE INVESTOR: _____

COPY NUMBER: _____

PROSPECTIVE INVESTORS ELECTING NOT TO
MAKE AN INVESTMENT ARE REQUESTED TO
RETURN ALL OFFERING MATERIALS TO THE
FUND.

CIVITAS DALLAS ACCESS FUND I, L.P.

Limited Partnership Interests

Confidential Private Offering Memorandum

[] 2009

CONFIDENTIAL

THIS MEMORANDUM MAY NOT BE REPRODUCED

Contact Information:

Civitas Dallas Access Fund I, L.P.
c/o Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225
P: (469) 387-3840
F: (214) 346-1937

CONFIDENTIAL

CIVITAS DALLAS ACCESS FUND I, L.P.

LIMITED PARTNERSHIP INTERESTS

CONFIDENTIAL

PRIVATE OFFERING MEMORANDUM

IMPORTANT NOTICES

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM (THE "**MEMORANDUM**") DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY LIMITED PARTNERSHIP INTERESTS AS TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. WITHIN THE UNITED STATES, THIS OFFERING IS MADE AS A PRIVATE PLACEMENT PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND ONLY TO PARTIES THAT ARE "**ACCREDITED INVESTORS**" AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THIS OFFERING IS MADE PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, ONLY TO PARTIES THAT ARE NOT "**U.S. PERSONS**" AS DEFINED IN SUCH REGULATION, AND PURSUANT TO EXEMPTIONS FROM APPLICABLE SECURITIES LAWS OF OTHER COUNTRIES ("**FOREIGN SECURITIES LAWS**").

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING IS NOT BEING MADE TO THE PUBLIC.

THIS OFFERING IS MADE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOREIGN SECURITIES LAWS AS DESCRIBED ABOVE. THE FUND (AS DEFINED BELOW) WILL NOT BE OBLIGATED TO REGISTER THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY (THE "**INTERESTS**") UNDER THE SECURITIES ACT OR ANY FOREIGN SECURITIES LAWS IN THE FUTURE. THERE CURRENTLY IS NO PUBLIC OR OTHER MARKET FOR THE INTERESTS AND THE GENERAL PARTNER (AS DEFINED BELOW) DOES NOT EXPECT THAT ANY SUCH MARKET WILL DEVELOP. ALL OF THE INTERESTS, WHETHER ACQUIRED WITHIN THE UNITED STATES OR OUTSIDE THE UNITED STATES, WILL BE "**RESTRICTED SECURITIES**" WITHIN THE MEANING OF RULE 144 OF THE SECURITIES ACT AND THEREFORE MAY NOT BE TRANSFERRED BY A HOLDER THEREOF WITHIN THE UNITED STATES OR TO A "**U.S. PERSON**" UNLESS SUCH TRANSFER IS MADE PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, PURSUANT TO AN EXEMPTION THERE FROM, OR IN A TRANSACTION OUTSIDE THE UNITED STATES PURSUANT TO THE RESALE PROVISIONS OF REGULATION S. MOREOVER, THE INTERESTS MAY BE TRANSFERRED ONLY WITH THE CONSENT OF THE GENERAL PARTNER AND THE SATISFACTION OF CERTAIN OTHER CONDITIONS.

THE INTERESTS ARE SPECULATIVE AND PRESENT A HIGH DEGREE OF RISK. SEE "**RISK FACTORS**." INVESTORS MUST BE PREPARED TO BEAR SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THE AMOUNT INVESTED.

THE INTERESTS ARE BEING OFFERED SUBJECT TO VARIOUS CONDITIONS, INCLUDING: (I) WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE; (II) THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION FOR AN INTEREST, IN WHOLE OR IN PART, FOR ANY REASON; AND (III) THE APPROVAL OF CERTAIN MATTERS BY LEGAL COUNSEL.

THE INFORMATION SET FORTH IN THIS MEMORANDUM IS CONFIDENTIAL. RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY THE RECIPIENT THAT THIS MEMORANDUM SHALL NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE RECIPIENT'S EVALUATION OF AN INVESTMENT IN AN INTEREST. THIS MEMORANDUM IS THE PROPERTY OF THE GENERAL PARTNER AND, EXCEPT AS HELD BY A LIMITED PARTNER OF THE FUND (A "**LIMITED PARTNER**"), MUST BE RETURNED UPON REQUEST.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE FUND, THE GENERAL PARTNER, OR THE INTERESTS, OTHER THAN AS CONTAINED IN THIS MEMORANDUM, THE FUND'S LIMITED PARTNERSHIP AGREEMENT (THE "**PARTNERSHIP AGREEMENT**"), THE SUBSCRIPTION AGREEMENT TO BE EXECUTED BY EACH INVESTOR, OR AN OFFICIAL WRITTEN SUPPLEMENT TO THIS MEMORANDUM APPROVED BY THE GENERAL PARTNER. PROSPECTIVE INVESTORS ARE CAUTIONED AGAINST RELYING UPON INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE AND THIS MEMORANDUM IS NOT INTENDED TO PROVIDE THE SOLE BASIS FOR ANY EVALUATION OF AN INVESTMENT IN AN INTEREST. PRIOR TO ACQUIRING AN INTEREST, A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING, AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE UNITED STATES ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

CERTAIN DOCUMENTS RELATING TO THE FUND WILL BE COMPLEX OR TECHNICAL IN NATURE, AND PROSPECTIVE INVESTORS MAY REQUIRE THE ASSISTANCE OF LEGAL COUNSEL TO PROPERLY ASSESS THE IMPLICATIONS OF THE TERMS AND CONDITIONS SET FORTH THEREIN. LEGAL COUNSEL TO THE FUND AND THE GENERAL PARTNER WILL REPRESENT THE INTERESTS SOLELY OF THE FUND AND THE GENERAL PARTNER. NO LEGAL COUNSEL HAS BEEN ENGAGED BY THE FUND OR THE GENERAL PARTNER TO REPRESENT THE INTERESTS OF PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO ENGAGE AND CONSULT WITH ITS OWN LEGAL COUNSEL IN REVIEWING DOCUMENTS RELATING TO THE FUND.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM NOR ANY SALE OF INTERESTS SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE FUND SINCE THE DATE HEREOF.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON, AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND. ANY STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE GENERAL PARTNER, WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES AND PROJECTIONS.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE GENERAL PARTNER TO BE RELIABLE. THE GENERAL PARTNER AND THE FUND HAVE NOT INDEPENDENTLY VERIFIED ANY SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

EACH INVESTOR THAT ACQUIRES AN INTEREST WILL BECOME SUBJECT TO THE PARTNERSHIP AGREEMENT. IN THE EVENT ANY TERMS OR PROVISIONS OF SUCH PARTNERSHIP AGREEMENT CONFLICT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM, SUCH PARTNERSHIP AGREEMENT SHALL CONTROL.

NOTICE TO ALL PROSPECTIVE INVESTORS:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE INTERESTS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

For Florida Residents Only:

THE SECURITIES BEING OFFERED HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES. IF SALES ARE MADE TO FIVE OR MORE FLORIDA PURCHASERS, EACH SALE IS VOIDABLE BY THE PURCHASER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

For New Hampshire Residents Only:

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A

SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE NEW HAMPSHIRE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER NEW HAMPSHIRE RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE NEW HAMPSHIRE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

For Pennsylvania Residents Only:

EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE THE SECURITIES OFFERED HEREBY HAS A RIGHT TO WITHDRAW HIS, HER OR ITS ACCEPTANCE PURSUANT TO SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 P.S. §1-207(M)). SUCH PERSON MAY ELECT, WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS, HER OR ITS WRITTEN BINDING CONTRACT OF PURCHASE (OR IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT TO PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES), TO WITHDRAW FROM HIS, HER OR ITS PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONIES PAID. SUCH A WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, A LETTER SHOULD BE SENT TO CIVITAS DALLAS ACCESS FUND I, L.P., C/O CIVITAS CAPITAL MANAGEMENT, LLC, 6226 BANDERA AVENUE, SUITE C, DALLAS, TEXAS 75225, INDICATING THE INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY.

For Non-U.S. Residents Only:

NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION OUTSIDE THE UNITED STATES OF AMERICA THAT WOULD PERMIT AN OFFERING OF THESE INTERESTS, OR POSSESSION OR DISTRIBUTION OF OFFERING MATERIAL IN CONNECTION WITH THE ISSUE OF THESE INTERESTS, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IT IS THE RESPONSIBILITY OF ANY PERSON WISHING TO PURCHASE THESE INTERESTS TO SATISFY HIMSELF AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES OF AMERICA IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Memorandum constitute "forward-looking statements" and are subject to a number of significant risks and uncertainties. Any such forward-looking statements contained herein should not be relied upon as predictions of future events. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, intentions or unrealized investment results. Such forward-looking statements are subject to numerous risks and are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may not be realized. In that regard, the matters discussed in this Memorandum or other factors could cause actual results and other matters to differ materially from those in such forward-looking statements. As a result of the foregoing, no assurances can be or are given as to future results of operations or financial condition of the Fund.

DRAFT

DIRECTORY

**Fund
Registered Office**

Civitas Dallas Access Fund I, L.P.
6226 Bandera Avenue
Suite C
Dallas, Texas 75225
U.S.A.

General Partner

Civitas Dallas Access Fund GP I, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225
U.S.A.

Manager

Civitas Capital Management, LLC
6226 Bandera Avenue
Suite C
Dallas, Texas 75225
U.S.A.

Legal Advisor

Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219
U.S.A.

Administrator and Escrow Agent

TBD

Auditors

TBD

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I. SUMMARY OF TERMS

The following is a summary of certain facts about a private placement of limited partner interests in Civitas Dallas Access Fund I, L.P., a Texas limited partnership. For a more detailed description of the information referenced in this summary and a discussion of the risks involved, investors should review the disclosures set forth in this Confidential Private Offering Memorandum (the "**Memorandum**") and the terms in the Amended and Restated Agreement of Limited Partnership of Civitas Dallas Access Fund I, L.P. (the "**Partnership Agreement**"). Terms not otherwise defined herein shall have the meaning set forth in the respective Partnership Agreement.

- The Fund:** Civitas Dallas Access Fund I, L.P., a Texas limited partnership (the "**Fund**").
- The General Partner:** Civitas Dallas Access Fund GP I, LLC, a Texas limited liability company (the "**General Partner**"). The General Partner may appoint an affiliate to perform one or more of the General Partner's responsibilities to the Fund.
- The Manager:** The manager of the Fund is Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**").
- The CDRC:** The City of Dallas Regional Center, a "**Regional Center**" approved by the United States Citizenship and Immigration Service ("**USCIS**").
- Investment Objective:** The Fund's primary investment objective is to generate significant long-term capital appreciation through investments in equity, equity-related, and debt securities and instruments primarily in privately negotiated transactions (each, a "**Portfolio Investment**"). For a more complete description of the investment objectives of the Fund, refer to the section "**Business and Investment Strategy**" above.
- Overview of the Offering:** The General Partner is seeking investors as limited partners of the Fund (the "**Limited Partners**"). The Limited Partners will provide capital contributions ("**Capital Contributions**") to the Fund for purposes of investment.
- Minimum Limited Partner Capital Contribution:** Each Limited Partner will be required to make a Capital Contribution to the Fund in the minimum amount of \$500,000.
- General Partner Commitment:** The General Partner directly or indirectly will make a Capital Contribution to the Fund equal to 0.10% of the aggregate Capital Contributions. The General Partner's Capital Contributions shall be made *pro rata* with all other Capital Contributions of the Partners, subject to such limitation.

**Initial and
Subsequent Closings:**

The General Partner intends to conduct an initial closing during the [_____] quarter of [2009]; *provided*, that at such time the minimum Capital Contributions to the Fund equal or exceed \$10 million at such time (the "*Initial Closing*"). The General Partner will have the sole discretion to admit Limited Partners or permit any existing Limited Partner to increase its Capital Contribution following the Initial Closing, provided that no such admissions and increases shall occur more than 12 months after the Initial Closing (the "*Final Closing*").

**Subsequent
Limited Partners:**

If a Limited Partner is admitted to the Fund after the Initial Closing, such Limited Partner will be required to contribute an amount equal to (i) that Limited Partner's proportionate share of all Capital Contributions of Partners admitted in prior closings (in addition to sums drawn to pay the Management Fee (as defined below) and costs and expenses previously incurred by the Fund, as described herein (including interest owed under Fund Leverage (as defined below)) plus interest thereon at 8% from the date of each applicable funding, less (ii) that Limited Partner's proportionate share of all distributions made to Partners admitted in the prior closings. Such amount may be distributed to the existing Partners if the General Partner so elects. For this purpose, Portfolio Investments will be valued at cost, unless the General Partner, in its sole discretion, determines that there has been a material change or significant event relating specifically to a portfolio company that would justify a different valuation.

Term:

The Fund will wind-down five (5) years from the Initial Closing, subject to an option permitting the General Partner (with the consent of the Advisory Committee) to extend the term for up to two (2) consecutive additional one-year periods for the purpose of liquidating the Fund's Portfolio Investments.

Dissolution:

Dissolution of the Fund may occur upon the written election of the General Partner in its sole discretion to dissolve the Fund or the occurrence of any event which results in the General Partner (or a successor to its business) ceasing to be the general partner of the Fund, or upon a unanimous vote of the Limited Partners.

Upon the occurrence of any of the above events, the General Partner (or a liquidator elected by a majority in interest of the Limited Partners, if the General Partner is unable to perform this function) will be charged with winding up the affairs of the Fund, liquidating their assets to the extent feasible and making liquidating distributions (in cash or in securities or other assets, whether readily or not readily marketable) *pro rata* in accordance with each Partner's percentage interest.

Leverage:

The General Partner may, on behalf of the Fund and/or the Fund, enter into long-term financing arrangements with commercial, private and/or government capital providers ("*Fund Leverage*"). Such Fund Leverage may be used to fund investments in new or existing Portfolio

Investments, pay Fund or Fund expenses, or fund withdrawals from the Fund or Fund. Any such Fund Leverage may be secured by all or any portion of the underlying assets of the Fund, including without limitation, the Fund's interest in the Fund.

Investment Period:

Investments may be made by the Fund at any time prior to the fourth (4th) anniversary of the Initial Closing (the "**Investment Period**"). As of such date, all Partners will be released from any further obligations with respect to their remaining Capital Contributions, except to the extent determined by the General Partner that reservation of such funds is necessary to (i) cover the expenditures of the Fund, including Management Fees and indemnification obligations, and establish reasonably reserves, (ii) complete Portfolio Investments that are in process as of the end of the Investment Period, and (iii) make follow-on investments in prior Portfolio Investments.

Investment Limitations:

In the absence of prior approval of the Advisory Committee, the Manager shall not cause the Fund to make any Portfolio Investment to the extent that such investment would result in greater than 20% of the aggregate Capital Contributions of the Fund being invested in the securities of a single portfolio company.

Capital Calls:

Each Limited Partner will be required to contribute cash (i) to the Fund in the amount of its subscribed Capital Contribution, and (ii) to the Manager, in the amount of its Compliance Fee (as defined below), on the date that it is admitted as a Limited Partner of the Fund (automatically upon approval of I-526 Petition).

Distributions:

The General Partner shall make distributions of Net Cash Flow (as defined below) at such times and in such amounts as it determines. Upon a distribution of Net Cash Flow, and subject to the terms of any Fund Leverage, Net Cash Flow shall be applied by the General Partner initially allocated among all Partners in proportion to their Capital Contributions, subject to the provisions under the heading "*Excuse and Exclusion*" below. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

- (i) *Return of LP Capital: First, 100% to the relevant the Limited Partner until the Limited Partner has received distributions equal, in the aggregate, to the Limited Partner's unreturned Capital Contributions; and*
- (ii) *Profit Sharing: Thereafter, 80% to the Limited Partner and 20% to the General Partner (the amounts attributable to the General Partner under clauses (iii) and (iv) are collectively referred to as, "Carried Interest Distributions").*

"**Net Cash Flow**" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Fund from any source, however realized, including (a) amounts

received as Capital Contributions, (b) amounts received from Portfolio Investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of Portfolio Investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and Transfers, and (ii) the sum of (a) all Fund Expenses then due and owing, (b) the Management Fee (as defined below) then due and owing, and (c) to fund any reserves as may be determined by the General Partner.

Notwithstanding the foregoing, in no event will Net Cash Flow be distributed to a Limited Partner if the result would cause a violation of EB-5 Program rules, or otherwise jeopardize the Visa Process.

In-Kind Distributions:

At the discretion of the General Partner, certain marketable securities may be distributed to the Partners prior to the liquidation of the Fund. Upon liquidation and as provided under "**Term**" above, distributions may be made in-kind on a *pro rata* basis.

GP Clawback:

Upon termination of the Fund, the General Partner will be required to return Carried Interest Distributions to the Fund to the extent that they exceed amounts that would have been distributed to the General Partner as Carried Interest Distributions if such Carried Interest Distributions were calculated on an aggregate basis covering all transactions of the Fund. In no event will the General Partner's clawback obligation exceed the cumulative after-tax (calculated at the highest applicable marginal tax rates) amount of previous Carried Interest Distributions paid to the General Partner.

Allocations of Profits and Losses:

Profits and losses of the Fund will be allocated among the Partners in a manner consistent with the foregoing distribution provisions and the requirements of the Internal Revenue Code of 1986, as it may be amended from time to time (the "**Code**").

Compliance Fee:

As consideration for the costs of compliance with Immigration Regulations, each Limited Partner will be required to pay to the Manager an amount equal to seven and one-half percent (7.5%) of each \$500,000 of capital contributed by a Limited Partner (the "**Compliance Fee**").

Management Fee:

As compensation for services rendered to the Fund, the Manager will be paid by the Fund an annual management fee ("**Management Fee**"), calculated and paid quarterly in advance. The Management Fee shall equal (i) 2.00% per annum *times* (ii) the aggregate Capital Contributions of the Fund's Limited Partners. For those Limited Partners admitted after the Initial Closing, their allocable portion of the Management Fee will be calculated as though such Limited Partner was admitted at the Initial Closing. The Management Fee will be paid out of the cash flows

from fund activities or accumulate until sufficient cash flows exist to pay Management Fee.

Fees and Third Party Expenses:

Any third party expenses relating to consummated Portfolio Investments will be charged to the portfolio company or, if not, will be paid by the Fund and included in the cost of the Portfolio Investment. Third party expenses relating to unconsummated investments ("*Broken Deal Expenses*") will be borne by the Fund.

Fund Expenses:

The General Partner and the Manager will pay all of their own ordinary administrative and overhead expenses in managing the Fund's Portfolio Investments, including salaries, benefits and rent.

Except as noted above, the Fund will pay all other expenses attributable to the activities of the Fund (the "*Fund Expenses*"), including but not limited to: fees, costs, and expenses related to the purchase and sale of Portfolio Investments; transaction costs and finance charges, expenses for custodians, outside counsel, administrators and accountants; any insurance or litigation expenses; and any taxes, fees, or other governmental charges levied against the Fund.

Sponsor Fees:

Civitas is an existing operating platform, with a range of management activities. It will carry out its obligations to the Fund as an integrated part of the Civitas business strategy, and not to the exclusion of it. As a result, Civitas' role in transactions in which the Fund is participating may be both that of overall arranger and sponsor, as well as Manager to the Fund in connection with the Fund's investment in such transactions. Consequently, Civitas and the capital providers it identifies may invest alongside the Fund, and may receive various forms of compensation and fees in connection therewith, including directors' fees, advisory fees, consulting fees, monitoring fees, brokers' and finders' fees, transaction fees, and investment banking fees ("*Sponsor Fees*").

Sponsor Fees are typically paid out of proceeds of the transaction arranged by Civitas, and agreed to in advance by the applicable portfolio company and the other co-investors and capital participants in the transaction. All Sponsor Fees will be retained by Civitas in its individual capacity.

Investment Committee:

The Manager shall form an investment committee to oversee the sourcing, diligence and approval of Portfolio Investments (the "*Investment Committee*"). The Investment Committee will be made up of the Principals, and other individuals appointed by the Principals.

No fees will be paid to the members of the Investment Committee for serving specifically in such capacity, although the Fund will pay all reasonable expenses associated with the Investment Committee's meetings and of the members attending them.

Advisory Committee:

The Manager shall form an advisory committee of at least three (3) persons selected by the Manager (the "*Advisory Committee*"). The Advisory Committee is expected to meet with the General Partner on at least an annual basis to consider and comment on such matters as the financial statements and appraisal reports of the Fund, the status of outstanding investments, and the economic and financial trends and conditions affecting investments generally, certain investments, valuations, and those other matters relating to the business of the Fund, including the resolution of conflicts of interest, as the Manager may determine or as any member of the Advisory Committee may reasonably propose to the Manager, from time to time. The Advisory Committee is generally expected to consult on matters concerning the waiver of investment restrictions and conflicts of interest.

No fees will be paid to the members of the Advisory Committee for serving specifically in such capacity, although the Fund will pay all reasonable expenses associated with the Advisory Committee's meetings and of the members attending them.

Transfer of Interests:

No Limited Partner will be permitted to withdraw from the Fund or to withdraw a portion of its capital account. A Limited Partner may not assign, sell, exchange or transfer its interest in the Fund without the consent of the General Partner (which consent may not be unreasonably withheld), except that certain assignments by operation of law will be permitted; *provided*, that no such assignee will be admitted as a substitute Limited Partner without the consent of the General Partner (which consent may be given or withheld in its sole discretion).

Withdrawal:

A Limited Partner may not voluntarily withdraw any amount from the Fund.

Indemnification:

The General Partner, the Manager, the Advisory Committee and their respective partners, officers, directors, employees, agents, stockholders, members and other affiliates (in each case, an "*Indemnitee*") will not be liable to the Fund or to the Limited Partners for (i) any act performed or omission made by it in the absence of its own fraud, willful misconduct or gross negligence, or (ii) losses due to the negligence of brokers or other agents of the Fund. The Fund will indemnify each Indemnitee for any loss, damage or expense incurred by such Indemnitee on behalf of the Fund or in furtherance of the interest of the Partners or otherwise arising out of or in connection with the Fund or the business of the Fund, except for losses arising from such Indemnitee's own fraud, willful misconduct or gross negligence. Limited Partners will not be individually obligated with respect to such indemnification beyond their respective Capital Contributions. The General Partner may cause the Fund to purchase, at the Fund's expense, insurance to cover the General Partner, the Manager or any other Indemnitee against liability for any breach or alleged breach of their fiduciary or similar responsibilities.

Tax Considerations:

Limited Partners are encouraged to consult their advisors concerning the U.S. federal, state, local and foreign tax consequences of an investment

in the Fund. See "Regulatory and Tax Considerations" for additional information.

Side Agreements

The General Partner may, from time to time, amend, vary, waive, or modify terms of the Partnership Agreement as the same pertain solely to a particular Limited Partner, and no such amendment, variation, waiver, or modification shall require the consent of any other Limited Partner; *provided, however*, under no circumstances may the General Partner and a particular Limited Partner make any amendment, variation, waiver, or modification that would reasonably be expected to have a material adverse effect upon any other Limited Partner.

Reports:

Annual Reports

Within ninety (90) days of the end of the Fund's fiscal year, the General Partner will provide: (a) audited (in accordance with U.S. GAAP) consolidated annual financial statements consisting of a balance sheet, income statement and statement of cash flows ("**Financial Statements**") of the Fund; (b) certified Financial Statements of each Portfolio Company (as defined in the Partnership Agreement), if any, and (c) a performance assessment for each Portfolio Investment.

Quarterly Reports

Within forty five (45) days of the end of each fiscal quarter, the General Partner will provide: (a) unaudited, consolidated Financial Statements of the Fund, prepared in accordance with U.S. GAAP; and (b) an investment activity report, indicating Portfolio Investments made and realized, specifying for each such investment the relevant industry and country and, as appropriate, size of new investment or return on realized investment, and a brief narrative description of other material events affecting the Fund and its investments during the quarter.

Risk Factors and Conflicts of Interest:

An investment in the Fund involves certain risks and potential conflicts of interest, which are described in more detail below. See "**Risk Factors and Potential Conflicts of Interest**" below.

Legal Counsel:

Haynes and Boone, LLP

Auditors:

TBD

Subscription Matters:

Persons interested in investing in the Fund are required to complete and return to the General Partner the subscription documents for the Fund, a copy of which will be made available to each prospective investor. Subscriptions may be rejected in whole or in part in the General Partner's sole discretion. All persons interested in investing in the Fund must attest that they are accredited investors under the Securities Act of 1933, as amended.

II. FUND SUMMARY

Overview

Civitas Dallas Access Fund I, L.P., a Texas limited partnership (the "*Fund*"), is being organized by Civitas Dallas Access GP I, LLC, a Texas limited liability company (the "*General Partner*"), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the "*Manager*"). The Fund is being established to make private equity investments in small and middle-market business buyouts, non-control recapitalizations and growth opportunities. The Fund's investments will generally take the form of second-lien or subordinated debt, preferred and common equity investments and co-investments (collectively, "*Portfolio Investments*") in opportunities that are organized by the Manager or a select group of leading institutional private equity firms, with a focus limited to the "Regional Center" designated by the United States Citizenship and Immigration Service ("*USCIS*") as the City of Dallas Regional Center ("*CDRC*"). It is expected that the Fund's capital will be used to make approximately seven to ten separate investments. The Fund is seeking capital commitments of between [\$25] million and [\$75] million and will target a gross annual rate of return on investments ("*IRR*") of approximately 10%.

The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to the United States by making a qualifying investment through a "*Regional Center*" approved under the USCIS' Foreign Trader, Investor and Regional Center Program (the "*EB-5 Program*"). The Fund is targeting a double-bottom line return, one that delivers a fair return on invested capital, but also affords investors lawful, permanent resident status subject to the investor's compliance with the requirements of the USCIS and EB-5 Program. The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of *either* direct or indirect jobs. The approval of the CDRC under the EB-5 Program is attached as *Appendix A*.

Evidence supporting the calculation of direct and indirect jobs is demonstrated by utilizing the ImPlan 2.0 Software Program, a statistical modeling system employed to forecast the relationship between economic development and job creation. USCIS has already deemed ImPlan 2.0 an acceptable modeling system for the purposes of the regional center program. Every investment proposed by the Manager will, at a minimum, be projected to meet the job requirements of the EB-5 Program by calculating the total number of direct and indirect jobs resulting from the investment based on the ImPlan 2.0 Software Models for specific industry sectors.

Fund Highlights

Diversified Strategy

- Diversified investment partnership compliant with EB-5 job creation requirements, not a single-purpose investment entity
- Gross IRR target of not less than 10%
- Targeting seven to ten investments
- Significant direct job creation component not found in many other Regional Center models

Manager's Experience

- Core team has over 30 years' experience as private equity principals and advisors

- Manager's strategy involves strategic clustering of complimentary businesses to build value in the partnership
- The Manager focuses heavily on compliance, monitoring, reporting, and post-investment support to portfolio companies and its investors
- The Principals (as defined below) have completed over US\$30 billion in relevant transactions both as advisors and principals

Investment Advantage from Proprietary Deal Flow

- City of Dallas partnership with the CDRC generates significant, non-auction transaction opportunities
- The Principals' vast network of bankers, investment advisors, attorneys, accountants, entrepreneurs, politicians and so forth give it access to opportunities that are not widely available in the market
- CDRC-only strategy allows for strategic placement of capital and the ability to increase value by attracting additional investment from third-parties.

General Investment Criteria

The Fund's general investment criteria will focus on non-control participations or purchases of controlling interests in very select growth oriented businesses which are typically distinguished by exceptional management teams as proven by their positive operating histories.

Geography: Limited to CDRC

Size: Business enterprise values ranging from \$5 million to \$250 million

Transaction: Debt and equity placements, buyouts, recapitalizations and select high growth opportunities

- Business:*
- High IT Use Service Industries: Finance, Accounting, Distribution and Healthcare, etc.
 - Pre-Fabricated Building Materials: Fabricated structural metal, window and door manufacturing, wood kitchen cabinet and counter-top manufacturing, etc.
 - Media: Converging content; Spanish-language markets, motion picture and video production, motion picture theatres, etc.
 - Food Processing and Distribution: Milk, baking and snack foods, etc.
 - Instrument Manufacturing: Electronic measuring/testing, navigation and guidance instruments, etc.
 - Ancillary Service Businesses: Manufacturing, value added distribution and product centric or recurring contract service businesses serving commercial, industrial and consumer markets
 - Hospitality: Hotels, motels, and similar hospitality venues

- Housing: Certain new, multi-family or similar housing developments
- Commercial and Industrial Building Construction: Development of structures that support commercial and industrial business development and expansion

Profile: Scalable businesses with untapped growth potential

Economics: High profit margins, low capital intensity and efficient working capital utilization

Although the Manager will have complete discretion in the final determination of the assets in which the Fund invests, the Manager will consult with the Investment Committee (as defined below) in exercising such discretion in accordance with the Fund's policies and procedures described in the Partnership Agreement.

Consistent Investment Plan with a History of Success

The Principals have a considerable history of investing in growth-oriented, middle-market businesses that are identified, selected and individually contacted through the Principal's own network and origination process. The Principals have separate histories of private business ownership and equity investment dating back to the early 1990's, and have worked alongside an exclusive group of institutional private equity firms. Past transactions have been structured to include larger institutional private equity investors as the majority equity capital providers.

The Fund will seek to invest in companies that the Manager and General Partner identify as having a strong financial and business model, experienced management, and the potential for substantial capital appreciation.

The Manager's objective is to generate long-term value for the Fund by continuing to follow a process that has provided significant investment success in the past, by:

- **Creating value throughout the Investment Cycle**
 - Employing the Manager's unique process for generating superior deal flow which consists largely of self originated non-auction investment opportunities
 - Performing intensive financial and legal due diligence utilizing proprietary screening criteria
 - Effecting favorable capital structures
 - Actively managing investments in conjunction with portfolio company management
 - Governing investments to ensure timely and optimally-priced exits
- Leveraging the investment acumen and resources of the Fund with complementary expertise from Manager's institutional private equity co-investment partners
- Strategically targeting small to middle-market investment opportunities in the CDRC
- Creating jobs, both direct and indirect, in a scale more than sufficient to meet EB-5 Program requirements

Market Opportunity

Since the early 1980's private equity evolved from a relatively obscure, to a mainstream, investment asset class. Today, private equity occupies a central role among alternative investments and is often a leading source of portfolio yield for institutional investors. The main factor driving the consistent growth in capital committed to the private equity industry by institutional investors such as pension funds, foundations, and insurance companies has been the unique ability of the asset class to deliver returns that far exceed other alternative classes. According to performance tracking from Prequin Private Equity Intelligence, in the 15-year period between 1990 and 2005, private equity IRR's averaged 17.9% across all funds reporting with a high of 31% and a low of 7% for any single year.

While the growth in invested capital and the expanding number of funds has brought with it added competition and complexity to the marketplace, there is good reason to believe that the asset class will continue to perform well. Notably, significant evidence exists to suggest that funds launched in years that coincide with economic downturns realize the highest overall returns. History offers many examples of exceptional returns being realized from investment strategies that seek to deploy capital during economic low points and sell once an expansionary period is established.

The Principals view the current economic circumstances as ideal for establishing a fund that leverages not only the platform they have developed through decades of work, but also the uniquely advantageous pricing environment that presently exists in the marketplace. *It is important to note that a prompt closing is essential in order to best position the Fund within the market cycle.*

The Manager's Platform

The Manager brings to the Fund a proprietary platform through which it is able to source investment opportunities on a non-auction basis as a result of its network and status as the manager of the CDRC. While the Principals' process has performed well over multiple positive and negative business cycles, the present economic cycle creates an environment in which their process becomes even more valuable, and important, to the investment sourcing and screening process. The Principals believe that their origination process provides a measureable advantage in creating superior returns for investors, and will afford investors in the Fund access to this process, in addition to the many opportunities naturally presented to the Manager through its valued network of corporate executives, intermediaries, lawyers, accountants, and numerous other professional relationships carefully developed and maintained over decades in the industry.

The City of Dallas Regional Center

Geographic Focus of the Dallas Regional Center (DRC): The City of Dallas

The CDRC will focus EB-5 investor funds solely on companies and projects located within the geographic limits of the City of Dallas. (See Figure 1). Dallas is the largest city in the Dallas-Fort Worth Metropolitan Statistical Area (MSA), which is the fourth largest MSA in the United States. The DFW MSA has a population of approximately 6 million, and the City of Dallas's population is 1.28 million.

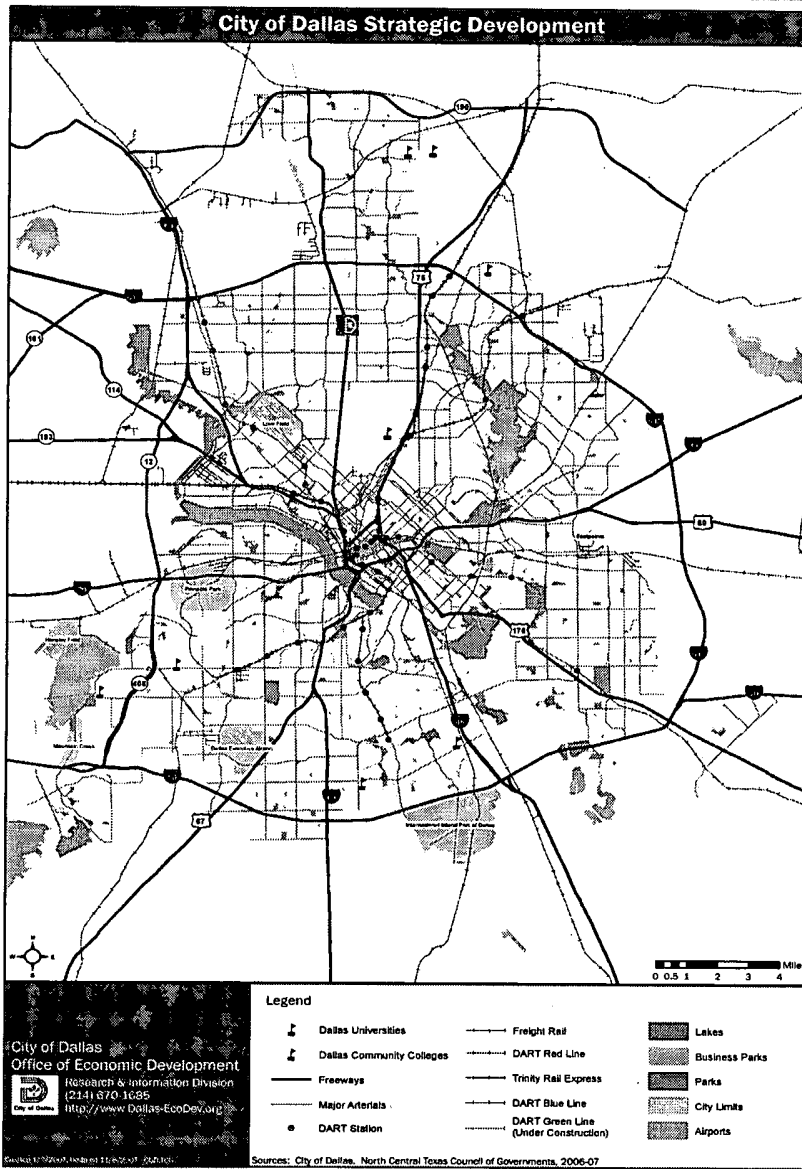
The CDRC and the Dallas Strategic Economic Development Plan to Promote Economic Growth and Create Jobs

In February 2005, the Dallas City Council formally re-affirmed that economic development is a major priority of city government. Council's action followed the report of McKinsey & Co., which had assessed the strengths and weaknesses of the city's economic development programs. The McKinsey

report recommended changes to our entire approach to economic development, and the formation of a Stakeholders Task Force (STF) to implement those changes.

In May 2005, the STF articulated the need for Dallas to organize its efforts around a single, widely accepted vision for economic development; to create a rational, transparent and proactive process; and to focus our efforts on Downtown Dallas and Southern Dallas. Stakeholders and City of Dallas Office of Economic Development (OED) staff agreed on three general objectives for the city's renewed economic development effort: (a) economic growth; (b) increasing economic opportunities for residents; and (c) maintaining a stable revenue base to support City services.

Figure 1. Strategic Development Map of the City of Dallas



OED staff was tasked with conducting the economic research and developing the fact-based evidence upon which the city's economic development efforts would henceforth be rationally based. OED's research identified the weaknesses of past economic development policies and laid out recommendations for the way forward.

The result was the September 2005 report, *Strategic Engagement: Dallas' Economic Development Plan*. This Plan's vision for Dallas is that it "will become a diverse, vibrant, urban City that works and builds on its core strengths." Based on sound economic and business research, the plan calls for Dallas to be:

- A City that is **Strategically Engaged** in economic development, that works effectively with the business community to overcome obstacles to growth and that markets itself locally, nationally and globally.
- A **Business-Friendly City** that effectively leverages its strengths in technology, medicine and logistics and becomes a destination of choice for entrepreneurial activity.
- A City with a **Dynamic and Expanded Center-City Economy** with a revived, dense residential downtown connected to thriving urban housing, office and retail developments throughout Central Dallas.
- A City of **Balanced Growth and Development Opportunities** where past neglect of the Southern Sector is overcome and the full economic potential of this vast land area and the entire City are realized.
- A **City of Great Neighborhoods** serving a spectrum of household types and needs and supporting urban and suburban centers, parks, transit and libraries.

What is Different about Strategic Engagement?

For the first time, the City of Dallas' plan for economic development requires that economic development become a *continuous process*, rather than a disconnected collection of activities and reactive deal making. Second, *Strategic Engagement* is *fact-based and adaptive*: our economic development plan recognizes that Dallas' economy is changing; that the City is maturing and that global economic currents will continue to shape the local economic landscape. What may have worked reasonably well in the past, at least for parts of Dallas, won't work for the Dallas of today. Third, the plan identifies and builds on Dallas' considerable economic strengths to *leverage new economic opportunities* for all its citizens. Through the approach set forth in *Strategic Engagement*, Dallas intends to remain the focal point of the North Texas regional economy and to secure Dallas' potential role as a world city.

Based on Dallas' evolving role in the local and global economies, its current development strategy may be summed up as follows:

- Build on Dallas' assets to create a vital center city serving the region's need for an urban focal point.
- Invest in catalyst projects within Southern Dallas so it capitalizes on its unique global trade potential.
- Support redevelopment in retail and business centers throughout the City to maintain Dallas' stable single-family neighborhoods.

The CDRC has been designed to comport with the Dallas economic development process set forth in *Strategic Engagement*; will integrate well with the Dallas economy's existing strengths; and that aligns closely with the priority industries and catalyst projects that the OED's research has identified. The Principals believe the CDRC will be successful because it is built around Dallas' unique economic attributes and advantages.

Following is a summary of the main research findings concerning the recent evolution of Dallas' economy.

The New Dallas

As *Strategic Engagement* notes, Dallas has changed. During the past 50 years, Dallas has grown from a small servicing center for the productive North Texas prairie farms to the ninth largest city in America. It is now the cultural and economic core of the internationally important DFW Metroplex – the nation's fourth most populous Metropolitan Statistical Area. The City is home to over 1.2 million residents and to over 71,000 businesses that employ over 1 million people. If viewed as a state, Dallas' gross product, \$97 billion, would place the City 33rd between Kansas (\$99.1 billion) and Utah (\$82.4 billion). Dallas would rank 61st in the world, about the same size as New Zealand. Through its 175 year history, Dallas has played many roles: agricultural service center, regional business and manufacturing hub, transportation nexus, and most recently, Sunbelt boomtown. What Dallas is becoming today will affect its development prospects tomorrow.

Dallas is maturing into a diverse urban city with a fixed land area. Dallas has no majority racial group nor is it dependent on any single industry. With continued regional housing and employment sprawl outside city limits, Dallas proper constitutes an ever-shrinking share of the North Texas metropolitan geography. For the purposes of economic development strategy, OED research found that six changes are most significant:

Old Assumption: Dallas benefits by being a low-cost Sunbelt destination that automatically out-competes the Rust Belt.

New Reality: Dallas is a maturing central city, not a Sunbelt boomtown.

Like other Sunbelt leaders, Dallas has grown into a sprawling metropolitan area that is now relatively less competitive because of: a new group of aggressive second tier cities (e.g., Austin, Las Vegas and Charlotte); cost and educational improvements in developing countries; and improved productivity in older U.S. manufacturing areas. Today, suburbs receive the benefits of sprawl growth in North Texas, leaving Dallas to cope with housing, infrastructure, crime and educational services.

By design, the CDRC will provide new investment capital, coupled with existing City of Dallas public/private incentive programs, to leverage Dallas as a competitive, metropolitan hub for regional, national and international trade in goods and services, and to attract and expand the firms that service that trade.

Old Assumption: Economic development and Dallas' vitality are defined by "big" business announcements and corporate relocations.

New Reality: Economic vitality is now more a function of small and existing business growth as well as a steady supply of newly founded businesses.

Existing businesses account for 85% of new jobs. Small businesses account for 75% of net new hires. Large corporate relocations make headlines but are insufficient to drive a metropolitan economy. Often, relocating corporations seek to shore up their already mature business model and do not represent large future growth prospects. Many headquarters relocations involve small administrative staffs, which bring prestige, but little actual economic growth. In contrast, newly founded businesses are aligned with current business processes and technology and are more likely to represent the rare, innovative firm that grows into a truly large business. Dallas does have some of these firms, like Texas Instruments, but it must grow more of them.

In partnership with the OED, the CDRC will identify and invest immigrant capital in such firms, focusing on industries in which Dallas already has a competitive advantage according to OED studies.

Old Assumption: Northern Dallas, as the business center, carries the City's economy while Southern Dallas plays a support and maintenance role.

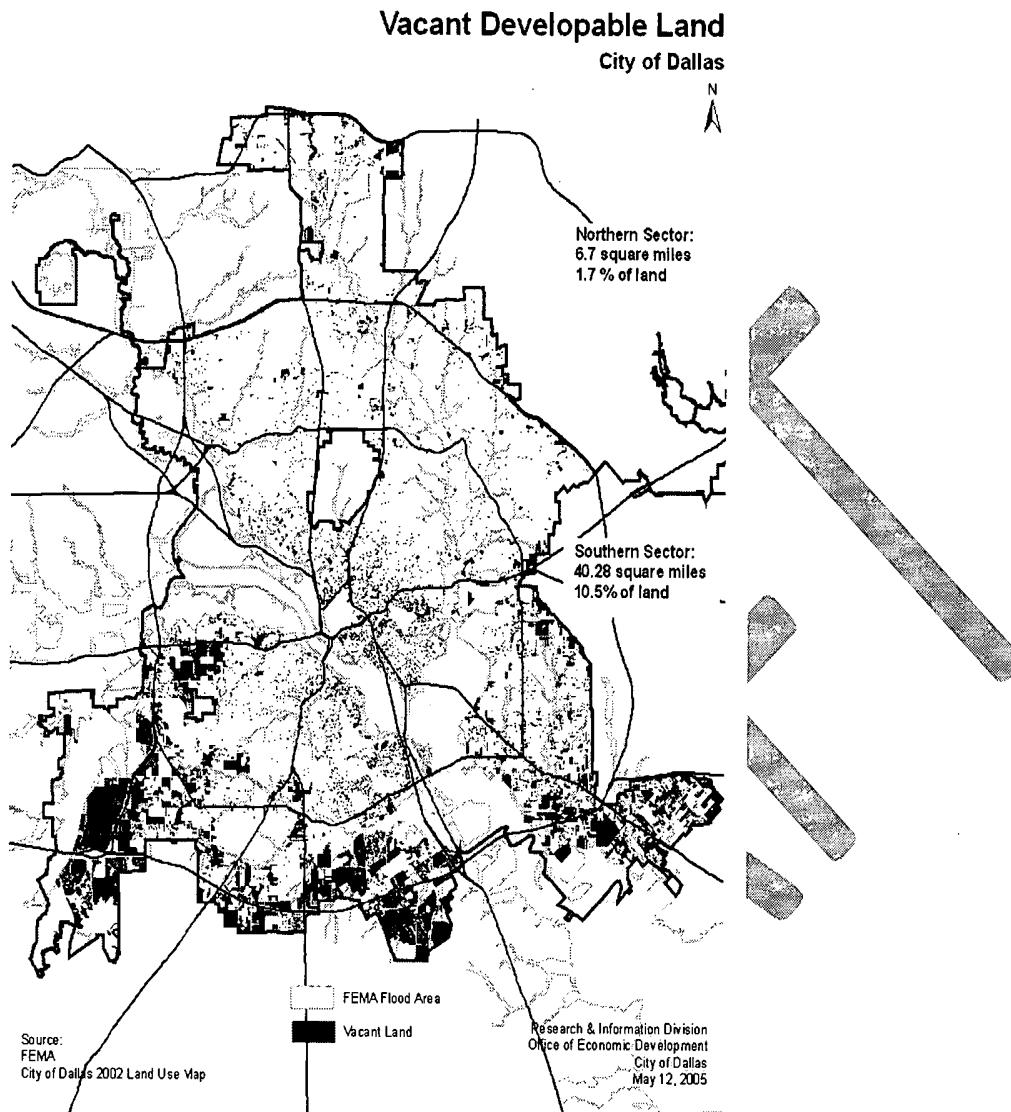
New Reality: Northern Dallas development options are now limited and redevelopment is needed in many areas. Southern Dallas has the majority of the City's developable land, but must be positioned to carry a larger share of the economic burden.

High-end office, retail and residential development has flourished in the city's northern areas, while support facilities (landfills, water treatment plants) and low-end industries gravitated south. This historic land use pattern left a legacy of development roadblocks that must now be removed. Positioning the multiple Southern Dallas communities for growth is essential since 79% of the City's developable vacant land remains in Southern Dallas. *Figure 2* reveals the current imbalance of development opportunities in North and South.

The CDRC, aligned with other City of Dallas economic development incentive programs, will play a key role in overcoming this intra-city imbalance. It will do so by providing immigrant capital to firms that can take advantage of Southern Dallas' relatively lower cost land, excellent existing and under-construction transportation infrastructure and available workforce.

DRAFT

Figure 2. City of Dallas Vacant Developable Land



Old Assumption: Corporate Dallas' prosperity depends on local growth and development.

New Reality: Corporate Dallas' livelihood depends on global cycles, competition and technology change.

Once, the leading corporations in the City owed their prosperity to local growth and development. These businesses included banks, grocers, utilities, media and real estate firms. Today, the leading firms in Dallas, large and small, are multinational and compete with other global companies for market share and must respond to their shareholders when they make investment and employment decisions. Future success depends on Dallas' ability to create an environment for higher value-added business processes and jobs.

The CDRC will support economic development and job creation by its focus on identifying and investing in such value-added businesses, within the industries and sectors where Dallas already has a competitive advantage.

Old Assumption: What is good for North Texas is good for Dallas. (Dallas gets a share of regional growth because of its business legacy and because it is the largest business center.)

New Reality: What is good for some North Texas cities is not necessarily good for Dallas, but what is good for Dallas also benefits the North Texas Region.

Newly competitive suburbs with state-approved development finance tools and modern business parks complicate the regional site selection process. A business investment in North Texas is not necessarily a win for Dallas. Yet, the long-term health and vitality of North Texas depends on a healthy Dallas. Why? **Because metropolitan areas with growing central cities grow faster than metropolitan areas with depressed central cities.** Dallas matters to the region because it is the image of the region in the minds of most outside investors. More practically, Dallas is the nexus of all major infrastructure networks that supply many suburban businesses.

The CDRC will focus private investment on Dallas' advantage in infrastructure networks and related catalyst projects, such as the Transit-Oriented Development projects associated with the expanding DART light rail system, and with the International Inland Port of Dallas (IIPOD).

Old Assumption: Dallas is a homogeneous city.

New Reality: Dallas is a non-majority city and is becoming a city with a younger population less prepared for middle class participation.

In the past, decisions about economic development were made as if the City were homogeneous. Today, Dallas' diversity makes governance more complicated. Our city is home to an increasingly younger population with a higher percentage of immigrants. Lack of well-paying, entry-level jobs hinders upward mobility and a reinvigoration of the middle class by these new citizens. Recent out-migrants have been replaced by in-migrants who are generally younger and less affluent than the residents they replaced. The CDRC, in partnership with City of Dallas development incentive programs, will play an essential role in creating the kinds of permanent jobs that will support upward mobility for Dallas' diverse and growing population.

The CDRC and the New Economic Development Policy:

Beyond these long-term changes in Dallas' economy, the City recognizes that it had a "legacy" economic development policy that was no longer capable of promoting long-term economic growth. At the same time, the City believes it is completely within its power to address many of these challenges, and since 2005, it has begun to do so, with measurable results. As is described more fully below, the CDRC will integrate its investment activities closely with the City's new development policy and with its existing public/private development incentive programs, creating an additional increment of growth and expansion of employment, over and above what would be expected without this new capital formation and investment initiative.

Through strategic engagement since 2005, Dallas has crafted a new economic development policy that builds on its identified and quite considerable strengths. To implement the new policy, the city has re-organized its OED to function along geographic and service lines. Each geographic area is staffed by a project manager, who coordinates development projects and acts as the primary contact and problem solver for the client. These project managers draw upon the specialized skills and tools available in the service areas. The service area staff consists of specialists who drive project and program development, in addition to supporting the geographic teams.

OED Has Three Geographic Focus Areas:

- **Southern Dallas**

Southern Dallas is generally defined as being the part of the City, south of a line (moving from West to East) that includes the Trinity River until it passes beneath I-30 and that follows I-30 to the eastern border of the City. It includes a 196 square miles and is home to 500,000 residents – roughly four in ten residents of Dallas.

- **Central Dallas**

Central Dallas, for the purposes of the strategic plan implementation process, includes the neighborhoods within approximately 1.5 miles of the freeway loop surrounding the CBD. Most activity of OED will focus on the traditional downtown within the loop and the immediately surrounding neighborhoods.

- **International Markets**

The international market includes jurisdictions outside the U.S., with primary focus on Asia, Latin America and Canada.

OED Has Seven Service Functions:

- **Area Redevelopment**

This division uses Tax Increment Financing Districts (TIFs) and Public Improvement Districts (PIDs) to enhance infrastructure and services for neighborhoods. Financial contributions available through TIFs and PIDs make development projects financially feasible, enhance basic infrastructure and services, and encourage developers to invest in neighborhoods. The result is increased property values for residential and commercial properties.

- **New Business Development**

The new business development division includes four service areas: Business Expansion and Retention (BEAR); small business and entrepreneurship, marketing and retail/industrial.

- **Business Expansion and Retention (BEAR)**

BEAR focuses its efforts on maintaining channels of communication with existing Dallas firms to identify barriers to business growth before they lead to employment losses and disinvestment. BEAR also works to help firms expand their Dallas operations.

- **Small Business and Entrepreneurship**

This division works with entrepreneurs, neighborhood associations and community-based organizations to improve economic conditions and neighborhoods around the City. Entrepreneurs and small businesses can obtain referrals to appropriate technical assistance providers, lending institutions and other small business programs. The division also oversees: service contracts funded by Community Development Block Grant (CDBG) funds with Dallas' seven Business Assistance Centers, a revolving loan program administered by the Southern Dallas Development Corporation and neighborhood development projects.

- **Marketing**

Marketing supports efforts to promote Dallas' economic development vision through branding and promotional efforts and supports targeted marketing recruitment of priority industry clusters domestically and internationally.

- **Retail and Industrial Development**

Retail and industrial development focuses on identifying sites for development or redevelopment and works to secure private sector partners to develop those sites.

- **Research and Information**

The Research and Information Division provides internal and external decision-makers with accurate and pertinent information through the systematic assembly, recording, analysis and presentation of factual data. The division focuses on economic and fiscal impact analysis, marketing, retail and industrial development and performance evaluation research. It also maintains GIS-based datasets on development activity, economic statistics and real estate.

The OED area and service teams interact closely with other City service areas, including Housing, Public Works and Transportation, Water Utilities, Development Services, Parks and Recreation, Police, and Convention and Event Services. OED thus has the expertise, the organization and the informational resources to launch the CDRC as an effective element of Dallas' economic development plan and to partner with it effectively.

The CDRC Will Integrate with the Dallas Economic Development Plan to Promote Growth, Improve Productivity and Create Jobs for Dallas Citizens

The City of Dallas OED recognizes that the key concept in economic development today is how the locality adds value to the firm. In particular, some industries bring more benefit to a community than others, because they more closely match local work force, infrastructure and technology assets. Well-adapted industries will grow faster and invest more. This means the City of Dallas OED and CDRC must focus its resources on the industries that will best fit Dallas and deliver the greatest return on economic development resources. The CDRC, therefore, is designed around *strategic industry targets* whose needs can be addressed by all of OED's economic development services.

To identify a set of industries that can prosper in Dallas and maximize the return on economic development resources, OED completed in 2006 an extensive analysis of the Dallas economy and the national and international prospects of approximately 250 industries.

From this analysis, five strategic industry targets were originally identified:

- **High IT Use Service Industries:** Finance, Accounting, Distribution and Healthcare (3,332 firms concentrated in accounting, payroll and finance)
- **Pre-Fabricated Building Materials** (155 firms concentrated in fabricated structural metal, window and door manufacturing, wood kitchen cabinet and counter-top manufacturing)
- **Media** (Converging content; non-English-language markets) (840 firms concentrated in advertising motion picture and video production)
- **Food Processing and Distribution** (162 firms concentrated in milk, baking and snack foods)
- **Instrument Manufacturing** (101 firms concentrated in electronic measuring/testing, navigation and guidance instruments)

According to OED research, each of these five industries or sectors is an existing Dallas strength. There is a recognized path from each into next generation products and services. They all have better than average employment and output prospects. Perhaps most importantly, this list of target industries does not follow fads: it is a unique list for the unique economy of Dallas.

Since OED's original 2005 studies and selection of the five industries named above, OED has refined and added to the industries targeted for development, based on opportunities that have emerged recently. The primary additions and changes include the following:

- **Logistics** has been broken out of the "High IT Use" group, because it is an independent, and prominent focus of trade development activities;
- OED re-named Pre-Fabricated Building Materials to **Advanced Building Components and Systems Constituent Industries**, because the original name suggested mobile home manufacture. The actual industries included in this group are environmental controls, lighting fixtures, structural components and ornamental components.
- OED also added a **Transportation Equipment & Assembly** target.

OED's original studies produced maps of the current distribution of firms in these industries, and it is clear that they are not all located in areas of Dallas where economic development is most needed. The Manager will work closely with OED's service teams involved in recruitment, retention and expansion to create the essential business case to attract, retain and expand firms in these industries, in the areas where development is most needed.

The OED takes a layered approach to delivering economic development services focused on these target industries. The base of our approach consists of three elements: (1) stabilization, meaning retaining the firms Dallas already has in these industries; (2) customer responsiveness, meaning delivering the incentives, the information and the services that these firms need to grow or relocate in Dallas; and (3) growing the next generation of entrepreneurial companies that will expand economic opportunities for the citizens of Dallas. The second layer is strengthening existing dominant industries. Finally, OED recruits firms to selectively expand the industry mix.

The CDRC will integrate closely with the OED's focus on delivering services to these priority industries, coupling EB-5 investors' capital with OED tax and other business development incentives. In doing so, the CDRC will align with the city's strong commitment to development and redevelopment in Southern Dallas. That commitment has already yielded major improvements, outlined below, and the CDRC will bring much needed additional capital to firms and projects in this major growth area.

Catalyst Projects to "Springboard" Development in Southern Dallas

Since 1989, the Dallas City Council has approved 129 Public-Private Partnership projects in southern Dallas, with an associated direct impact of \$1.14 billion in private investment and 20,101 jobs. For example:

- Cedars and Oak Cliff Gateway TIF districts, formed in 1992, provided \$12 million in public investment and leveraged \$317 million in private investment and over 1,850 residential units completed, under construction or planned.
- Three new TIF districts have been created since 2005 (Grand Park South, (2005), Fort Worth Avenue (2007), Davis Garden District (2007)).
- \$1.026 billion from the 1998, 2003 and 2006 bond programs have been invested or committed for southern Dallas infrastructure projects.
- Three new southern Dallas business parks have been created since 1998 (Pinnacle Park, Mountain Creek and Dallas Logistics Hub) creating over 7 million sq. ft. of industrial space, 700,000 sq. ft. of retail space, 100,000 sq. ft. of office space, 532 apartments and 6,500 jobs.

- Annual new construction building permit value has increased 586% since 2000.
- Since 2000, real property values in southern Dallas have increased by \$5.6 billion or 50.5%.

These statistics offer an overview of the range and impact of the City's current suite of economic development tools that will be available for investment in the CDRC.

For example, the City of Dallas offers a 90%, ten-year abatement of tax on the added real estate value for firms that locate in Southern Dallas Enterprise Zones, and that either create or retain 25 jobs, or invest a minimum of \$1 million. Clearly a Fund-sourced investment could leverage the tax abatement and other incentives to make a much stronger business case for a firm's expansion or relocation.

Following are some examples of the catalyst projects now underway, where OED sees the CDRC and Fund playing this role:

Transit-Oriented Development (TOD)

While much has been achieved in the past ten years, much remains to be done to achieve a more balanced development pattern in Dallas. In addition, the southern sector has the greatest potential for new greenfield developments as well as large in-fill opportunities.

Southern Dallas neighborhoods consist of a mix of mature suburban communities set amid the majority of the City's remaining undeveloped land. In the established neighborhoods, the City's land use plan calls for a number of transit-oriented developments to add density and provide retail services to this badly-under-retailed sector of Dallas.

The Dallas Area Rapid Transit (DART) system currently includes 30 light rail and commuter rail stations. These facilities are already attracting dense, mixed use development projects including Mockingbird Station, Cityplace/West Village, Cedars, Park Lane Place, Walnut Hill and several downtown stations.

DART is currently building a third light rail line that will run from the northwestern edge of Dallas through downtown and continuing to the southeast Dallas neighborhoods. The Green Line, as the project is called, is a 27.7 mile, 2-segment extension of the system, which will add 15 new stations within the city limits, including six in the Southern sector. (See Figure 3).

The first Green Line extension, running southeast from Downtown Dallas to Fair Park (a major entertainment venue, including the State Fair of Texas, several museums, and the Fair Park Music Hall) and then on to the exurb of Pleasant Grove, is scheduled for its first stations to open in September 2009, with completion in December 2010.

The Dallas City Council has also initiated a master developer agreement initiative that will position the next round of transit-oriented development (TOD) opportunities through land assembly and infrastructure preparation. This effort is paving the way for vertical development on new sites, again including several in southern Dallas.

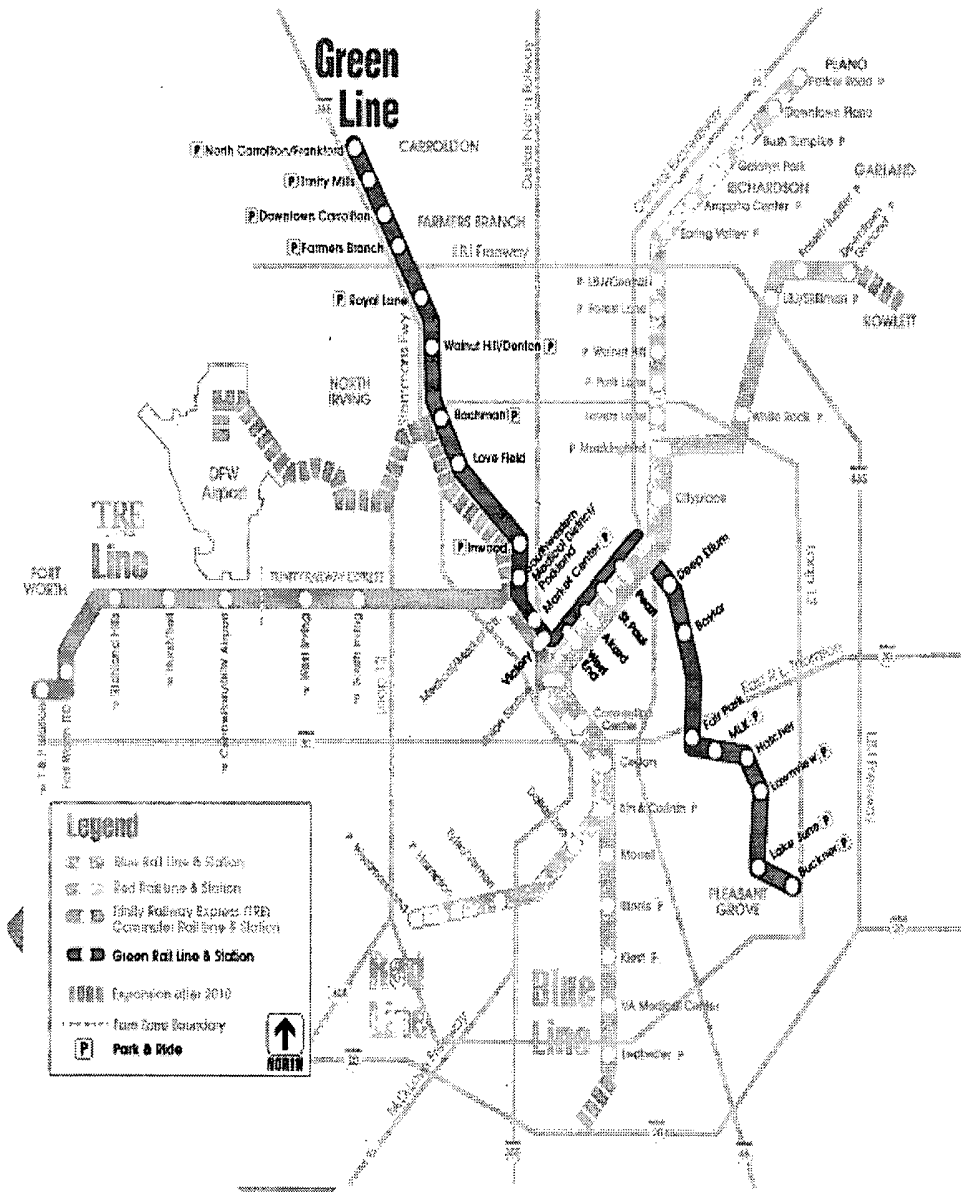
Transit-oriented development meets several goals in Southern Dallas:

- It will add sustainable density that can accommodate expected growth.
- It will provide new retail, employment and entertainment anchors for many of Southern Dallas' single-family neighborhoods.
- It will improve mobility.

- It will improve energy efficiency.

OED intends to partner with the CDRC to make Southern Dallas Green Line TOD projects an important focus of CDRC investment activity.

Figure 3. DART Green Line Map



The International Inland Port of Dallas

Dallas is also positioning its southern sector to benefit from the city's strategic place in current and future domestic and international trade. The project known as the International Inland Port of Dallas (IIPD), takes advantage of growing congestion at the nation's deepwater ports (such as Los Angeles and Long Beach, California). The IIPD offers a solution to shipping bottlenecks and security issues at those ports, by working in concert with traditional ports to improve goods movement using intelligent transportation systems (ITS) and existing infrastructure.

IIPOD will rely on Dallas' strategic location – a one-day drive from Mexico or the Port of Houston, and with 35% of the U.S. population within 24 hours by land (98% in 48 hours.) IIPOD will benefit from southern Dallas' four interstate highways (Interstates 20, 30, 35, and 45) and three major rail lines: Burlington Northern Santa Fe, Union Pacific, and Kansas City Southern. IIPOD's logistics functions are the catalyst for economic impact.

Most of the jobs will result from adjacent distribution, warehousing, assembly and office support facilities. Retail outlets, such as shops, restaurants and banks, will follow to meet demands of these industrial park employers and workers. More than 2,400 acres of industrial-zoned land is available within the site and another 3,200 acres of vacant land is within a one-mile radius.

The Pinnacle Park mixed use development gives some idea, on a smaller scale, of what the IIPOD will be when complete, and the economic growth and job creation impact it will have. Pinnacle Park has attracted major employers, such as Wal-Mart and Lowes, and adds rental housing as well as retail and service firms to a Southern Dallas area close to downtown.

Dallas Logistics Hub (\$2.4 billion investment)

The Dallas Logistics Hub is a 6,000-acre regional logistics development, and forms a part of the International Inland Port of Dallas (IIPOD). About 25% of the Dallas Logistics Hub lies within the City of Dallas limits, and will be eligible for CDRC investment funds. Upon completion, this project will have 60 million sq. ft. of primarily industrial development, which will provide approximately 30,000 direct jobs and 30,000 indirect jobs. The first two distribution buildings of 192,850 sq. ft. and 635,040 sq. ft. are located in the Southport Business Park, completed earlier in 2008. Supporting the Logistics Hub are public infrastructure investments of \$47.5 million. This ambitious project has already attracted such major national developers as the Allen Group, Duke, Trammel Crow and others.

University of North Texas at Dallas: Developing Leaders for Dallas' Future

UNT Dallas is the first public four-year university to be located within the Dallas city limits. The 266-acre Southern Dallas campus will ultimately serve 16,000 students and anchor an area that is expected to include such future developments as research parks; mixed-use retail and housing in a main street configuration serving students and staff; high-end single-family neighborhoods; and dense freeway-type commercial areas, including office and retail.

UNT Dallas focuses its academic programs on Business, Education, Information Management and Technology, Public & Human Services and the Life Sciences. In fall 2007, UNT Dallas passed the critical 1000-student enrollment threshold, enabling Phase I of its development plan to get underway. With 2200+ students enrolled for Fall 2008, the UNT Dallas project is still in an early phase of development.

A telling example is the University of Texas at Dallas, which is actually located not in Dallas, but in the northern suburb of Richardson, Texas. Founded originally as a postdoctoral research institution with major capital contributions from Texas Instruments and the State of Texas, UTD today is a major component of the UT system, offering bachelor's, master's, doctoral and post-doctoral programs whose graduates work in the high tech industries clustered in the northern suburbs. The UNT Dallas project could produce similar results over the next 10-20 years, in Southern Dallas, in such fields as genetics, logistics and supply chain management, mathematics, and education administration.

Asian Trade Corridor

Not all of Dallas' job creation and investment needs are located within the City's southern sector. The Asian Trade Corridor in Northwest Dallas, near Dallas' industrial and manufacturing hub, is an example of a largely privately funded job- and wealth-creation zone that could benefit from Fund investment. Many of the small businesses concentrated in this area, along the Harry Hines Boulevard artery and close to the DFW airport, are involved in import and export trade activities.

Summary

The CDRC will promote economic growth and create jobs directly and indirectly as one of several elements of Dallas' *Strategic Engagement* program of economic development. Focused geographically within the City of Dallas, and emphasizing well-researched priorities for business development and job growth in the Southern sector, Central Business District and the Asian Trade Corridor of Northern Dallas, the CDRC will provide capital and sophisticated business management support to professionally selected firms engaged in the strategic industries that OED has identified.

The Fund will also target investment in firms doing business in the City's "springboard" development projects, such as IIPOD and the Transit-Oriented Development associated with DART light rail stations throughout Dallas, UNT Dallas and the Asian Trade Corridor. Integrated with existing public/private development incentives, such as Tax-Increment Financing (TIF) districts, real estate and business property tax abatement programs and others, the Fund can identify firms that can benefit from "patient capital."

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III. MANAGEMENT OF THE FUND

The Fund and the General Partner will be managed and operated by the Manager, subject to the statutory rights of the Limited Partners. In turn, the Manager will establish and operate an Investment Committee of seasoned professionals selected by its Principals (as defined below). The Investment Committee will be primarily responsible for sourcing and overseeing investments. In sourcing, evaluating, and making investments for the Fund, the Manager plans in part to utilize the expertise of the Fund's Advisory Committee (as defined below).

The Manager

The Manager will be primarily responsible for the investment of the Fund and the Fund's day-to-day operations, subject to the directions and oversight of the Investment Committee and the Advisory Committee. The Manager generally implements its business strategy and performs services and activities relating to the Fund and the Fund's assets and operations in accordance with the terms of the management agreement between the Manager and the Fund (the "*Management Agreement*").

Under the terms of the Management Agreement, the Manager advises the Fund with respect to the acquisition, financing and sale of the Fund's Portfolio Investments. More specifically, the Manager is responsible for the following activities:

- Sourcing investment opportunities
- Arranging financing strategies
- Coordinating and carrying out the Fund's capital raising activities
- Counseling the Fund in connection with policy and strategic decisions to be made by the Investment Committee and/or Advisory Committee
- Providing the executive and administrative personnel, office space, equipment and services required in rendering the foregoing services to the Fund
- Performing such other services as may be required from time to time for management and other activities relating to the Fund's assets or operations as the Manager shall deem necessary, advisable or appropriate under the particular circumstances
- Causing the Fund or its affiliates to qualify to do business in all applicable jurisdictions as may be required from time to time under applicable laws
- Monitoring and facilitating the Fund and the Fund's compliance with all laws and regulations applicable to it or to the Manager

The Manager, in its sole discretion, may elect to cause these services to be provided by third parties, including affiliates of the Manager, in certain cases at the Fund's expense, provided that the payment to any affiliate of the Manager shall be subject to Advisory Committee approval.

Management Team

The General Partner and Manager are managed by Jason T. Barnes, Rafael M. Anchia, Kevin W. Page and Daniel J. Healy (collectively, the "*Principals*"). The following are background summaries of the Principals:

Jason T. Barnes. Jason T. Barnes is the Senior Managing Director of Civitas, and has spent his entire career advising domestic and foreign financial institutions, business development companies, private and public investment funds, investment managers, advisers and principals, and high net worth individuals in a wide variety of transactions including senior and subordinated debt and equity financings, common and preferred stock and other equity investments, private placements, public offerings, cash flow and asset-based lending, structured finance, and syndicated financings and participations. In addition, Mr. Barnes has assisted corporate clients, equity sponsors and investment banking groups in connection with mergers and acquisitions, restructurings, workouts, bankruptcies, and general corporate matters.

Mr. Barnes grew up in a small town close to Boston, Massachusetts, but was drawn south by Georgia Institute of Technology's Aerospace Engineering program. While at Georgia Tech, the United States defense budget rapidly diminished, along with job opportunities for graduates of the program. With this harsh lesson in macro-economics fresh in his mind, Mr. Barnes shifted the focus of his studies to Economics, in which he earned a Bachelor of Science with Honors, along with related certificates in Finance and International Business. Following his time at Georgia Tech, Mr. Barnes attended Emory University School of Law, from which he earned his juris doctorate. While at Emory, Mr. Barnes worked in the City of Atlanta Law Department, including during the 1996 Olympic Games, and as a clerk for the Georgia Court of Appeals.

Over the course of his career Mr. Barnes developed numerous relationships with members of the then-burgeoning subordinated debt community, working with both mainstream and private equity providers. This initial breadth of experience gave Mr. Barnes insight into all aspects of borrower's balance sheets, the motivations and goals of capital providers, and the aspirations of and issues facing the individuals who move money. Consequently, in his practice he spends a considerable amount of time, and has developed deep experience working with, principals and sponsors of investment vehicles both during and after formation, as well as their investors. Mr. Barnes works with groups and portfolio companies to better structure products and offerings for their target market, and assists those groups in the process of identifying and negotiating with prospective investors and partners. His experience in this area includes extensive work with domestic and off-shore entities and private funds, subordinated debt and mezzanine funds, venture capital funds, hedge funds, business development companies (BDCs), and Small Business Investment Companies (SBICs).

In addition to his regular work, Mr. Barnes has for many years been actively involved in the structuring of various social-purpose investment vehicles, and the tailoring of otherwise mainstream structures to provide "double bottom line" returns to investors. As a central part of his community service he works regularly on a *pro bono* basis to educate members of the investment community on the merits of investing in underserved and emerging markets, and seeks to facilitate the deployment of capital to fundamentally sound, but capital starved, businesses and entrepreneurs.

Rafael M. Anchia. Representative Rafael M. Anchia is on the Board of Managers of the Manager and a Partner with the law firm of Haynes & Boone, LLP, where he specializes in public and corporate finance. In addition, Rep. Anchia was elected in November 2004 as the representative of House District 103 in the Texas House of Representatives. District 103 covers a western corridor of Dallas, including parts of North Oak Cliff, West Dallas, La Bajada, Los Altos, Love Field, North Park and portions of the cities of Irving, Farmers Branch and Carrollton. Rep. Anchia is the son of immigrants from Mexico and Spain who came to America in search of a better life for themselves and their children. He attended Southern Methodist University as an undergraduate, where he triple-majored in Latin American Studies, Spanish and Anthropology and graduated with Honors, and then earned his juris doctorate from Tulane University in New Orleans.

Rep. Anchia began his life in public service at the local level where he was twice elected to the Board of Trustees of the Dallas Independent School District. During his tenure on the Dallas School Board, he served as First Vice President and chaired the Policy and Governance Committee. During his tenure as a Trustee, he helped lead the successful effort of the Dallas ISD to win public approval of a \$1.37 billion school bond package. In 2003, Rep. Anchia also received the "Rising Star" award from the Boys and Girls Clubs of Greater Dallas for contributions made to improving the lives of young people in his community. And in 2005, the League of United Latin American Citizens (LULAC) honored Rep. Anchia as its national "Man of the Year" at its annual conference in Little Rock, Arkansas.

In November 2006, Rafael won unanimous re-election to the Board of Directors, and was chosen Chairman of the Board of the National Association of Latino Elected and Appointed Officials (NALEO) Educational Fund for a three-year term. NALEO is the leading organization that facilitates full Latino participation in the American political process, from citizenship to public service. The national non-profit is a non-partisan organization whose members include the more than 6,000 Latino elected and appointed officials nationwide.

Rafael also is a member of various professional, civic and charitable organizations, including: the Leadership Dallas Alumni Association, the Dallas Assembly, the SMU Clements Center on Southwest Studies and the Oak Cliff Lions Club.

Kevin W. Page. Kevin W. Page is a Managing Director of Civitas. He first came to Dallas, Texas in 1984 on a full scholarship to the prestigious SMU Master of Fine Arts Professional Acting Program. In the summer of 1985, he was cast in the movie Robocop that was being filmed in the heart of downtown Dallas which launched a twenty-year-plus career as a film and television character actor that included multiple appearances on Dallas-filmed series Dallas, Walker, Texas Ranger, and Wishbone. He spent a brief stint in Hollywood where he appeared in dozens of television commercials, TV series and movies, including: L.A. Law, Hunter, Quantum Leap, General Hospital, In the Heat of the Night, Babylon 5, Baywatch, Guilty by Suspicion (with Robert De Niro), No Where to Run (with Jean-Claude Van Damme), Death Dreams (with Christopher Reeve), and as a recurring guest-star on the NBC series Seinfeld. He returned to Dallas in 1992 where he made his permanent home and continued to appear in locally shot television movies and feature films such as The Alamo (with Billy Bob Thornton, 2004) and Friday Night Lights (also with Billy Bob Thornton).

In 1997, Mr. Page began a second career in the investment management and investment banking fields when he joined the Dallas office of venerated Wall Street firm Salomon Smith Barney where he acquired several securities licenses and advised private clients. In 1999, he became the founding Vice President of Dallas-based investment banking firm Aspen Advisors, where he was a team member on various roll-ups, M&A transactions and financings in the media, entertainment, Internet content and technology, telecom, software development, business services, and consumer products spaces.

In 2007, Mr. Page combined his long experience in media and entertainment (both in front of and behind the camera) with his financial advisory background and launched the Texas-centric SSO Media Capital Group, a business advisory service focused on providing business guidance to creative entrepreneurs in the Texas media and entertainment markets as well as investment strategy to institutional investors interested in allocating funds into Texas-based media and digital content firms.

Throughout his time in Dallas after Aspen Advisors, Mr. Page remained connected with his creative and entrepreneurial roots through his formation of Page 3 Productions, a Dallas-based documentary film production and distribution company. Over a span of seven years, Page 3 Productions and its subsidiary, Transpersonal Media, produced and distributed internationally seven documentary films (see:

<http://www.imdb.com/name/nm0656241/> for a full list). His directing credits include the video documentary Perry's Lab (made possible in part by a grant from the US Department of Education). It is the story of an innovative and controversial computer-based ESL (English as a Second Language) Program created within one Dallas public school. In support of the media and entertainment industries in Texas (and Dallas in particular), Mr. Page is a current member (and former Membership Committee member) of The Dallas Producer's Association (DPA), The Texas Association of Film/Tape Professionals (TAFTP), and The Texas Motion Picture Alliance (TXMPA).

In addition to his professional activities, Mr. Page has been a long time supporter of the arts community in Dallas through active community involvement and non-profit work. In 1997 he graduated from the Dallas Leadership Arts Program, a board-level leadership training program where he co-chaired the group's annual project: "That Art Book!" His past board assignments include The USA Film Festival, The Dallas Wind Symphony and New Theatre Company.

Daniel J. Healy. Daniel J. Healy is a Managing Director of Civitas. Mr. Healy has considerable experience with general financial management in addition to transaction sourcing and underwriting in the fund context, as well as experience with real estate equity investment, debt origination and placement and consulting. Mr. Healy has negotiated dozens of transactions with real estate developers, operators and capital sources, both debt and equity. He has also managed relationships with the multiple institutional investors and equity partners. Mr. Healy previously served as Executive Vice President with Highland Capital Real Estate Advisors, the real estate private equity arm of Highland Capital Management, L.P., a Dallas-based investment adviser with more than \$40 billion in assets under management. There he was intimately involved in more than \$125 million in equity and debt investments, completing more than 20 transactions in just over one year. Concurrently, Mr. Healy also served as Chief Compliance Officer of NexBank Securities, Inc., a broker-dealer under common control with Highland Capital Management, L.P.

Mr. Healy's career also includes a stint at the Henry S. Miller Company, where he worked in the firm's mortgage and equity placement division. In addition, he is one of the founders of Bishop Avenue Capital, LLC, a boutique mortgage brokerage and real estate investment banking firm based in Dallas. He continues to serve the firm as a director.

Mr. Healy holds a Bachelor of Arts, *summa cum laude*, from the University of Texas at Dallas, as well as a Master of Business Administration from the Cox School of Business at Southern Methodist University. He is a licensed Texas real estate salesperson (inactive) and holds FINRA Series 7, 24, 28 and 63 securities licenses.

Investment Committee

The Manager will form an Investment Committee comprised of the Principals, together with such other members as are selected by the Principals from time to time (the "*Investment Committee*"). Members of the Investment Committee will be responsible for overview of the Manager's investment sourcing activities and conducting due diligence with respect to potential investments as well as the review of proposals concerning such investments. Additionally, the Investment Committee will establish underwriting guidelines and oversee the underwriting process for prospective investments made by the Fund. A majority vote of the members of the Investment Committee will be required to approve Portfolio Investment decisions.

No fees will be paid to the members of the Investment Committee, although the Fund will pay all reasonable expenses associated with the Investment Committee's meetings and of the members attending them.

Advisory Committee

The Manager will form an Advisory Committee of at least three (3) persons who are not affiliated with the Manager (the "*Advisory Committee*"). The Advisory Committee is expected to meet with the Manager on at least an annual basis to consider and comment on such matters as the financial statements and appraisal reports of the Fund, the status of outstanding investments, and the economic and financial trends and conditions affecting investments. Included in the agenda will be conditions which generally impact new investments as well as topics focusing on specific existing investments as well as other matters relating to the business of the Fund. In addition to its other duties, the Advisory Committee is expected to consult on matters concerning the waiver of investment restrictions and conflicts of interest.

No fees will be paid to the members of the Advisory Committee, although the Fund will pay all reasonable expenses associated with the Advisory Committee's meetings and of the members attending them.

Civitas Sponsored Transactions

Civitas is an existing operating platform, with a portfolio of investments and management activities. It will carry out its obligations to the Fund as an integrated part of the Civitas business strategy, and not to the exclusion of it. The Fund is being organized as a companion investment vehicle, one that will participate primarily in transactions sponsored and arranged by Civitas. As a result, Civitas' role in transactions in which the Fund is participating may be both that of overall arranger and sponsor, as well as Manager to the Fund in connection with the Fund's co-investment in such transactions. Consequently, Civitas and the capital providers it identifies are likely to invest alongside the Fund, and may receive various forms of compensation and fees in connection therewith, including directors' fees, advisory fees, consulting fees, monitoring fees, brokers' and finders' fees, transaction fees, and investment banking fees ("*Sponsor Fees*").

Sponsor Fees are typically paid out of proceeds of the transaction arranged by Civitas, and agreed to in advance by the applicable portfolio company and the other co-investors and capital participants in the transaction. All Sponsor Fees will be retained by Civitas in its individual capacity.

IV. IMMIGRATION PROCESS

A flowchart summarizing the EB-5 Program immigration procedures is attached as *Appendix II*. To qualify for residency, investors must file an I-526 Petition at their designated USCIS processing center. Tax returns and substantial documentation evidencing that an investor's funds intended for investment in the Fund were derived from lawful sources must be filed. Such evidence may include information concerning real estate transactions, business income, proceeds from the sale of a business, employment income, investments, bank accounts and dealings, licenses or similar evidence. If investment funds are from a gift or inheritance, an appropriate affidavit and/or other evidence will be required to be filed.

Persons applying for United States residency must demonstrate that they are admissible to the United States in accordance with Section 212 of the Immigration and Nationality Act. Section 212 sets forth various grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa or entering the United States. Aliens precluded from entering the United States include: (a) persons who are determined to have a communicable disease of public health significance; (b) persons who are found to have, or have had, a physical or mental disorder, and behavior associated with the disorder which poses, or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior; (c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime; (d) persons who have been convicted of any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same; (e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude, persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances; (f) persons engaged in prostitution or commercialized vice; (g) persons who have committed in the United States certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity; (h) persons excludable on grounds related to national security, related grounds, or terrorist activities; (i) persons determined to be excludable by the Secretary of State of the United States on grounds related to foreign policy; (j) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide; (k) persons who are likely to become a public charge at any time after entry; (l) persons who were previously deported or excluded and deported from the United States; (m) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the United States or other benefit under the Immigration Act; (n) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law; (o) certain aliens who have departed the United States to avoid or evade U.S. military service or training; (p) persons who are practicing polygamists; and (q) persons who were unlawfully present in the United States for periods in excess of 180 days.

Following approval of an investor's I-526 Petition, the investor must apply for an immigrant visa or permanent resident status. If the investor is domiciled outside of the United States, then the application is filed at the appropriate U.S. Consulate. If the investor is domiciled in the United States, then the application is filed at the appropriate office of the USCIS. The Consular Interview Process, or the USCIS adjustment of status process, as applicable, (the "*Visa Process*"), is designed to enable the U.S. Government to determine whether the investor is inadmissible to the United States as explained above. As part of this process, the investor is subjected to medical, police, security and immigration history checks. Upon approval, the investor (and spouse and children) are granted conditional permanent residency status.

Each prospective investor should review these substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor notwithstanding eligibility for immigration based on an investment in the Fund.

Investors who have been granted conditional permanent residency status must file a petition to remove the condition (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. However, the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments.

There can be no assurance that an I-526 Petition will be approved, that an investor will successfully complete the Visa Process, or that upon the approval thereof that the conditions attaching thereto will be removed.

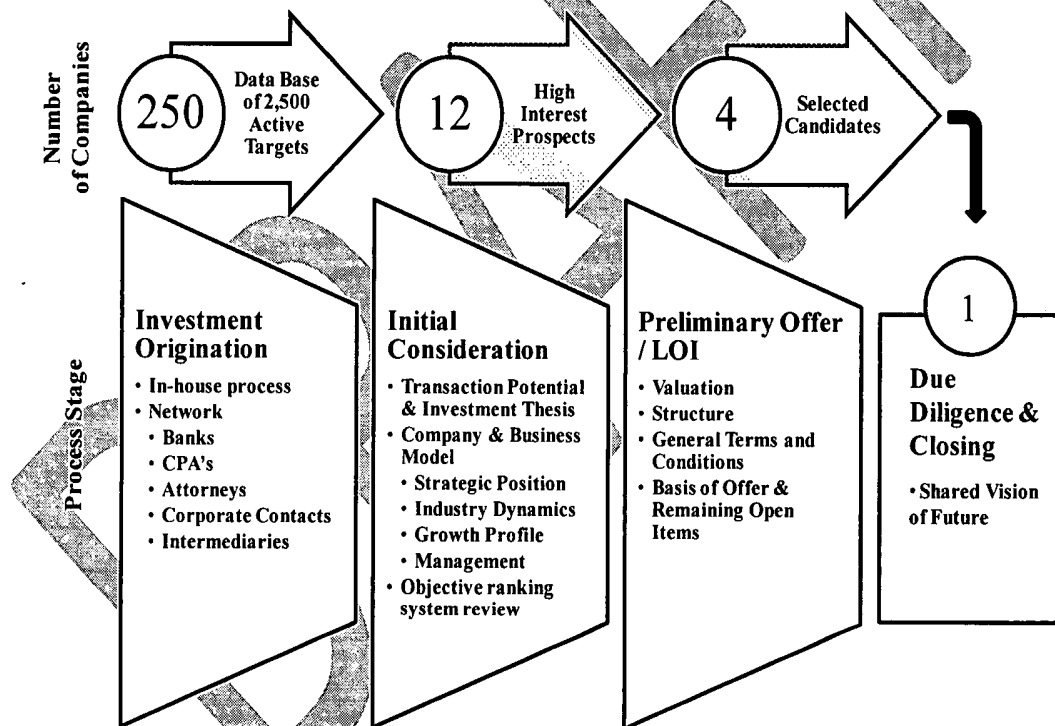
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- The CDRC and Manager have the discretion and quantitative support necessary to properly model investments to meet EB-5 Program requirements.
- The Manager will be working hand-in-hand with the City of Dallas, and its top economists, in order to give the Fund's investors the best chance at matriculating through the EB-5 Program.

Sourcing Opportunities and Origination Process

The first opportunity to materially influence the rate of return in an investment is at the acquisition; by properly valuing and structuring the transaction. Consistent with their methodology developed during the last two decades, the Principals are able and expect to review no fewer than 1,000 investment opportunities per year. Because of the rigorous analysis and evaluation each prospect undergoes, the rejection rate is high. As a result, an extensive research, marketing and campaign process is employed by the Manager to provide a large, continuous flow of prospects. While the Manager has access to established networks of company executives, accountants, attorneys, consultants, investment banks and business brokers, the largest portion of its deal flow is directly derived from researched target companies that represent attractive investment opportunities.

Investment Process - Sourcing / Screening / Opportunity Pursuit



Generally, the Manager will seek to invest in or acquire, at attractive valuations, businesses that exhibit several of the following characteristics:

- *People.* Proven management with relevant market experience. Reasonable expectation to fill any identified deficiencies shortly after initial investment
- *Value Proposition.* Products and/or services that are highly valued by customers allowing the business to realize material profitability, reasonable entry barriers, and potential for market and/or market share growth.
- *Position.* Niche, branded, franchise or other competitively protected products/services that possess some form of differentiated or competitive advantage.

- *Processes & Procedures.* Defined and established systems and controls for managing, measuring and monitoring the many activities of the business and its service to customers. A business model that has favorable historical and projected characteristics; a planning methodology that encourages the organization to adapt and improvise to a changing market and encourage corporate growth.
- *Economics.* Businesses that generate significant free cash flow as characterized by their minimum requirements for capital expenditures and working capital throughout the growth cycle.

The Manager intends to use a qualitative and quantitative ranking system it has developed to add objectivity and consistency to measuring the above business attributes prior to undertaking an extensive review process.

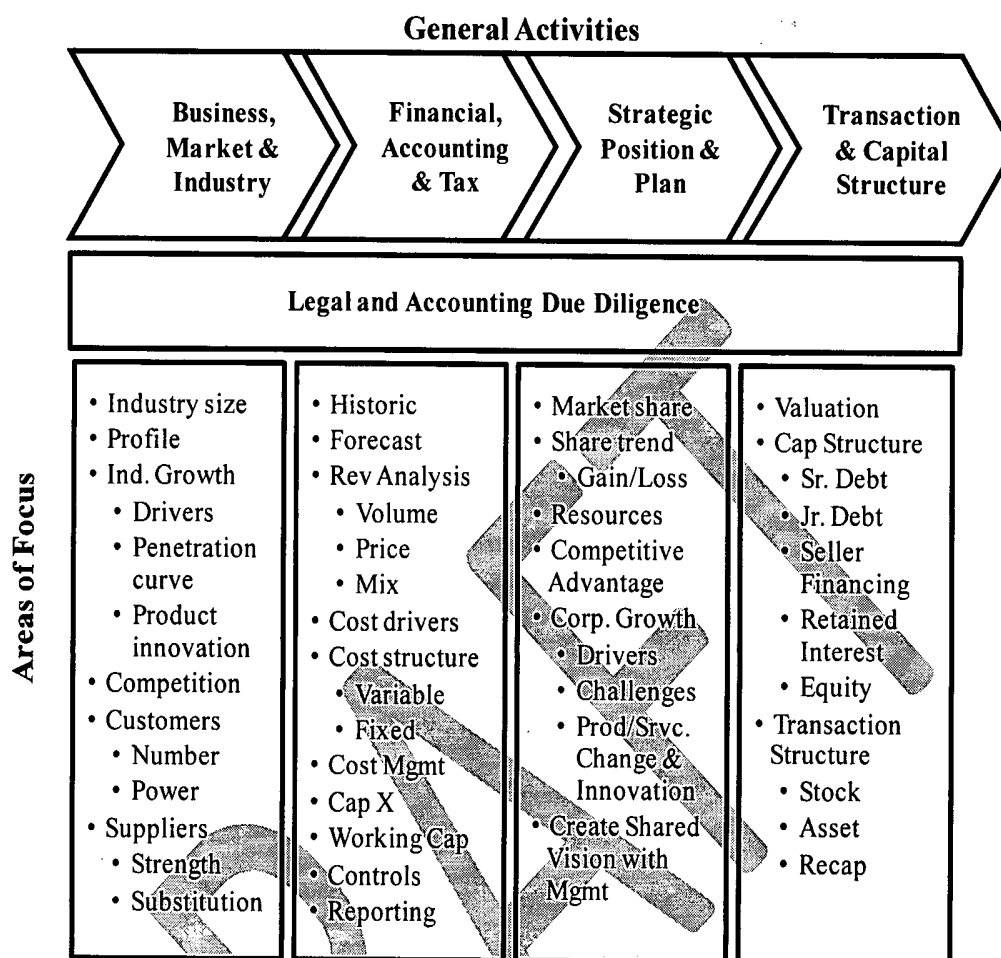
Investment Evaluation, Due Diligence and Valuation/Structuring

Consistent with past practice, as each new opportunity is identified, the Manager will assemble an investment team to drive the analysis, negotiations and due diligence procedures. A Managing Director will lead a team consisting of the Manager's staff, Advisory Board members and/or outside advisors to be selected on a case by case basis for their relevant expertise and experience. The investment team will also work closely with experienced accounting and legal advisors throughout due diligence, documentation and closing. Once a prospect has been qualified as an investment candidate, an investment profile is assembled consisting of a full business and historic overview, situation summary, ranking report (described above), financial analysis, forecast, investment thesis, and proposed valuation and transaction structure. Candidates that meet basic investment requirements, will be submitted to the Investment Committee for review and approval. The status of prospects will be reviewed weekly at a Manager's meeting.

The Manager views the due diligence process as more than an opportunity to validate and verify facts and figures. It is the opportunity to assess our compatibility with and the capability of the prospective portfolio company's management team, as well as research and understand the strength, weakness, opportunity and threat profile of the business. Of significant importance during the due diligence process is the development of a plan and shared vision with management which support the critical agenda necessary to recognize the investment objectives. Excellent management (or the ability to bring such a team to the portfolio company) is essential to any attractive investment. The Manager will closely examine the track record, industry expertise, reputation, and business acumen of each member of senior management. In addition, prior to closing an investment in a new portfolio company, the Manager will conduct a background check on all key executives.

The Principals of the Manager have extensive experience in business valuation and structuring transactions, which is vital for achieving attractive returns. The Manager will seek to structure the Fund's investments using mechanisms that can enhance investor returns such as seller notes, contingent earn-outs, and seller rollover equity. Further, the Manager strongly believes that it is important to align the interests of the portfolio company management team with that of the investors. To achieve this objective, the Manager will use equity and other incentives that are contingent upon the growth and prosperity of the business to motivate company management and reward their efforts.

Due Diligence / Planning



Private Equity Partners, Co-investment and Capital Structure

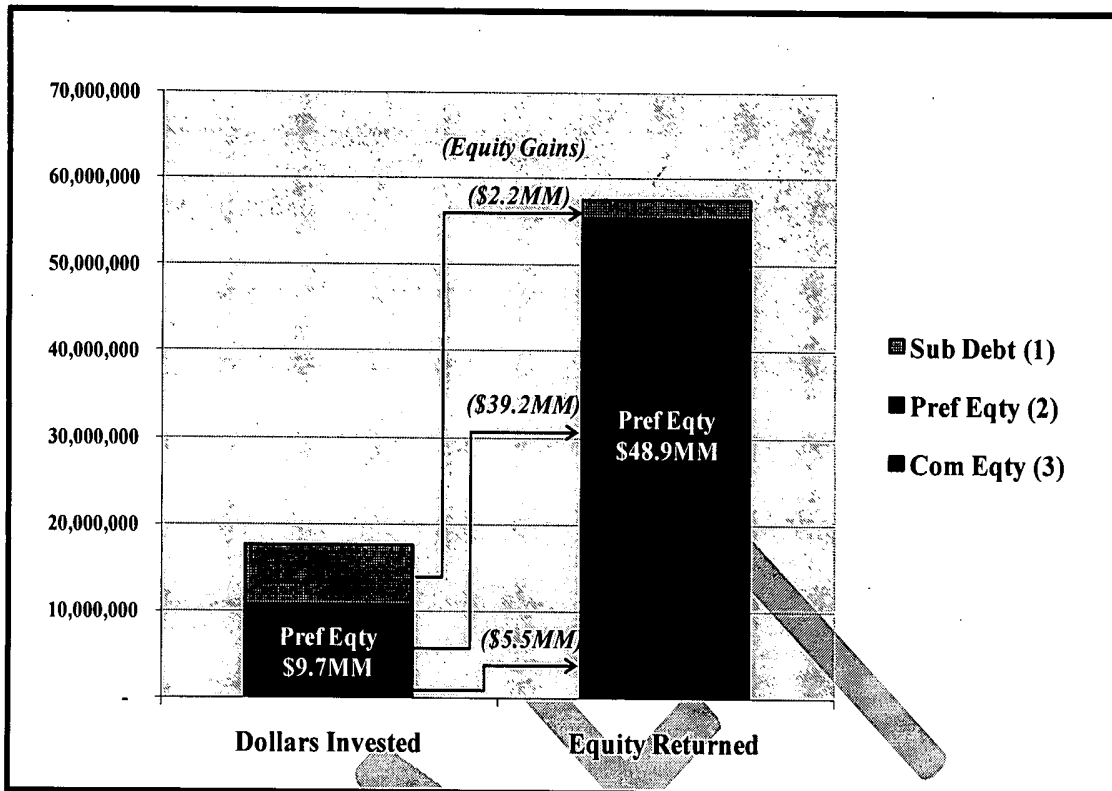
The Manager intends to be the lead sponsor or originator in the majority of the investments to be made by the Fund. The Manager's past investments have employed capital structures that are common practice in the industry for investments similar to those intended for the Fund. As such, these capital structures include a mixture of equity capital (preferred and common), subordinated debt and senior debt capital. Utilizing these layers of capital results in a structure that maximizes equity returns, while keeping risk measured and managed. The four major categories in the capital structure are outlined below:

- *Senior Debt.* Typically, senior debt facilities are provided by banks, finance companies and other secured, asset-based lenders. In most cases, senior debt is an asset or collateral based loan but sometimes this category includes cash-flow oriented lenders. Senior debt generally represents 35% to 60% of the capital structure depending on the market for lending and the particular facts of the target investment. Senior lenders rely on the collateral value of the borrower's assets and the performance of the company to repay the loan and provide a return on capital loaned at a market rate of interest based on prime or LIBOR rates. This form of debt has the lowest cost of capital and is utilized to the fullest reasonable extent in the capital structure.
- *Subordinated Debt.* Subordinated debt facilities are generally provided by non-bank lenders. "Sub-debt" loans are either unsecured or second lien loans that carry high interest rates. This form of debt may be viewed as expensive, but given the length of the borrowing period and the flexible repayment terms, it carries a materially lower cost of capital than equity. This layer of

debt can represent between 18% and 40% of the capital structure. A subordinated debt lender usually gets their return from a current coupon or interest rate and a catch-up interest rate or PIK (payment in kind) that can be paid in the current year, or at a later time when it is more convenient for company cash flow. There are ordinarily no required principal payments for the first five years. Depending upon market conditions, these lenders can also require warrants for participation in the common equity of a company as a yield enhancer to justify their perceived risk in an investment.

- *Preferred Equity.* As used by the Manager in past transactions, this layer of capital represents the majority of new equity capital invested. Equity capital bears the greatest risk in an investment as all underlying assets of the investment are already pledged as security to the debt providers in the transaction. Accordingly, since preferred equity has higher risk, it has substantially higher returns (see the chart below). The Manager intends that the Fund's investments will be at this level of the capital structure along with that of the institutional majority interest co-investors (generally another private equity firm). Prior to the Fund, the Manager made investments side-by-side with such institutional capital investors in the same manner as is proposed for the Fund.
- *Common Equity.* Common equity in the capital structure is ordinarily set at a nominal value and is shared by preferred equity holders and portfolio company management. Both the Fund and the institutional majority co-investor will hold preferred and common Equity. Portfolio company management will be allowed to purchase shares in the common equity without the requirement for an additional investment in preferred equity ("*Promoted Equity*"). The Promoted Equity is a common method of aligning the interests of a transaction sponsor and the portfolio management team with that of the equity capital providers (the Fund and the institutional majority co-investor) as well as an incentive for achieving intended growth objectives. The effect of the Promoted Equity is that it dilutes the relative ownership position of the equity capital providers.

The following chart illustrates a typical flow of investment, distributions and equity gains for capital providers in past investments of the Manager. The example assumes an initial transaction of \$27,500,000, inclusive of purchase price, fees, expenses and working capital for the ongoing operations of the business. Through corporate growth initiatives, the net enterprise value of the investment grows to \$57,525,000 at the exit date five years post the initial investment. The left column stack summarizes the total sources of capital in the transaction structure. The right column stack shows the equity related distributions to holders of equity securities of the target investment:



Capital Investment and Equity Gains Summary:

- Subordinated Debt. \$6,875,000 term facility with equity feature (i.e., warrant, option or invested equity). In addition to the return of principle and receipt of interest, the equity feature provides the subordinated debt holder a \$2,162,000 capital gain.
- Preferred Equity. \$9,725,000 participating preferred equity investment. The preferred security would feature a dividend bearing coupon plus a majority interest participation in the value created in the common equity. Distributions to the preferred equity holder would consist of the return of principal (\$9,725,000), dividends totaling approximately \$4,565,000, and capital gains of roughly \$34,590,000. This set of assumptions and returns on investment would provide the investor with a 5X cash on cash return.
- Common Equity. The \$1,000,000 is an investment by a mix of parties which generally includes the management team, former owners, the Manager and a nominal portion of the preferred equity holders invested capital. Distributions in this example consist of a single payment event (i.e. the sale of the company) which includes a return of capital (\$1,000,000) plus capital gains of approximately \$5,500,000.

As seen above, the capital providers with the greatest investment and risk receive the largest portion of the returns.

Civitas Sponsorship

Civitas is an existing operating platform, with a portfolio of investments and management activities. It will carry out its obligations to the Fund as an integrated part of the Civitas business strategy, and not to the exclusion of it. The Fund is being organized as a companion investment vehicle, one that will participate primarily in transactions sponsored and arranged by Civitas. As a result, Civitas' role in transactions in which the Fund is participating may be both that of overall arranger and sponsor, as well

as Manager to the Fund in connection with the Fund's co-investment in such transactions. Consequently, Civitas and the capital providers it identifies are likely invest alongside the Fund, and will receive Sponsor Fees in varying forms.

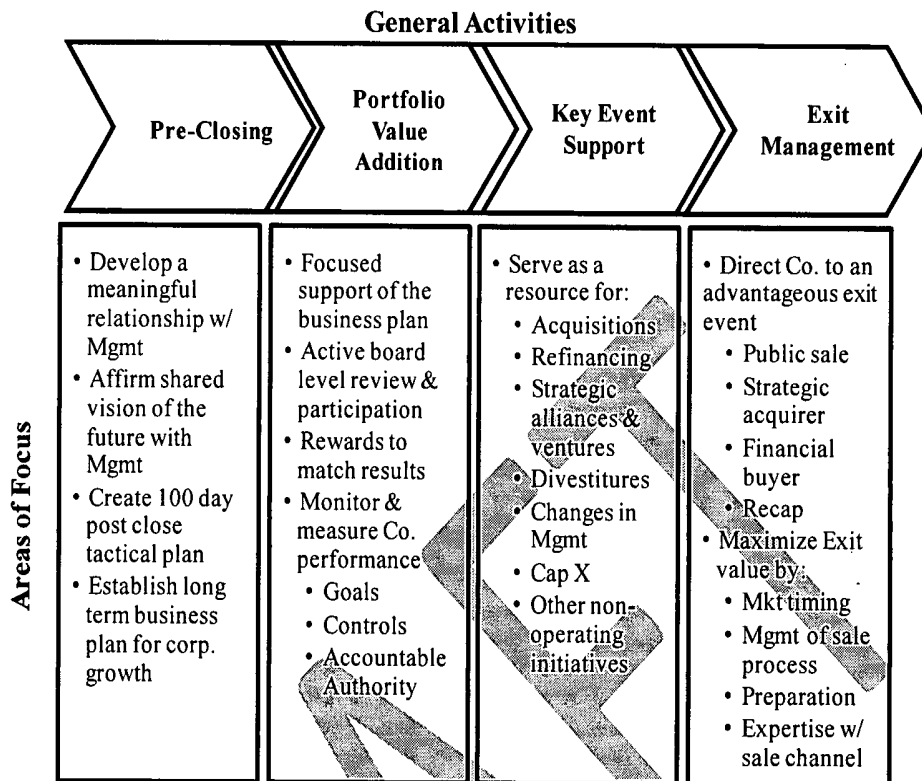
Sponsor Fees are typically paid out of proceeds of the transaction arranged by Civitas, and agreed to in advance by the applicable portfolio company and the other co-investors and capital participants in the transaction. All Sponsor Fees will be retained by Civitas in its individual capacity. The Fund, as a co-investor in such transactions, will be required to pay its *pro rata* share of any Sponsor Fees unless otherwise agreed to by Civitas.

Adding Value to Portfolio Companies

The second opportunity to materially influence the rate of return in an investment is during the investment holding period; actively working with company management to drive growth and create value. Similar to its approach in prior investments, the Manger plans to be integrally involved in the development of portfolio companies by, (i) establishing a plan for growth based on the shared vision of the future with company management, (ii) monitoring operations through a clearly articulated set of goals and controls, and, (iii) rewarding company management and staff in accordance with results. The Manager plans to be an active participant and to have one of its Principals represent the Fund on portfolio companies' boards of directors or similar governing body. The Manager will work with and actively support company management using the plan for growth as the common guide for value creation. This guide typically will include activities such as operational or product enhancements, facilitating the strategic development of the business, supporting and augmenting management teams, and assisting in identifying and effecting follow-on acquisitions. The Manager will conduct regular performance reviews using its goals, controls and accountability methods. In addition, portfolio companies will have open access to the Manager's operational resources as well as that of its co-investors to facilitate best practices in its management, operations, accounting, finance, tax and legal activities.

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Investment Process – From Investment Closing to Exit Event



Market Opportunity – City of Dallas Regional Center

See a full description in *City of Dallas Regional Center* above.

Investment Characteristics

Securities acquired by the Fund could include a variety of different features. Such securities could have any or a combination of the following features:

- no principal or interest features;
- contingent or convertible equity features;
- junior voting rights;
- liquidation preferences;
- collateral security;
- principal distributions, with disproportionate, nominal or no interest distributions;
- interest distributions, with disproportionate, nominal or no principal distributions;
- distributions only of prepayments of principal throughout the lives of the securities or during specified periods;
- subordinated distributions of scheduled payments of principal, prepayments of principal, interest or any combination of these payments;
- distributions only after the occurrence of specific events;

- distributions in accordance with a schedule or formula or on the basis of collections from designated portions of underlying assets;
- interest at a fixed rate or a rate that is subject to change from time to time; or
- distributions allocable to interest only after the occurrence of specific events.

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VI. INVESTOR SUITABILITY STANDARDS

Only persons of adequate financial means who have no need for liquidity with respect to this investment should consider purchasing the Interests offered hereby because (i) an investment in the Interests involves certain risks (see "*Risk Factors*"), and (ii) a market for the Interests does not exist and is not likely to develop. This offering is intended to be a "private offering" and therefore exempt from registration under the Securities Act and applicable state securities laws.

This offering is limited to those who are accredited investors.

The Fund will not register as an "investment company" under the Investment Company Act of 1940, as amended (the "*Investment Company Act*"), by reason of the provisions of Section 3(c)(1) thereof. Accordingly, the Fund is currently limited to 100 beneficial owners, as provided by the Investment Company Act.

Offers and sales of Interests will not be registered under the laws of any jurisdiction. Neither the securities commission of any non-U.S. jurisdiction nor any other agency has reviewed or passed upon the merits of this offering. Certain information required by the securities laws of certain jurisdictions outside the United States is included in the "*Important Notices*" section of this Memorandum.

Accredited Investors

Individual accredited investors are defined in Regulation D promulgated under the Securities Act as those persons or entities coming within any of the following categories:

- (i) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds \$1,000,000; or
- (vi) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years, or joint income with that person's spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year.

Applicable to All Investors

You will be required to represent in writing to the General Partner and to the Fund that you meet the requirements of an accredited investor pursuant to Regulation D. In addition to the foregoing requirements, you must represent in writing that you are acquiring the Interests for your own account and not for the account of others and not with a view to resell or distribute the same. See "*Investor Representations*" below for more detail.

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income, you should add to your adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

Only the General Partner may accept subscriptions, and the General Partner will have the absolute right and sole discretion to refuse to accept any subscription (or any portion thereof) from you or any other person and for any reason. The General Partner is entitled to rely exclusively upon the accuracy of your representations. The General Partner may, but under no circumstances shall be obligated to, require additional evidence that a prospective investor meets the standards set forth above at any time prior to acceptance of a prospective investor's subscription. You are not obligated to supply any information so requested by the General Partner, but the General Partner may reject a subscription from you or any person who fails to supply such information.

Terms of Subscription

The following discussion contains, among other things, a summary of the material features of the subscription agreement (the "*Subscription Agreement*") to which all purchasers of limited partner interests in the Fund will be parties. This summary is not complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Subscription Agreement, a copy of which is available from the General Partner upon request. You should review the Subscription Agreement carefully.

General. To subscribe for the Interests, you must complete and submit an executed Subscription Agreement to the General Partner, together with an executed signature page to the Partnership Agreement and an initial cash capital payment to the Fund in readily available funds in an amount equal to the full amount of your Capital Contribution, plus the Compliance Fee (the "*Initial Payment*"). These materials must be delivered to Civitas Dallas Access Fund I, L.P., c/o Civitas Capital Management, LLC, 6226 Bandera Avenue, Suite C, Dallas, Texas 75225, Attention: Daniel J. Healy. All payments should be in the form of a wire transfer, following the wiring instructions on the instruction page of the Subscription Agreement. The minimum Capital Contribution (exclusive of fees) is \$500,000.

If your subscription is received by the General Partner before the Initial Closing has occurred, then promptly after the General Partner has received subscriptions in an amount necessary to consummate the Initial Closing, the General Partner may accept your subscription by giving written notice to you that the Initial Closing has occurred (the "*Initial Closing Notice*"), and your Initial Payment will be released to the Fund. If the offering is terminated for any reason before the Initial Closing occurs, or if the General Partner rejects your subscription in whole or in part, then your Initial Payment, or portion thereof as the case may be, will be promptly returned to you.

If your subscription is received by the General Partner after the Initial Closing has occurred, then the General Partner may accept your subscription by accepting your Initial Payment. If the General Partner rejects your subscription in whole or in part, then your Initial Payment, or portion thereof as the case may be, will be promptly returned to you. In addition, any investor whose Subscription Agreement is accepted after the Initial Closing must, if requested by the General Partner, make any additional payments required by the Partnership Agreement.

Subject to applicable state securities laws, you may not revoke any subscription that you deliver to the General Partner. However, the General Partner may reject any subscription, in whole or in part, at its sole discretion. If a subscription is wholly rejected prior to the Initial Closing, or any subsequent closing thereafter, any execution copies of the Subscription Agreement submitted will be returned (by mail) to such subscribers within 30 Business Days thereafter.

You must acquire the Interests for your own account and not for the account of others, for investment purposes only and not with a view to or for resale or distribution.

The General Partner intends to conduct the Initial Closing in the second quarter of 2009. A final closing may occur on the date that is 12 months following the date of the Initial Closing.

Investor Representations. Pursuant to the Subscription Agreement, you must represent and warrant to the General Partner and to the Fund, among other things, that:

(i) you are an "accredited investor" within the meaning of Rule 501 under the Securities Act and were not organized for the specific purpose of acquiring the Interests;

(ii) you have relied solely on the information contained in this Memorandum; no oral or written representations have been made or oral or written information furnished to you in connection with the purchase of the Interests which were in any way inconsistent with the Memorandum; and you and/or your advisors have had a reasonable opportunity to ask questions of and receive answers from the General Partner concerning the Interests;

(iii) you are able to bear the economic risks of an investment in the Fund for an indefinite period and at the present time can afford the loss of such investment;

(iv) you understand that an investment in the Fund involves certain risks and you have knowledge about investment considerations generally such that you are capable of evaluating the merits and risks of an investment in the Fund;

(v) you understand and acknowledge that the Interests have not been registered for sale under the Securities Act and under certain state securities laws in reliance upon exemptions therefrom for nonpublic offerings, that the Interests may not be sold or transferred unless the sale or transfer is subsequently registered or an exemption from such registration is available, and that there will be no public market available to sell or dispose of the Interests;

(vi) the Interests are being purchased solely for your account, for investment purposes only and not with a view to the distribution, assignment, or resale thereof, and no other person on or prior to the final closing of this offering will have a direct or indirect beneficial interest in the Interests; and

(vii) if you are a corporation, partnership, trust, or other entity, you are authorized and otherwise duly qualified to purchase and hold the Interests and to enter into the Subscription Agreement, and you have not been formed for the specific purpose of acquiring the Interests, unless all of your equity owners qualify as accredited investors under one or more of the standards set forth above.

VII. RISK FACTORS

An investment in the Fund involves a high degree of risk, and is suitable only for investors of substantial means who have no immediate need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. References herein to "the Fund", "we", "our", "us" and like terms include, as the context may require, the Fund, the Manager, the Fund and/or any other investment vehicles established by the Fund.

In addition to factors set forth elsewhere in this Memorandum, prospective investors should carefully consider the following.

Risks Related to Immigration Status

Each prospective investor should review substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor notwithstanding eligibility for immigration based on an investment in the Fund. Investors who have been granted conditional permanent residency status must file a petition to remove the condition (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. Although the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments, there can be no assurance that an I-526 Petition will be approved, that an investor will successfully complete the Visa Process, or that upon the approval thereof that the conditions attaching thereto will be removed.

General Risks

No Operating History

The Fund is a newly formed limited partnership and has no operating history to report to prospective investors. Notwithstanding any prior operating experience or experience that the Principals may have in making investments of the type expected to be made by the Fund, any such prior experience was obtained under different market conditions and under a different organizational structure. There can be no assurance that the Fund will achieve its objectives or achieve positive results of any kind.

Management of the Fund

Limited Partners shall be full "limited partners" as contemplated by the Texas Business Organizations Code, and shall have all rights afforded to limited partners thereunder. In all cases, Limited Partners are subject to the rights of the General Partner, as set forth in the Fund Agreement.

Unspecified Investments

The Fund will begin operations upon closing, has no operating history and has not identified any particular investment. An investor in the limited partnership interests must rely upon the ability of the

General Partner in identifying, structuring, and implementing investments consistent with the Fund's investment objective and policies.

Changes in Environment

The Fund's investment program is intended to extend over a period of years during which the business, economic, political, regulatory, and technology environment within which the Fund operates may undergo substantial changes, some of which may be adverse to the Fund. The General Partner will have the exclusive right and authority (within limitations set forth in the Fund Agreement) to determine the manner in which the Fund responds to such changes, and Limited Partners generally will have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the investments held by the Fund. Instability in the securities markets may also increase the risks inherent the Fund's investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

Indemnification

The Fund will be required to indemnify the General Partner and its members, managers and affiliates for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse affect on the returns to the Limited Partners. For example, in their capacity as directors of portfolio companies the members, managers or affiliates of the General Partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the Capital Contributions of the Limited Partners. If the assets of the Fund are insufficient, the General Partner may be entitled to recall capital previously returned to the Limited Partners.

Management Team

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the General Partner will be responsible for monitoring the performance of each investment and intends to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with the Fund's plans.

Conflicts of Interest

Instances may arise where the interests of the General Partner may potentially or actually conflict with the interests of the Fund and the Limited Partners. For example, the existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such performance-based arrangement.

Risks Specific to the Fund

Risks Associated with Fund Investments

Identifying and participating in attractive investment opportunities and assisting in the building of successful enterprises are difficult tasks. There generally will be little or no publicly available information regarding the status and prospects of companies in which the Fund has invested. Many investment decisions by the Manager will be dependent upon the ability of its members and agents to obtain relevant information from non-public sources, and the Manager often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the Manager's control. Portfolio Investments may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. Portfolio Investments may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms, or may not be available at all. The Fund's capital is limited and may not be adequate to protect the Fund from dilution in multiple rounds of financing of portfolio companies. An otherwise successful investment in a business may yield poor investment returns if it is unable to consummate and execute a timely exit strategy. The receptiveness of potential acquirers of Portfolio Investments will vary over time and, even if an investment in a Portfolio Investment is disposed of via a merger, consolidation or similar transaction, the Fund's securities or other interests in the surviving entity may not be marketable. Generally, the investments made by the Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, the Fund's investments will be long-term in nature and may require many years from the date of initial investment before disposition.

Nature of Investments; Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Fund's investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may increase portfolio company interest expense. If a portfolio investment cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio investment.

Time Required to Maturity of Investment; Illiquidity of Investments

It is anticipated there will be a significant period of time before the Fund has completed its investments in Portfolio Investments. Such investments may typically take from three to seven years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Fund's investments will occur prior to several years following the Initial Closing.

Generally, the limited partnership risks are highly illiquid and there will be no readily available market for a substantial amount of investments made by the Fund. Disposition of such investments may require a lengthy time period or may result in distributions in kind to investors. Voluntary withdrawals of Limited Partners are not permitted without the consent of the General Partner.

Competition for Investments

The Fund expects to encounter competition from other entities having similar investment objectives. Potential competitors include business development companies, investment partnerships and corporations, small business investment companies, large industrial and financial companies investing directly or through affiliates and individuals. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partner. To the extent that the Fund encounters competition for investments, yields to Limited Partners may decrease.

Minority Investments

The Fund will likely invest in minority positions of companies and in companies for which the Fund has no direct right to appoint a director or otherwise exert significant influence. In such cases, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

Concentration of Investments

The Fund's portfolio may be concentrated in a limited number of companies in a limited number of industry sectors, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified.

Special Caution for Investors in Second or Later Closings

It is expected that, following the Fund's Initial Closing, the Fund will engage in a variety of investment and investment-related activities. In connection with such activities, the Fund and the General Partner likely will obtain confidential information regarding actual or potential portfolio companies. The General Partner and the Fund generally will not disclose such information to prospective Fund investors in connection with their consideration of an investment in the Fund. As a more general matter, any person considering an investment in the Fund (including an existing Limited Partner that is considering an increase to its capital contribution) subsequent to the Fund's Initial Closing should assume that the General Partner and the Fund will be in possession of information (such as information relating to actual or prospective Portfolio Investments, actual or prospective Limited Partners, or other matters arising subsequent to such Initial Closing) which information both (i) would be material to such person's evaluation of an investment in the Fund, and (ii) will not be disclosed to such person by the General Partner or the Fund in connection with such evaluation. The General Partner and the Fund explicitly disclaim any obligation to update the Memorandum to include (or otherwise inform prospective investors of) any such information.

Under some circumstances, a person considering an investment in the Fund may be provided with copies of the Fund's financial statements for periods following the initial closing at the sole discretion of the General Partner. Any such person is cautioned that it will be inherently difficult to determine the value of private company securities held by the Fund and that, accordingly, it would be inappropriate to interpret any information set forth in such statements as a representation or warranty regarding the true fair market value of any such securities.

Valuation methodologies for certain assets in our funds can be subject to significant subjectivity and the fair value of assets established pursuant to such methodologies may never be realized, which could result in significant losses.

There will be no readily ascertainable market prices for all or substantially all of the Portfolio Investments. The Manager will determine the value of the Portfolio Investments on a periodic basis based on the fair value of such investments. The fair value of investments of a fund such as the Fund is determined using a number of methodologies with which the Manager is familiar. Investments for which market prices are not observable are generally private investments in the equity of operating companies. Fair values of private investments are determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. Generally these valuations are derived by multiplying a key performance metric of the investee company or asset (e.g., EBITDA) by the relevant valuation multiple (e.g., price/equity ratio) observed for comparable companies or transactions, adjusted by management for differences between the investment and the comparable referenced. Private investments may also be valued at cost for a period of time after an acquisition as the best indicator of fair value. If the fair value of private investments held cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value of such private investments is the discounted cash flow method. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on the investment, including assumed growth rates (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values. The valuation based on the inputs determined to be the most probable is used as the fair value of the investment.

The determination of fair value using these methodologies takes into consideration a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid investments, the fair values of such Portfolio Investments in the Fund's portfolio do not necessarily reflect the prices that would actually be obtained by us on behalf of the Fund when such Portfolio Investments are realized. Realizations at values significantly lower than the values at which Portfolio Investments have been reflected in prior estimates could result in losses for the Fund.

No Assurance of Profit or Distributions

The Fund's task of identifying opportunities in operating companies, managing such investments and realizing a significant return for investors is difficult. At the time of the Fund's investment, a Portfolio Investment may lack one or more key attributes (e.g., marketable product, complete management team, or strategic alliances) necessary for success. There is no assurance that the investments of the Fund will be profitable or that any distribution will be made to the Limited Partners. Any return on investment to the Limited Partners will depend on successful investment being made by the Fund. The marketability and value of any such investment will depend upon many factors beyond the control of the Fund. The Fund may not have sufficient cash available to make tax distributions to the Partners. The expenses of the Fund may exceed its income, and the Limited Partners could lose the entire amount of their contributed capital.

Defaulted Capital Contributions

If Limited Partners fail to fund their Capital Contributions, the Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired. A default by a substantial

number of Limited Partners would limit opportunities for investment diversification and likely reduce returns to the Fund. Any Limited Partner who defaults in making a required capital contribution will be subject to certain adverse consequences pursuant to the provisions of the Partnership Agreement.

Unregistered Fund

The Fund is not subject to the provisions of the Investment Company Act in reliance upon the exception specified in *Section 3(c)(1)* (for issuers whose securities are not beneficially owned by more than 100 persons) and/or *Section 3(c)(7)* (for issuers whose securities are owned exclusively by “qualified purchasers” within the meaning of *Section 2(a)(51)* of the Investment Company Act). The Limited Partners’ subscription agreements and the Partnership Agreement will contain representations and restrictions on transfer designed to assure that the Fund will qualify for such exemptions. Neither the General Partner nor the Manager is required to, but may, be registered as an investment adviser under the Investment Advisers Act.

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VIII. CONFLICTS OF INTEREST

Civitas is an affiliate of the Fund, and also a Limited Partner in the Fund. Civitas, both in its individual capacity and in its capacity as the Manager intends to attempt to minimize any conflicts of interest among the Fund investors, the Manager, Civitas and the Principals by, among other things, making commercially reasonable efforts to align the interests of Civitas with respect to its own investments and activities with those of the Fund. Nevertheless, Civitas, the Principals and their affiliates may be subject to conflicts of interest in connection with their relationships with the Fund and its investors, including through Civitas' receipt of Sponsor Fees and its management of investments or portfolio companies in which the Fund does not have an interest.

Notwithstanding the foregoing, the Manager and its Principals are required to devote such time to the Fund as is consistent with the Fund achieving its investment objectives, and will employ a disciplined policy of managing conflicts of interest which relies heavily on involvement of its Advisory Committee.

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IX. PRIVACY NOTICE

In the normal course of its formation, operation and dissolution, the Fund will collect and disclose certain private information about its Limited Partners. Personal financial information about the Limited Partners, such as names, addresses, social security numbers, assets and incomes, will be obtained from subscription agreements and other documents. Other personal information about the Limited Partners, such as capital account balances, account data and information about their participation in other investments, will be obtained in the course of transactions between the Limited Partners and the Fund or its affiliates.

Except as described below, this private information will be disclosed only as permitted by applicable law to the Fund's affiliates and service providers, including the Fund's accountants, attorneys, administrators, broker-dealers, custodians, transfer agents, and any other parties whose services are necessary or convenient to the formation, operation or dissolution of the Fund. Any party receiving private information about the Limited Partners pursuant to the preceding sentence will be authorized to use such information to perform the services required and as permitted by applicable law. No party receiving a Limited Partner's personal information will be authorized to use or share that information for any other purpose.

Access to private information about the Limited Partners will be restricted to those employees of the Fund who require such access to provide services to the Fund and to the Limited Partners. The Fund will maintain physical, electronic and procedural safeguards that comply with federal regulations to guard private information about its Limited Partners.

In all events, the Fund may disclose Limited Partner information (i) to other Limited Partners as required or permitted under the Partnership Agreement, and (ii) as otherwise required by applicable law.

The foregoing privacy notice reflects a privacy policy that has been adopted by the General Partner. It may be updated from time to time upon notice to the Limited Partners.

X. LEGAL, TAX AND REGULATORY MATTERS

The following is a summary of the material U.S. federal income tax consequences of holding and disposing of Interests in the Fund. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "*Code*"), the Treasury regulations promulgated thereunder, published rulings and court decisions, all of which are subject to change or different interpretations, possibly with retroactive effect. This summary is addressed to U.S. persons holding Interests as capital assets and does not discuss all of the U.S. federal income tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the federal income tax laws (e.g., banks and certain other financial institutions, insurance companies, tax-exempt entities and non-U.S. persons). No rulings have been or will be sought from the Internal Revenue Service (the "*Service*") regarding any matter discussed in this Memorandum. Thus, there can be no assurance that the *Service* will not take a contrary position to those set forth below. No legal opinion has been received or requested by the Fund regarding the tax consequences relating to the Fund or an investment in the Fund. Those legal opinions and the statements which follow are based upon the provisions of the Limited Partnership Agreement of the Fund as in effect immediately prior to the closing and other relevant documents. No assurance can be given that the *Service* or the courts will concur with such legal opinions or the discussion of the tax consequences set forth below. Prospective investors are urged to consult their own tax advisors about the federal, state, local and foreign tax consequences to them of purchasing, holding and disposing Interests in the Fund, including any special tax consequences applicable to foreign investors, governmental entities, insurance companies and organizations exempt from taxation.

Generally

Tax Status of the Fund. The Fund intends to be characterized a partnership for U.S. federal income tax purposes. Treasury regulations permit many types of entities to select their preferred characterization for tax purposes. The Fund intends to use these regulations to assure that it is characterized as a partnership. For U.S. federal income tax purposes, a partnership is not a taxable entity but rather a conduit through which items of taxable income, loss, deduction and credit are passed through to, and reported by, its partners. Thus, each investor will be required to report on its Federal income tax return its allocable share of items of taxable income, loss, deduction, or credit realized by the Fund, whether or not any cash distributions are made to the investor during the taxable year. While no assurances can be given that state taxing authorities will follow Federal tax law on that issue, it is also anticipated that the Fund will be treated as a partnership under the applicable Texas tax rules.

Notwithstanding the forgoing, a partnership, including the Fund, will, as a general rule, be taxed as a corporation if it is treated as a publicly-traded partnership. A publicly-traded partnership means any partnership if interests in such partnership are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Partnership interests are traded on a secondary market or the substantial equivalent thereof, taking into account all of the facts and circumstances, if the partners are readily able to buy, sell or exchange such interests in a manner that is comparable, economically, to trading on an established securities market. However, partnership interests are not traded on secondary market or the substantial equivalent thereof for purposes of this rule if all partnership interests are issued in a transaction that is not required to be registered under the Securities Act of 1933 and the partnership does not have more than 100 partners at any time during the taxable year of the partnership. The Fund intends to use this exception to assure it is not characterized as a publicly-traded partnership.

Allocations of Income, Gains, Losses, Deductions and Credits. Except as discussed below, the items allocated to an Investor must be included in the Investor's own tax return for the taxable year within which or with which the taxable year of the Fund ends. Because portions of the Fund's income will be used to fund certain expenses and may be used to repay borrowings for which the Fund is liable, such income may not be available for distribution to the Investors. Nevertheless, income allocated to Investors will be taxable to them regardless of whether such income is actually distributed.

Code Section 704(b) provides that a partner's distributive share of income, gain, loss, deduction or credit will be controlled by the partnership agreement if the allocation provided for in the partnership agreement has "substantial economic effect." If the allocation provided for in the partnership agreement does not have "substantial economic effect," then a partner's distributive share must be allocated in accordance with each partner's interest in the partnership, which will be determined by taking into account all the facts and circumstances, such as a partner's interest in profits and losses, his or her relative share of capital contributed to the partnership, his or her interest in cash flow and his or her right to distributions upon liquidation.

Treasury regulations under Code Section 704(b) set forth certain guidelines which, if satisfied by a partnership, will result in the allocation of profits and losses being deemed to have substantial economic effect. If the Service were to contend successfully that the allocation of profits and losses under the terms of the Partnership Agreement was not in accordance with such guidelines, then each Investor's share of the income, gain, losses, deductions or credits from the Fund would be determined in accordance with his or her interest in the Fund, taking into account all the facts and circumstances.

The General Partner believes that, even if the allocation provisions in the Partnership Agreement were held not to meet the strict terms of the applicable regulations, the allocations provided for in the Partnership Agreement will nevertheless be made among the Investors according to their interests in the Fund, based upon all of the facts and circumstances. Accordingly, the General Partner believes that it is more likely than not that the allocations under the Partnership Agreement will be respected.

Deduction for Depletion. The owner of an economic interest in an oil and gas property is permitted to deduct an annual allowance for depletion, determined as either cost depletion or, for taxpayers which qualify under the applicable sections of the Internal Revenue Code, as the greater of percentage or cost depletion. Cost depletion with respect to an oil and gas property is computed for taxable year on a unit of production basis. For taxpayers that qualify, percentage depletion is computed as 15% of the "gross income from the property" but not more than 100% of the taxpayer's taxable income from any such property (computed without any deduction for depletion and certain other adjustments).

If an economic interest in an oil and gas property is owned by a partnership, then the depletion deduction with respect to the property must be determined separately by each partner (and not by the partnership) as though each partner directly owned its proportionate share (as determined under the partnership agreement) tax basis of the oil and gas property. Accordingly, the determination of whether the cost or percentage depletion method will apply to oil and gas properties directly or indirectly held by the Fund will need to be made by each Investor. If a partner in a lower tier partnership is itself a partnership, each partner (which is not itself a partnership) in the upper tier partnership must separately determine the depletion deduction based on the aggregate net proportionate interest in the tax basis of the oil and gas property the partner is deemed to hold. Such aggregate net proportionate interest is determined by multiplying together the interest held at each partnership tier.

To enable each Investor to compute its depletion deduction, the Fund will allocate to each Investor, in accordance with the terms of the Partnership Agreement, the Investor's proportionate share of the initial tax basis in each separate oil and gas property owned directly or indirectly by the Fund. In addition, the

Fund will provide to Investors at least annually information about the gross income from each such separate oil and gas property held directly or indirectly by the Fund. An Investor that qualifies as an independent producer or royalty holder may claim a deduction for the greater of percentage depletion or cost depletion, subject to the applicable limitations and restrictions under the tax law. All other Investors must determine the depletion deduction under the applicable rules for cost depletion.

As outlined above, each Investor is deemed to own a proportionate share (as determined under the Partnership Agreement) of the tax basis of each separate oil and gas property actually owned directly or indirectly by the Fund, and must separately determine its annual depletion deduction with respect to such property. As a consequence, each Investor must separately determine the resulting adjustments to its allocated portion of the tax basis of each such property for each taxable year. Each Investor is required to maintain the appropriate records with respect to such adjustments and tax basis and, if required by the Partnership Agreement, to supply such information to the General Partner upon request.

Treatment of Gain or Loss on Sale of Properties. At the time of its disposition by the actual owner, each Investor must separately determine gain or loss with respect to its share of each separate oil and gas property that it is deemed to own for purposes of computing depletion by virtue of its participation in the Fund. Gain or loss is the difference between the portion of the amount realized with respect to such property allocated to the Investor under the terms of the Partnership Agreement and the Investor's tax basis in the property, determined and adjusted as described immediately above.

Upon the taxable disposition of an oil and gas property, the Investor generally will recognize gain or loss, respectively, arising from the sale of "Section 1231" assets (*i.e.*, real property, including oil and gas properties, and depreciable assets used in a trade or business and held for more than one year). However, all or a portion of the gain, if any, realized on the sale of these oil and gas properties may be recharacterized as ordinary income subject to taxation at the regular rates, as Section 1254 and/or Section 1245 gain.

Tax Basis in a Fund Interest. An Investor's tax basis in an Interest will initially equal the amount paid to acquire that Interest. It will be increased by (i) any subsequent cash contributions the Investor makes to the Fund, (ii) the Investor's distributive share of the Fund's taxable income, (iii) the Investor's distributive share of the Fund's tax-exempt income, (iv) any increase in the Investor's share of indebtedness of the Fund and (v) any gain recognized by the Investor in a taxable disposition of an oil and gas property owned directly or indirectly by the Fund. It will be decreased (but not below zero) by (i) actual distributions made by the Fund to the Investor, (ii) the Investor's distributive share of the Fund's losses (even if such losses are deferred as described above), (iii) the Investor's distributive share of the Fund's non-deductible expenses that are not properly chargeable to a capital account, (iv) a decrease in the Investor's share of indebtedness of the Fund, (v) the deduction for depletion determined and claimed by the Investor as outlined above, to the extent that the cumulative amount of any such depletion deductions so claimed do not exceed the aggregate tax basis in oil and gas properties allocated to the Investor, and (vi) any loss recognized by the Investor in a taxable disposition of any oil and gas property owned directly or indirectly by the Fund.

Limitations on Deductions. To the extent that the Fund incurs losses, an Investor's ability to deduct its share of deductions and losses will be limited to the tax basis that such Investor has in its Interest, or in the case of an individual Investor or a corporate Investor (if more than 50% of the value of such corporate Investor's stock is owned directly or indirectly by five or fewer individuals or certain tax-exempt organizations), to the amount that the Investor is considered to be "at risk" with respect to the Fund's activities, if that is less than the Investor's tax basis. An Investor must recapture losses deducted in previous years to the extent that the Fund's distributions cause the Investor's at risk amount to be less than zero at the end of any taxable year. Losses disallowed to an Investor or recaptured as a result of

these limitations will carry forward and will be allowable to the extent that the Investor's tax basis or at risk amount (whichever is the limiting factor) is subsequently increased.

In general, each Investor will be at risk to the extent of the purchase price of its Interest, but this will be less than the Investor's tax basis in its Interest to the extent of the Investor's share of any of the Fund's nonrecourse liabilities. An Investor's at risk amount generally will increase or decrease as the tax basis of the Investor's Interest increases or decreases except that changes in the Fund's nonrecourse liabilities will not increase or decrease the Investor's at risk amount.

In addition, individuals and certain entities are prohibited from deducting net losses from "passive activities" for any taxable year except against income from passive activities for the taxable year. See the discussion below, "Passive Income and Losses." Certain losses from the Fund that are allocated to an Investor may constitute "passive activity losses" subject to the passive loss rules. Any disallowed passive activity losses may be carried forward and deductible in subsequent years. In addition, the balance of any unused passive activity losses will be allowable in full upon disposition of the Investor's Interest in the Fund. The passive activity loss rules are applied after other applicable limitations on deductions such as the tax basis limitation and the at risk rules.

Passive Income and Losses. The passive activity limitations apply to individuals, trusts, estates, personal service corporations, and, in modified form, closely-held C corporations. In general, these rules limit the deductibility of losses from passive activities (which generally include losses attributable to a trade or business carried on as a limited partner) as well as any rental activity or other business activity in which the taxpayer does not materially participate, to the income generated from the taxpayer's other passive activities. In general, an Investor may realize passive income or loss from the Fund's investment in the Fund. If an Investor is subject to these rules, the Investor's share of passive losses, if any, from these investments may be used to offset the Investor's net income (and associated tax liability) from other passive activities. Conversely, such Investor may utilize losses, if any, from its other passive activities to offset his or her passive income, if any, attributable to the Fund's investment in the Fund. However, any "excess" passive loss attributable to the Fund's investment in the Fund cannot be utilized to offset the Investor's income from other sources, such as "active income" (i.e., wages and active trade or business income) or "portfolio income" (i.e., dividend, interest, royalty and annuity income and gains derived from assets producing portfolio income) but instead must be carried forward to future years to offset passive income recognized in those years under the same rules. Therefore, an Investor will receive no current tax benefit from the Fund's losses to the extent that the Investor has no passive activity income from other sources during that tax year.

Portfolio income earned by a taxpayer is treated as non-passive income of the taxpayer and cannot be offset by such taxpayer's passive losses, if any. Consequently, if the Fund generates portfolio income, each Investor will have an increased tax liability regardless of the amount of passive losses, if any, attributable to the Fund's investment in the Fund.

Treatment of Distributions from the Fund. In the event that distributions of cash made to an Investor exceed the Investor's tax basis in its Interest, the Investor must recognize gain equal to such excess. Cash distributions in excess of an Investor's tax basis generally will be considered to be gain from the sale or exchange of an Interest in the Fund, which gain generally will be treated at least in part as capital gain. See the discussion below, "Disposition of an Interest in the Fund." Please note that any reduction in an Investor's share of the Fund's liabilities for federal income tax purposes will be treated as a distribution of cash.

Disposition of an Interest in the Fund. The sale or exchange of all or part of an Investor's Interest generally will result in a recognition of capital gain or loss, except to the extent of ordinary income or

loss, if any, attributable to the Fund's Code Section 751 assets (which consist of unrealized receivables (including 1245 and 1254 recapture items) and inventory, or substantially appreciated inventory if Interests are redeemed by the Fund). The amount realized from the sale will be measured by the sum of the cash or the fair market value of other property received by the Investor plus the Investor's share of the Fund's liabilities for which the Investor is deemed to be relieved.

Capital gain or loss recognized by a non-corporate Investor on the sale or exchange of an Interest held for more than twelve months will be long-term capital gain or loss, subject to taxation at a maximum rate of 15% through 2010. All other gains will be taxed at ordinary income rates. To the extent that a capital loss is realized on the disposition of an Interest, the Investor's ability to recognize such loss may be severely limited.

If an Investor sells or otherwise disposes of an Interest prior to the end of a taxable year in which the Fund has net income, the Investor will be liable for the income taxes due on its proportionate share of the net income attributable to such Interest for that period ending on the date of disposition, even though the Investor may not have received any cash distributions.

Alternative Minimum Tax. Individual and corporate taxpayers have potential liability for alternative minimum tax. Certain items from the Fund could affect an Investor's alternative minimum tax liability. Because such liability is dependent upon each Investor's own circumstance, each Investor should consult its own tax advisors concerning the alternative minimum tax consequences of being an Investor.

Tax Returns. The Fund will report its operations on an accrual basis for each calendar year and will file a partnership information income tax return, although the Fund will not itself be subject to any Federal income taxes. See "Tax Status of the Fund" above. The Fund will deliver to each Investor a report containing certain information necessary in the preparation of the Investor's Federal income tax returns on or before the day on which the partnership return for that taxable year is required to be filed (determined with regard to extensions).

Certain Considerations for Tax-Exempt Investors. If an entity exempt from taxation under Section 501 of the Code (a "tax-exempt entity") is a partner in a partnership that is engaged in a trade or business not substantially related to the tax-exempt entity's exempt function, the tax-exempt entity's distributive share of partnership income (other than dividends, interest, royalties, certain rents, capital gains and certain other items) will be treated as unrelated business taxable income ("UBTI"). In addition, if a tax-exempt entity is a partner in a partnership that owns property acquired with borrowed funds, or if the tax-exempt entity itself borrows to invest in a partnership, the tax-exempt entity's share of partnership income (including dividends, interest, royalties, rent and capital gains) attributable to such property will be treated as UBTI.

If the Fund incurs debt or a tax-exempt entity incurs debt to invest in the Fund, that indebtedness would cause UBTI to tax-exempt investors. In addition, the Fund will realize income that will constitute UBTI. Each tax-exempt investor is urged to consult with its own tax advisor regarding the federal, state and local tax treatment of its investment in the Fund.

Tax Audits. The General Partner will represent the Fund, and the General Partner will represent the Fund, as "tax matters partner" during any audit and in any dispute with the Service. Each Limited Partner will be informed by the General Partner of the commencement of an audit of the Fund. In general, the General Partner may enter into a settlement agreement with the Service on behalf of, and binding upon, the Limited Partners. The legal and accounting costs incurred in connection with any audit of the Fund's tax returns will be borne by the Fund but Limited Partners will bear the cost of audits of their own tax returns.

The period for assessing a deficiency against a partner in a partnership, such as the Fund, with respect to a partnership item is the later of three (3) years after the partnership files its return or, under certain circumstances, if the name, address, and taxpayer identification number of the partner do not appear on the partnership return, one year after the Service is furnished with such information. The General Partner may consent on behalf of the Fund to an extension of the period for assessing a deficiency with respect to a Fund item. As a result, a Limited Partner's federal income tax return may be subject to examination and adjustment by the Service for a Fund item more than three (3) years after such return has been filed.

If adjustments are made to items of Fund income, gain, loss, deduction or expenses as the result of an audit of the Fund, the tax returns of the Limited Partners may be reviewed by the Service, which could result in adjustments of non-Fund items as well as Fund items.

Prospective investors should note that the Treasury Department has examined and continues to study among other things, the administrative and compliance issues related to the tax treatment of large partnerships, including the issues of imposing collection and/or withholding of tax at the partnership level and procedures for audits and assessments of partnerships and partners.

Other Tax Law Considerations. The foregoing discussion is only a summary and is based upon existing federal income tax law. Prospective investors should recognize that the federal income tax treatment of an investment in Interests may be modified at any time by legislative, judicial or administrative action. Any such changes may have retroactive effect with respect to existing transactions and investments and may modify the statements made above.

The summary of Federal income tax consequences set forth in this Memorandum is not intended to be a complete summary of the tax consequences of this investment and is not intended as a substitute for careful tax planning. The applicability of the tax laws to Investors will vary from one Investor to another, depending upon each Investor's tax situation. Accordingly, each prospective Investor is advised to consult with his or her own attorneys, accountants and other personal tax advisors as to the effect on his or her own tax situation of a purchase and ownership of an Interest in the Fund and as to the effect of recent and pending changes in the applicable law.

To ensure compliance with Treasury Department Circular 230, you are hereby notified that any discussion of U.S. federal income tax issues herein is not intended or written to be relied upon, and cannot be relied upon, by any taxpayer for the purpose of avoiding penalties that may be imposed regarding the transactions or matters addressed herein. This Memorandum was written to support the promotion or marketing of the Interests or the other matters addressed herein. Each taxpayer should seek advice based on its particular circumstances from an independent tax adviser.

XI. ANTI-MONEY LAUNDERING COMPLIANCE

In order to ensure compliance by the Fund, the Manager and the General Partner with the regulations of the U.S. Office of Foreign Assets Control (“OFAC”) and, as applicable, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the regulations thereunder (the “Patriot Act”), a subscriber in the Fund will be required to confirm its identity and the identity of its beneficial owners (if applicable).

The Fund or its Administrator may require a detailed verification of the identity of the subscriber. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address (such as a utility bill or bank statement) and date of birth. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), articles of incorporation (or the equivalent), the names, occupations, dates of birth and residential and business addresses of all directors, and the names, occupations, dates of birth and residential and business addresses of significant or controlling beneficial owners.

Enhanced due diligence procedures prior to accepting investors will be undertaken by the Fund or its Administrator if the investor is believed to present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a “non-cooperative jurisdiction” or other jurisdictions designated by the U.S. Department of Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

(a) The Administrator agrees to compare, at the time of an initial subscription and prior to any withdrawal, the name of each prospective investor or withdrawing Limited Partner with lists of persons, entities or organizations included on any so-called “watch list” or list of specially designated persons, entities or organizations maintained by OFAC and posted on the OFAC Website, located at www.ustreas.gov/offices/enforcement/ofac from time to time. For purposes of this requirement it will be deemed sufficient for the Administrator to perform a search against the name of such prospective investor or withdrawing Limited Partner on the Worldcheck website (or such other appropriate search facility as the Administrator will utilize from time to time) (the “Website”). In the event that an existing Limited Partner is discovered to be on the OFAC “watch list” the Administrator shall freeze the Limited Partner’s account by declining (i) any additional subscription for Limited Partnership Interests by such Limited Partner, (ii) any withdrawal request submitted by such Limited Partner or (iii) any request for a transfer of Interests submitted by the Limited Partner and take such other action as the Fund or the Administrator considers necessary or advisable in order to comply with any relevant law or regulation including, without limitation, the mandatory withdrawal of part or all of the Limited Partner’s Interests.

(b) For the purposes of this sub-clause (b) a Prohibited Person is any person who receives a positive “hit” on the Website, any person identifying itself in any of the Subscription Documents to be a Foreign Shell Bank (as defined in the Patriot Act), a senior foreign political figure or immediate family member or close associate of the same, and any other person that the Fund, the General Partner or the Manager may inform the Administrator is a Prohibited Person. In the event that a prospective partner is discovered to be a Prohibited Person, the Administrator agrees to promptly notify the Fund and the General Partner (unless such notification would be prohibited under any relevant law or regulation) and

the Fund or the General Partner shall either (i) direct the Administrator that the application is rejected or (ii) in the case of a Foreign Shell Bank, senior foreign political figure or immediate family member or close associate of the same, either obtain itself or direct the Administrator to obtain from such subscribing investor such further information regarding the identity of such subscribing investor and source of funds as the General Partner determines is required by the Patriot Act and the General Partner shall (after reviewing the same) direct the Administrator that the application is either accepted or rejected.

Due to these anti-money laundering requirements, in the event the Fund or its Administrator requires further identification of the subscriber before an application or withdrawal is processed, the Administrator shall be held harmless and indemnified against any loss arising as a result of a failure to process the application or withdrawal if such information as has been required by the parties referred to has not been provided by the subscriber.

The Fund or its Administrator reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund or the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to process a withdrawal request until proper information has been provided.

The Fund may be required to undertake additional actions to guard against and identify money laundering activities, when final regulations under the Patriot Act are adopted by the Department of the Treasury. The requirements for the Fund to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the Fund has in deciding whether to accept subscriptions.

DRAFT

XII. ADDITIONAL INFORMATION

Legal Matters

Haynes and Boone, LLP is counsel for the Fund, the General Partner and the Manager. Haynes and Boone, LLP does not represent the purchasers of the Interests, and prospective purchasers of such Interests should consult with their own legal and tax advisors in connection with such purchases.

Auditing

Deloitte & Touche, LLP is the auditor for the Fund, the General Partner and the Manager.

Reporting

Prior to the consummation of the offering, the Fund will provide to each prospective investor, and to such investors' representatives and advisers, the opportunity to ask questions regarding the terms and conditions of this offering and to obtain any additional information required. Any questions or requests for information should be directed to Civitas Dallas Access Fund I, L.P., c/o Civitas Capital Management, LLC, 6226 Bandera Avenue, Suite C, Dallas, Texas 75225, Attention: Daniel J. Healy. All payments should be in the form of a wire transfer and, following the wiring, the General Partner should be notified.

No other persons have been authorized to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund. Copies of the Partnership Agreement and Subscription Agreement for the purchase of Interests will be made available upon request. Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision. During the course of the transaction, and prior to sale, each purchaser of an Interest is invited to ask questions of the General Partner concerning the terms and conditions of the offering and to obtain any additional information necessary or to verify the accuracy of the information furnished in this Memorandum.



Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

Civitas Capital Management, LLC
File Number: 801060180

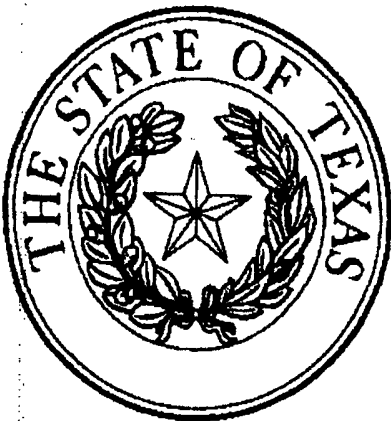
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Limited Liability Company (LLC) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 12/08/2008

Effective: 12/08/2008



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State

DEC 08 2008

Corporations Section

**CERTIFICATE OF FORMATION
OF
CIVITAS CAPITAL MANAGEMENT, LLC,
a Texas limited liability company**

ARTICLE 1 – Entity Name and Type

The name of the entity is Civitas Capital Management, LLC. The filing entity being formed is a limited liability company.

ARTICLE 2 – Registered Agent and Registered Office

The initial registered agent is Daniel J. Healy. The business address of the registered agent and the registered office address is 6226 Bandera Avenue, Suite C, Dallas, Texas 75225.

ARTICLE 3 – Governing Authority

The limited liability company will be managed by managers. The name and address of each initial manager is follow:

<u>Name</u>	<u>Address</u>
Rafael M. Anchia	2323 Victory Avenue Suite 700 Dallas, Texas 75219
Jason T. Barnes	2323 Victory Avenue Suite 700 Dallas, Texas 75219
Daniel J. Healy	6226 Bandera Avenue Suite C Dallas, Texas 75225
Kevin W. Page	7557 Rambler Road 7th Floor Dallas, Texas 75231

ARTICLE 4 – Purpose

The limited liability company is formed for the purpose of transacting all lawful purposes for which a limited liability company may be organized under the Texas Business Organizations Code.

ARTICLE 5 – Effectiveness of Filing

This Certificate of Formation becomes effective when it is filed by the Texas Secretary of State.

ARTICLE 6 – Organizer

The name and address of the organizer of the limited liability company are as follow:

Jason T. Barnes
Haynes and Boone, LLP
2323 Victory Park
Suite 700
Dallas, Texas 75219

*Remainder of Page Intentionally Left Blank.
Signature Page to Follow.*

IN WITNESS WHEREOF, the undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument on the 8th day of December, 2008.

ORGANIZER:



Jason T. Barnes,
Organizer



Office of the Secretary of State

December 09, 2008

Haynes and Boone LLP
600 Congress Avenue, Suite 1300
Austin, TX 78701 USA

RE: Civitas Capital Management, LLC
File Number: 801060180

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created domestic limited liability company (llc).

Unless exempted, the entity formed is subject to state tax laws, including franchise tax laws. Shortly, the Comptroller of Public Accounts will be contacting the entity at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the entity. The initial franchise tax report will be due a year and 89 days after the effective date of formation. Thereafter, an annual franchise tax report is due each May 15. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>.

The entity formed does not file annual reports with the Secretary of State. Documents will be filed with the Secretary of State if the entity needs to amend one of the provisions in its certificate of formation. It is important for the entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the involuntary termination of the entity.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure

What types of investments might Civitas make using the EB-5 funds?

I. Overview. Civitas Funds will make a mix of equity and debt investments in businesses that operate within the preferred industry sectors identified by the City of Dallas (in the 2006 *forwardDallas! plan, the Strategic Engagement: Dallas' Economic Development Plan* and the *City of Dallas Regional Center Application* to the USCIS), including the following (the "**Targeted Industries**"):

- Advanced Building Components and Systems
- Food Manufacturing
- Headquarters, Management & Administrative Operations
- Instruments Manufacturing
- Information Technology Services
- Logistics, Trade and Commerce
- Media, Entertainment & Amenities
- Telecommunications
- Transportation Equipment Manufacturing & Assembly
- Energy, Clean Tech and Environment
- Human Health, Education & Wellness
- Building, Development & Infrastructure

Within these sectors, Civitas Funds will adhere to an investment strategy that focuses on the deployment of capital into businesses that, when aligned, naturally form synergistic development "clusters" that enhance their own performance and afford them access to growth opportunities that increase their job creation potential and long-term viability. (Note that a list of representative potential investments is set forth below in *Section VI.*)

II. Investment Parameters.

Target. Civitas Funds will seek to provide direct financing to locally established or relocated enterprises in amounts ranging from approximately US\$1 million to US\$10 million per business. Investments will be made primarily through structured equity and subordinated debt participations in partnership with local entrepreneurs, senior management and local community support structures. Investments are often combined with quasi-equity financial instruments and subordinated debt, and will include defined investment liquidity protections ("*exit rights*"). Civitas Funds, however, will maintain a

very flexible approach to deal structure and the terms of particular investments in order to adapt to the circumstances of each business, the objectives of each investment, and the needs of each pool of EB-5 investors. For example, Civitas Funds may take a long-term controlling interest in the equity of a high-growth technology company, or simply make a working capital loan to an established business that has been pushed to the brink as a result of the lack of liquidity in the credit markets.

Restrictions. Civitas Funds will not invest in any entities whose principal business involves the manufacture, supply of, or other activities in the following areas:

- Tobacco or tobacco products;
- Armament productions or where 50 percent or more of the total production output or turnover of the portfolio company is derived from military-related activity;
- Beverages with an alcoholic content exceeding 15 percent;
- Casinos or companies where the principal source of income is gambling;
- Speculative investments in raw land (not attached to developments initiated by the Civitas Funds or its partners) or commodities;
- Immoral and illegal activities; or
- Investments in businesses that, on a net basis, are harmful to the environment.

In addition to the above list, there might be other activities or businesses, investments which are restricted, limited or subject to special regulations, depending on specific investment policies, guidelines or other principles adopted by investors in Civitas Funds.

USCIS/CDRC Compliance. Importantly, Civitas Funds will concentrate its EB-5 investment capital into the Targeted Industries in order to ensure that (1) the City of Dallas Regional Center is operated in compliance with the approval granted by the USCIS, and (2) the risks associated with the EB-5 investor matriculation process is limited and avoids a possible determination that investments did not conform with the mandate for the CDRC.

III. Transaction/Investment Types. As a general matter, Civitas' strategy will involve the deployment of capital in connection with transactions such as the following:

- Funding preferred equity capital required in connection with leveraged buyouts
- Providing subordinated debt/mezzanine loans to businesses that are fundamentally solid but, for example, lack the collateral required to make them ideal candidates for mainstream bank financing
- Providing combinations of equity and debt capital to small and middle market emerging businesses
- Equity financing for entrepreneurs and start-up businesses

IV. Approved Asset Classes. As a general matter, Civitas' strategy involves the aggregation of a flexible pool of capital that can be deployed strategically into businesses at various stages of growth, and at various levels of their capital structure. Asset classes in which Civitas Funds would invest will include:

Common Equity. In many cases, Civitas will consider making investments in businesses in exchange for common stock (or equivalent equity). Holders of common stock are entitled to dividends in certain cases, but as a general matter common stock does not carry special rights. Claims of secured and unsecured creditors, bondholders and preferred stockholders generally take precedence over those of the common stockholders. Common equity, however, will likely be the smallest percentage of Civitas' portfolio, in light of (1) its high risk, (2) the long time horizon generally required to realize returns, and (3) the lack of any distributions of current cash flow.

Preferred Equity. Unlike common stock, preferred stock usually has several rights attached to it, including a current cash flow component in the form of a dividend. Preferred stock dividend rights are often cumulative, such that if the dividend is not paid it accumulates from year to year. The holders of preferred stock have a claim to the assets of the company that are prior to that of common stockholders. In many cases, preferred stock will also have special voting rights to approve certain extraordinary events (such as the issuance of new shares of the company, the approval of the acquisition of the company, to elect directors, and so forth). Preferred equity is most often used in the context of venture capital investments and leveraged buyouts, two transaction types on which Civitas will focus particular attention.

Subordinated/Mezzanine Debt. Subordinated or "mezzanine" debt is structured in the form of a loan to a company that is subordinated in right of payment to any senior debt in the company's capital structure. The debt features a significant interest coupon, and may or may not be secured by assets of the company. In addition, subordinated debt generally features detachable warrants to purchase equity in the borrowing business. Subordinated debt is most often employed in situations where companies have insufficient capital to acquire regular bank financing, or in connection with leveraged buyouts where insufficient equity or senior debt financing is available. In view of the current cash flow component, Civitas will focus considerable attention on this flexible debt product.

Senior and Second-Lien Debt. Senior debt is generally extended to a company as a revolving, term or hybrid loan. Senior debt is typically limited to an amount that can be safely covered (typically based on liquidation value) of the assets owned by the company. As a result of its collateral coverage, senior debt is generally the lowest cost form of debt, and does not carry with it any right to the equity of the company. Civitas will consider making senior loans to businesses where appropriate, and in particular in cases where the stability of the business and value of the interest is such that it provides Civitas' EB-5 investors with a predictable return and less downside risk.

V. LMI and Industry Cluster Focus. Using the wide variety of financial tools that will be at Civitas' disposal, Civitas will focus deployment primarily around LMI Communities and clearly identifiable industry clusters.

LMI Focus. The key additional advantages of an LMI Community focus are found in the systematic failure of mainstream capital providers to deliver appropriate financial solutions to businesses in LMI Communities, including those that are minority-owned and/or focused ("LMI

Businesses”). This situation has created a *vacuum of capital* between (a) the start-up phase and early stage of business growth, where non-profits, government grants and small community development financiers (e.g., micro-finance lenders) can provide liquidity, and (b) the expansion stage, where patient and sophisticated capital is required, but provided by institutional and other mainstream sources. As a result, many burgeoning LMI Businesses are doomed to fail, or plateau permanently, unless they can finance their growth through their own cash flow. This is the stage of growth and development on which Civitas will focus most of its attention as businesses in this range feature a strong combination of (1) existing revenue, (2) job/human resources requirements, and (3) rapid growth potential when such businesses are synergistically aligned with related portfolio companies and/or community businesses.

Industry Clusters. In order to maximize the benefits of the LMI Community focus, and enhance the chances for each targeted portfolio company to achieve its desired level of growth, Civitas will utilize an industry cluster approach to its investments that is aligned with the City’s Targeted Industries. By focusing on industry clusters, and micro-economies within LMI Communities, it is possible to maximize both the economic and social utility of the *private* investment made by Civitas and other providers in the community, and public investment that is contributed.

The City’s desired focus on the Targeted Industries is highly compatible with the cluster investment methodology that forms one of the key pillars of Civitas’ overarching investment strategy. In addition, Civitas believes that the Targeted Industries are well-suited for investment in the current economic climate, and sufficiently flexible to allow for growth and diversification as conditions improve. Entities that fit within the Targeted Industries have been grouped into 12 Target Clusters, as listed above.

The above industry clusters are clearly broad. However, Civitas offers several specific examples of possible investments, although it must be noted that actual investment targets may vary substantially from what is currently available or being considered. It is important to note that, even though Civitas has a number of “shovel ready” investment opportunities and projects that it can quickly source, it will take approximately one year to break escrow with the first CDRC EB-5 investors.

VI. *List of Possible Investments.* The following samples are confidential summaries of actual transactions that have been presented to the Civitas Principals and are currently available for investment, and are followed by a more detailed case study:

I. Clean Technology and Sustainable Business Cluster Example

Investments across the Targeted Industries within the confines of a specific cluster are both possible and advantageous. The following is a list of currently available investment opportunities that would fit not only within the Targeted Industries, but also within a synergistic Clean Technology and Sustainable Business Cluster.

Transaction 1 (High IT Use Service Industries). Provide a combination of preferred equity capital and working capital debt financing for a “green process” consulting firm seeking to roll-up smaller competitors and hire a large team of additional consultants who will specialize in advising companies on energy efficiency plans and “green”/sustainable policies and programs.

Transaction 2 (Pre-Fabricated Building Materials). Provide relocation and expansion capital to manufacturer of high-efficiency windows and recycled insulation products. Likely alignment with relocation and other capital available through the City’s Public/Private Partnership program.

Transaction 3 (Media). Expansion capital for a multi-lingual producer of mixed-media educational content training K-12 students about sustainable and environmentally conscious living and career options. Global marketability.

Transaction 4 (Food Processing and Distribution). Acquire a controlling interest in and relocate a whole foods-oriented pre-made food manufacturer and distributor that delivers both private label and store branded, dry shelf-stable dinners and side dishes that are cost effective. The company targets a local, regional and national customer base in the grocery retail, discount retail, wholesale, mass merchandiser, and specialty retail channels and utilizes the latest in sustainable manufacturing technology.

Transaction 5 (Instrument Manufacturing). Provide the equity capital required to finance the development of a manufacturing facility and the distribution channel necessary to launch an intellectual property joint venture with a business that has a proprietary technology (pump/repeater) for increasing the efficiency with which pipelines deliver oil and gas over long distances.

II. High IT Use Service Industries.

Additional available investment opportunities specifically within the High IT Use Service Industry sector include the following:

SMS Deployment. Provide preferred equity and subordinated debt capital required to expand the business of a pioneer in Short Messaging Services (SMS) network deployment. Through its multi-channel service, the company can carry wireless messages over all communications channels (SMS, IP messaging, radio broadcasts, etc.).

Virtual Call Center. Provide equity capital and lower-cost subordinated debt capital required to re-locate substantial call center business to Dallas. The company has on-site employees, but the bulk of its employees are virtual, consisting largely of individuals who are unable (because of physical limitations or access to transportation) to commute effectively.

Technology Repair. Provide preferred equity capital required to purchase a controlling interest in a leading after-sales service provider to major computer hardware manufacturers and system integrators, specializing in the repair of laptop computers and other popular handheld devices. The company is seeking to expand its platform to provide a truly one-stop shop solution for the outsourcing of after-sales, in-warranty and out-of-warranty computer services.

Hosting Company. Inject equity capital into a leading IT infrastructure and managed services company that would be relocated to Dallas. The company provides a comprehensive range of enterprise managed hosting services through its nationwide footprint of data center facilities.

III. Food Processing and Distribution.

Food Quality Screening. A company located in Ohio is seeking subordinated debt and equity capital in order to fund its expansion into the Southwest and Latin America via a Texas-based facility. The company is a pioneer in the development of screening and separation equipment used in a broad range of process industries, including industrial minerals, food and grain.

Dispensing Technology. Provide the equity capital and arrange the senior leverage required to fund the acquisition of a leader in the design, development and manufacture of innovative, high-quality dispensing solutions for the foodservice and beverage industry.

Specialty Food Manufacturer. A 50+ employee North Dallas-based business is seeking a buyer. Sale would be difficult as a result of low collateral value. A mix of common and preferred equity and subordinated debt would be infused to complete the acquisition alongside traditional bank financing. The company has a great reputation and over 100,000 square feet of manufacturing space that can be relocated if needed.

IV. Media

Multi-Lingual Content Provider. Expansion capital for a multi-lingual producer of commercials and television content. Also acquire and re-develop property for editing suites and production sound stages that can be leased.

Entertainment Venue. Co-invest with a developer to bring a 24-screen stadium-seating movie theater to south Dallas. Fund the management company that operates the theater. Develop surrounding real estate into destination venue for local community and beyond.

Ethnic-focused Radio and Television. Provide capital to roll-up several Spanish and Asian-language content producers and co-develop a broadcast and recording studio facility to house the integrated operation.

V. Instrument Manufacturing

MRI Imaging. Series C preferred equity infusion into a company that will use the capital to expand selling and marketing activities both nationally and internationally in commercialization of its proprietary MRI breast imaging system.

Infrared Security Technology. Invest preferred equity capital into a Colorado-based business that will open a manufacturing facility in Dallas for purposes of launching its proprietary 3D-infrared sensor technology. The company has built strong relationships with government and security businesses, and is poised for rapid growth.

Industrial Cellular. Provide relocation and expansion capital to manufacturer of heavy-duty cellular handsets for military and industrial applications.

CASE STUDY

Business Description

The target business (the "***Company***") develops cutting-edge infrared monitoring systems from a small existing facility in Louisville, Colorado that would be relocated to the CDRC in connection with a financing. Since 2002, the company has designed and patented its revolutionary [product name withheld] detection technology (the "***Product***"). The Product, originally conceived to provide search and rescue teams with detection and three-dimensional (3D) location of buried avalanche victims, has more recently been developed as a Real-time, Wide-area, Infrared Threat Detection Product for Military Force Protection, Homeland Security and Commercial Security and Safety applications.

Current Opportunity

The company's final product development cycle and initial sales ramp will result from a concerted focus on our key market segments. The flexibility and scalability of the Product will allow the company to easily build upon and modify its core-technology to provide new capabilities for a variety of growing markets.

The company's Military Force Protection device provides tactical, high-speed, wide-area weapons fire detection and tracking to meet critical needs in the booming defense market. Using Product technology our military can better locate weapons-fire and secure troops, bases and equipment from enemy threats. Applied as a Homeland Security product, the company offers strategic and empowering threat detection tools for effectively securing our borders, ports, pipelines and other critical infrastructure. The Commercial Security and Safety product is stationary-mounted to secure commercial installations of all types including: mining operations, oil and gas facilities, shipping yards, airports and administrative facilities. Additionally, Vehicle or mobile-mounted Product devices detect and warn operators of impending collision with other vehicles, equipment, and individuals while enhancing on-site safety and improving efficiency of the operation as a whole. The Product can also help fight piracy in maritime shipping lanes through early location of hijackers as they approach the vessel.

Investment Description

A major launch was initiated on January 1, 2008. Since that time the company has received a small amount of capital through a convertible debt instrument. The company presently requires an infusion of \$2,000,000 of capital in the form of Series B Preferred Stock in order to finish its development cycle, satisfy existing and prospective contracts, and create the foundation for growth. The Series B Preferred Stock would be negotiated with the following basic terms:

AMOUNT OF INVESTMENT	\$2,000,000
PRE-MONEY VALUATION	\$5,000,000 pre-money valuation on a fully-diluted basis
TYPE OF SECURITY	Shares of the Company's Series B Preferred Stock (" <i>Series</i>

B Preferred”), convertible into shares of the Company’s Common Stock.

POST-INVESTMENT OWNERSHIP

40%

PERFORMANCE MILESTONES

If by the end of 2013 the Company:

- (1) Realizes a gross profit of greater than \$70 million, then the ownership percentage of Series B Preferred shall be reduced to reflect a Pre-Money Valuation of \$10 million.
- (2) Fails to realize a gross profit of greater than \$60 million, then the ownership percentage of Series B Preferred shall be increased to reflect a Pre-Money Valuation of \$4 million.

DIVIDENDS

6% cash dividend payable semi-annually

4% PIK dividend (accrued and due on liquidation)

CONVERSION

Series B Preferred may be converted at any time following the first anniversary of the closing. The conversion price shall be based on the then-applicable Pre-Money Valuation, as adjusted to reflect dilutive equity issuances by the Company.

JOB CREATION TARGET (2-years)

37

JOB CREATION TARGET (5-years)

119

Sales Projections (next page)

Sales Projections

Sales Projections	2009	2010	2011	2012	2013
SDS					
Unit Volume	24	128	280	455	675
Gross Sales	\$3,080,000	\$14,480,000	\$30,190,000	\$48,725,000	\$88,875,000
(Commissions)	\$73,820	\$347,520	\$724,560	\$1,169,400	\$1,677,000
(Returns and Allowances)	\$32,400	\$434,400	\$905,700	\$1,461,750	\$2,096,250
Net Sales	\$2,913,680	\$13,698,080	\$28,559,740	\$46,093,850	\$66,101,750
(Cost of Goods Sold)	\$1,540,000	\$7,240,000	\$15,095,000	\$20,830,000	\$27,450,000
GROSS PROFIT	\$1,373,680	\$6,458,080	\$13,464,740	\$25,463,850	\$38,651,750
NRE and Consulting					
Gross Sales	\$485,600	\$600,000	\$720,000	\$900,000	\$1,500,000
(Commissions)	\$0	\$0	\$0	\$0	\$0
(Returns and Allowances)	\$0	\$0	\$0	\$0	\$0
Net Sales	\$485,600	\$600,000	\$720,000	\$900,000	\$1,500,000
(Cost of Goods Sold)	\$0	\$0	\$0	\$0	\$0
GROSS PROFIT	\$485,600	\$600,000	\$720,000	\$900,000	\$1,500,000
Licenses and Royalties					
Gross Sales	\$520,000	\$1,488,538	\$9,280,500	\$18,561,000	\$25,985,400
(Commissions)	\$200	\$14,865	\$92,805	\$185,610	\$259,854
(Returns and Allowances)	\$600	\$0	\$0	\$0	\$0
Net Sales	\$519,200	\$1,471,674	\$9,187,695	\$18,375,390	\$25,725,546
(Cost of Goods Sold)	\$0	\$0	\$0	\$0	\$0
GROSS PROFIT	\$519,200	\$1,471,674	\$9,187,695	\$18,375,390	\$25,725,546
R&D Grants					
Gross Sales	\$449,980	\$680,000	\$700,000	\$1,200,000	\$2,000,000
(Commissions)	\$4,500	\$8,600	\$7,000	\$12,000	\$20,000
(Returns and Allowances)	\$0	\$0	\$0	\$0	\$0
Net Sales	\$445,480	\$653,400	\$693,000	\$1,188,000	\$1,980,000
(Cost of Goods Sold)	\$0	\$0	\$0	\$0	\$0
GROSS PROFIT	\$445,480	\$653,400	\$693,000	\$1,188,000	\$1,980,000
Totals for All Product Lines					
Total Gross Sales	\$4,515,580	\$17,228,538	\$40,890,500	\$88,386,000	\$99,360,400
(Total Commissions)	\$78,620	\$368,985	\$824,365	\$1,367,010	\$1,956,854
(Total Returns and Allowances)	\$33,000	\$434,400	\$905,700	\$1,461,750	\$2,096,250
Total Net Sales	\$4,343,970	\$16,423,154	\$39,160,435	\$66,557,240	\$95,307,296
(Total Cost of Goods Sold)	\$1,540,000	\$7,240,000	\$15,095,000	\$20,830,000	\$27,450,000
TOTAL GROSS PROFIT	\$2,803,970	\$9,183,154	\$24,065,435	\$45,927,240	\$67,857,296

Employee Impact Assessment (next page)

Employee Impact Assessment

Staffing Budget	2009	2010	2011	2012	2013
Management					
# Employees	6.00	7.00	8.00	9.00	14.00
Salary/Wages	\$456,000	\$840,000	\$1,440,000	\$1,800,000	\$3,150,000
Benefits	\$22,800	\$36,288	\$44,790	\$54,420	\$91,425
Payroll Taxes	\$63,156	\$116,340	\$199,440	\$249,300	\$436,275
Total Costs	\$541,956	\$992,628	\$1,684,230	\$2,103,720	\$3,677,700
Administrative/Support					
# Employees	3.00	6.00	15.00	20.00	30.00
Salary/Wages	\$77,000	\$246,000	\$675,000	\$1,360,000	\$2,100,000
Benefits	\$8,000	\$22,032	\$69,984	\$120,932	\$195,910
Payroll Taxes	\$10,665	\$34,071	\$93,468	\$188,360	\$290,850
Total Costs	\$95,665	\$302,103	\$838,472	\$1,669,292	\$2,586,760
Sales/Marketing					
# Employees	2.00	8.00	12.00	25.00	30.00
Salary/Wages	\$120,000	\$480,000	\$768,000	\$1,350,000	\$2,250,000
Benefits	\$8,000	\$20,736	\$55,987	\$113,374	\$195,910
Payroll Taxes	\$16,620	\$66,480	\$106,368	\$186,975	\$311,625
Total Costs	\$144,620	\$567,216	\$930,355	\$1,650,349	\$2,757,535
Operations/Production					
# Employees	2.00	10.00	14.00	22.00	30.00
Salary/Wages	\$64,000	\$420,000	\$832,000	\$1,320,000	\$1,950,000
Benefits	\$6,400	\$36,288	\$72,783	\$120,932	\$195,910
Payroll Taxes	\$8,864	\$58,170	\$115,232	\$182,820	\$270,075
Total Costs	\$79,264	\$514,458	\$1,020,015	\$1,623,752	\$2,415,985
Research & Engineering					
# Employees	3.00	6.00	8.00	10.00	15.00
Salary/Wages	\$143,000	\$390,000	\$560,000	\$792,000	\$1,350,000
Benefits	\$10,400	\$25,920	\$39,191	\$54,420	\$97,955
Payroll Taxes	\$19,806	\$54,015	\$77,560	\$109,692	\$186,975
Total Costs	\$173,206	\$469,935	\$676,751	\$956,112	\$1,634,930
TOTAL					
# Employees	16.00	37.00	57.00	86.00	119.00
Salary/Wages	\$860,000	\$2,376,000	\$4,275,000	\$6,622,000	\$10,800,000
Benefits	\$55,600	\$141,264	\$282,735	\$464,078	\$777,111
Payroll Taxes	\$119,110	\$329,076	\$592,088	\$917,147	\$1,495,800
GRAND TOTAL COSTS	\$1,034,710	\$2,846,340	\$5,149,823	\$8,003,225	\$13,072,911

Based on the Company's current staffing model, the investment by Civitas Funds of \$2,000,000 would generate a total of 37 jobs within the first two years of operation, increasing to 119 by 2013. The Company's facilities would be relocated within the CDRC. The job creation element on this strategy, even assuming that the Company performs up to 75% of its expectations, would still exceed the 20 job requirement that the USCIS would impose on investors in the absence of the Regional Center safe harbor.

Investment Return Projections

An investment of \$2,000,000 on the current Pre-Money Valuation, and performance in accordance with plan, would yield of in excess of a 25X return on invested capital in connection with a recapitalization or sale by the end of 2013. In addition, the Company will be required to fund a dividend payment that would provide a return floor for EB-5 investors.

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SpencerCrain Cabbage Healy & McNamara PLLC

Proposed City of Dallas Regional Center EB-5 Compliance Process

December 10, 2008

Proprietary and Confidential

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Proposed CDRC Compliance Process

Direct Solicitation and Referral Sources of Prospective EB-5 Investors:

- Civitas Capital Management (CCM)
- City of Dallas Office of Economic Development (OED)
- Selected Foreign Law and Accounting Firms
- Domestic Law and Accounting Firms
- Domestic Wealth Management and Investment Advisors

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Proposed CDRC Compliance Process

INITIAL SCREENING OF INVESTORS (CCM)

- Verification of Investors' References (Outsourced to local law firm)
- Accredited Investor Screen
- US Criminal Background Screen if Previously Admitted to US
- Source of Funds Screen (Document Review Outsourced to Spencer Crain)

Proprietary and Confidential

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Proposed CDRC Compliance Process

ENHANCED DUE DILIGENCE SCREENING OF INVESTORS (CCM)

- SEC
- State Dept Non-proliferation Sanctions Lists
- US Treasury/OFAC Specially Designated Nationals List
- Commerce Dept/BIS Lists:
 - Denied Persons List
 - Unverified List
 - Entity List
 - Debarred Persons List

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Proposed CDRC Compliance Process

INVESTORS CLEARED TO RECEIVE OFFERING MATERIALS

- CCM Sends Offering Materials to Investor
- Investor Reviews with Legal and Business Advisors
- Investor Deposits Funds in US Escrow Account and Provides Documentation to CCM
- CCM Provides USCIS Approval Letter to Investor
- Investor Files I-526 Petition with USCIS
- Investor's Attorney Notifies CCM of I-526 Filing

Proprietary and Confidential

USCIS ADJUDICATES I-526 PETITION

- If Approved, Investor Provides Copy of Approval Notice to CCM
- Escrow Transfers Funds to CCM EB-5 Fund
- CCM Enters Investor as Subscriber of EB-5 Fund and Provides Documentation of Limited Partnership Interest to Investor
- Spencer Crain Opens Immigration Tracking File on Investor
- If Denied, Escrow Returns Investor's Funds

**INVESTOR APPLIES FOR EB-5 INVESTOR VISA AT CONSULATE
ABROAD OR ADJUSTMENT OF STATUS WITHIN THE U.S.**

- If Approved, Investor Provides Copy of CPR Card(s) for Self and Dependents to Spencer Crain
- Spencer Crain Records Investor Admission or Adjustment Date, Alien Numbers, Local Contact Information in Tracking File
- If Denied, CCM Makes Partial Refund of Investor Funds in Accordance with Offering Materials

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Proposed CDRC Compliance Process

CCM EB-5 FUND IS FULLY SUBSCRIBED

- CCM Invests Funds Within CDRC Guidelines
- CCM Reports Financial Results To EB-5 Investors Quarterly
- CCM Provides Audited Financial Results to Investors Annually
- Spencer Crain Provides CCM Quarterly and Annual Reports for OED and USCIS Oversight

Proprietary and Confidential

EB-5 INVESTORS REACH 21-24 MONTH PERIOD PRIOR TO TWO-YEAR ANNIVERSARY OF CPR

- CCM Reports EB-5 Fund's Current Financial Results to Investor
- Investor Files I-829 Petition to Remove Conditions
- If Approved, USCIS Issues Permanent Green Card to Investor
- If Denied, Investor May Re-Apply for Removal of Conditions Before Immigration Judge

Individual Conduct

The following general principles guide the individual conduct of each Employee:

- The Employee will not take any action that will violate any applicable laws or regulations.
- The Employee will adhere to the highest standards of ethical conduct.
- The Employee will maintain the confidentiality of all information obtained in the course of employment with the Company.
- The Employee will bring any issues reasonably believed to place the Company or its clients at risk to the attention of the CCO.
- The Employee will not abuse or misappropriate the Company's assets or use them for personal gain.
- The Employee will not engage in any activities that create a conflict of interest between the Employee and the Company.
- The Employee will deal fairly with clients, colleagues, and others.
- The Employee will comply with this Code.

ETHICAL BUSINESS PRACTICES

Compliance with Laws and Regulations

It is the policy of the Company that any violation of applicable laws and of this Code shall be immediately reported to the CCO. An Employee must not conduct individual investigations, unless authorized to do so by the CCO. Any Employee who in good faith raises an issue regarding a possible violation of law, regulation or Company policy or any suspected illegal or unethical behavior will be protected from retaliation.

Falsification or Alteration of Records

Falsifying or altering records or reports, preparing records or reports that do not accurately or adequately reflect the underlying transactions or activities, or knowingly approving such conduct is prohibited. Examples of prohibited financial or accounting practices include:

- Making false or inaccurate entries or statements in any Company or client books, records, or reports that intentionally hide or misrepresent the true nature of a transaction or activity.
- Manipulating books, records, or reports for personal gain.
- Failing to maintain books and records that completely, accurately, and timely reflect all business transactions.
- Maintaining any undisclosed or unrecorded Company or client funds or assets.
- Using funds for a purpose other than the described purpose.

CIVITAS CAPITAL MANAGEMENT, LLC

CONFLICTS OF INTEREST POLICY AND CODE OF ETHICS

INTRODUCTION

Civitas Capital Management, LLC (the "*Company*") maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the Securities and Exchange Commission (the "*SEC*"). This Code of Business Conduct and Ethics (the "*Code*") applies to each employee of the Company ("*Employee*"). It is designed to ensure compliance with legal requirements and the Company's standards of business conduct. Employees shall read and understand this Code and uphold the standards in the Code in their day-to-day activities at the Company.

This Code is predicated on the principle that the Company owes a fiduciary duty to its clients. Every fiduciary has the duty and a responsibility to act in the utmost good faith and in the best interests of the client and to always place the client's interests first and foremost. Accordingly, the Company's employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients.

This Code does not address every possible situation that may arise, consequently every Employee is responsible for exercising good judgment, applying ethical principles, and bringing potential violations of the Policy to the attention of the Senior Managing Director, who shall serve as the Chief Compliance Officer of the Company (the "*CCO*").

Each Employee shall sign the acknowledgement form attached to this Code indicating his or her receipt and understanding of, and agreement to comply with this Code. Such signed acknowledgement should be immediately returned the CCO.

GENERAL STANDARDS OF CONDUCT

Corporate Conduct

The following general principles guide the Company's corporate conduct:

- The Company will act in accordance with applicable laws and regulations.
- The Company will provide products and services designed to help clients achieve their financial goals.
- The Company will conduct business fairly, in open competition.
- The Company will provide employment opportunities without regard to race, color, sex, pregnancy, religion, age, national origin, ancestry, citizenship, disability, medical condition, marital status, sexual orientation, veteran status, political affiliation, or any other characteristic protected by federal or state law.
- The Company will support the communities in which we operate.

- Making a payment or approving a receipt with the understanding that the funds will be, or have been, used for a purpose other than what is described in the record of the transaction.

Political Contributions

No corporate funds, merchandise, or service may be paid or furnished, directly or indirectly, to a political party, committee, organization or to a political candidate or incumbent, except if legally permissible and if approved in advance in writing by the CCO. This Code does not apply to or restrict the ability of any Employee of the Company to participate voluntarily in political activities on their own personal time or to make personal contributions. However, the Company is prohibited from reimbursing any Employee for political contributions made from such individual's personal funds.

Payments to Government Officials or Employees

Company funds or gifts may not be furnished, directly or indirectly, to a government official, government employee or politician for the purpose of obtaining or maintaining business on behalf of the Company. Such conduct is illegal and may violate federal and state criminal laws. Assistance or entertainment provided to any government office should never, in form or substance, compromise the Company's arms-length business relationship with the government agency or official involved.

Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Employee of the Company should endeavor to respect the rights of and deal fairly with the Company's clients, customers, vendors, suppliers, and competitors. No Employee of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice. The Company's Employees should not falsely disparage or make unfair negative comments about its competitors or their products and services. Negative public statements concerning the conduct or performance of any former Employee of the Company should also be avoided.

Privacy of Personal Information

The Company will acquire and retain only personal information that is required for the effective operation of the business of the Company or that is required by law in the jurisdictions in which the Company operates. Access to such information will be restricted internally to those with a legitimate need to know. Employee communications transmitted by the Company's systems are not considered private.

PROTECTION OF PROPRIETARY AND CONFIDENTIAL INFORMATION.

Confidentiality of Company Information

Information generated by the Company is a valuable company asset. Protecting this information plays a vital role in the Company's continued growth and ability to compete. Such information includes among other things, technical information such as computer programs and databases, business information such as the Company's

objectives and strategies, trade secrets, processes, analysis, charts, drawings, reports, sales, earnings, forecasts, relationships with clients, marketing strategies, training materials, employee compensation and records, and other information of a similar nature. Employees must maintain the confidentiality of the Company's proprietary and confidential information and must not use or disclose such information without the express consent of an officer of the Company or when legally mandated. Adhering to this principle is a condition of continued service or employment.

Confidentiality of Investor Information

As an investment adviser, we have particular responsibilities for safeguarding our investors' information and the proprietary information of the Company. Employees should be mindful of this obligation when using the telephone, fax, telex, electronic mail, and other electronic means of storing and transmitting information. Employees should not discuss confidential information in public areas, read confidential documents in public places, or leave or discard confidential documents where they can be retrieved by others.

Information concerning the identity of investors and their transactions is confidential. Such information may not be disclosed to persons within the Company except as they may need to know it in order to fulfill their responsibilities to the Company. You may not disclose such information to anyone or any firm outside the Company unless (i) the outside firm requires the information in order to perform services for the Company and is bound to maintain its confidentiality; (ii) when the client has consented or been given an opportunity to request that the information not be shared (iii) as required by law, or (iv) as authorized by the CCO.

DISCIPLINARY MATTERS – REPORTABLE EVENTS

All Employees are required to notify the CCO immediately in the event of any "reportable events." A reportable event occurs when an Employee:

- Violates any provision of any securities law or regulation or any agreement with or rule or standard of any government agency, self-regulatory organization or business or professional organization or has engaged in conduct which is inconsistent with just and equitable principles of trade or detrimental to the interests or welfare of the exchanges;
- Is the subject of any written customer complaint involving allegations of theft or misappropriation of funds or securities or forgery;
- Is named as a defendant or respondent in any proceeding brought by a regulatory or self-regulatory body;
- Is denied registration, expelled, enjoined, directed to cease and desist, suspended or otherwise disciplined by any securities, insurance or commodities industry regulatory or self-regulatory organization; is denied membership or continued membership in any self-regulatory organization; or is barred from becoming associated with any member or member organization of any self-regulatory organization;
- Is arrested, arraigned, indicted or convicted of or pleads guilty to or pleads no contest to any criminal offense (other than minor traffic violations).

- Is a director, controlling stockholder, partner, officer or sole proprietor or an associated person with a broker, dealer or insurance company which was suspended, expelled or had its registration denied or revoked by any agency, jurisdiction or organization or is associated in such a capacity with a bank, trust company or other financial institution which was convicted of or pleaded no contest to any felony or misdemeanor;
- Is a defendant or respondent in any securities or commodities-related civil litigation or arbitration which has been disposed of by judgment, award or settlement for an amount exceeding \$15,000;
- Is or becomes associated in any business or financial activity with any person who is subject to a "statutory disqualification" as that term is defined in the Securities Exchange Act of 1934;
- Is the subject of any claim for damages by a customer, broker or dealer which is settled for an amount exceeding \$15,000.

Although any one of these events may not result in dismissal, disciplinary action up to and including termination may result if an Employee does not properly notify the CCO immediately following the incident. Where required, the Company will be responsible for notifying the appropriate authorities of the occurrence of such event by an Employee.

ANTI-MONEY LAUNDERING PROGRAM AND PROCEDURES

Civitas Capital Management, LLC (the "*Company*"), maintains a policy of strict compliance with the letter and spirit of all U.S. and international laws. In order to ensure compliance, at all times, with U.S. and international laws against money laundering, the Company and its affiliated entities have established this Anti-Money Laundering Policy (this "*Policy*"). This Policy applies to the Company and all of its affiliated entities, whether located in the United States or in a foreign country, and all Employees and agents of the Company, wherever located.

All Employees and agents, including administrative personnel, and the supervisors of such Employees and agents (collectively, "*Designated Persons*"), must understand the procedures set forth in this Policy and the consequences of non-compliance with such procedures. Penalties for violating U.S. laws and regulations guarding against money laundering are severe and can include imprisonment for Employees or agents and substantial fines both for the Company and its Employees and agents. A copy of this Policy shall be distributed to each current Designated Person in 2008 and to each new Designated Person at the time of hiring. Each Designated Person shall certify that he/she has received, read and fully understands this Policy by executing and returning to the Company's Chief Compliance Officer, Jason T. Barnes (the "*Chief Compliance Officer*"), the Employee/Agent Certification attached hereto. Designated Persons with questions or concerns regarding this Policy should contact the Chief Compliance Officer. Additionally the Chief Compliance Officer may delegate responsibility for the administration of this Policy to the Company's Administrators.

This Policy contains only general compliance guidelines and is not a substitute for legal advice. Designated Persons are urged to notify their supervisor of any issues that arise, from time to time, that require the advice and counsel of the Chief Compliance Officer.

MANDATORY PROCEDURES

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 (the "*USA PATRIOT Act*") requires all "financial institutions," including private investment funds, to implement policies and procedures to educate their Employees and agents on the prevention of money laundering activities. Such policies include certain due diligence procedures for accepting subscription monies from investors, as described below.

In addition, investments from certain high-risk persons ("*High-Risk Persons*") must receive heightened scrutiny, such as investments from (i) senior foreign political figures, any member of any such person's immediate family or a close associate of such person; (ii) persons resident in or organized under the laws of a jurisdiction designated by the U.S. Department of Treasury as presenting money laundering concerns, or persons whose subscription monies originate from or are routed through certain banking entities organized or chartered in any such jurisdiction; and (iii) persons resident in or organized under the laws of a "non-cooperative jurisdiction," or persons whose subscription monies originate from or are routed through certain banking entities organized or chartered in a "non-cooperative jurisdiction." A "*non-cooperative jurisdiction*," as defined in the USA PATRIOT Act, is a jurisdiction that is designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental organization, such as the Financial Action Task Force on Money Laundering ("*FATF*"). The FATF list of non-cooperative jurisdictions is frequently updated. A current list, may be found at www1.oecd.org/fatf/NCCT_en.htm and should be regularly consulted.

DUE DILIGENCE PROCEDURES

With respect to each *new or existing investor* in the Company or any of its affiliated entities, each Designated Person shall comply with the following due diligence procedures (the “*Due Diligence Procedures*”):

1. Verify the Identity of the Investor. Verification of identity shall include (a) a full review of the subscription agreement and investor questionnaire (the “*Subscription Documents*”) submitted by the investor and (b) follow-up with the investor to complete any items in the Subscription Documents that have not been completed or to clear up any discrepancies in the information provided. If the investor is an entity, verification of identity shall include verification of the identity of each beneficial owner of such investor to the extent reasonable and practicable. In reviewing the Subscription Documents, the Designated Person shall ensure that all items have been completed and that the Subscription Documents have been duly authorized by the investor. Note: All documents and communications relating to subscriptions from High-Risk Persons are subject to heightened review standards, as set forth below in Item 4(c). For additional subscriptions from existing investors, Designated Persons shall review such investor’s existing Subscription Documents in the manner set forth above and require such investor to execute a supplemental document (i) reaffirming such investor’s information, representations and warranties contained in the existing Subscription Documents and (ii) providing such additional information necessary to comply with this Policy. Any changes in the existing investor’s information should be maintained in such investor’s file.
2. Maintain Accurate and Complete Identification Records for each Investor. Maintain a separate file for each investor, including such investor’s Subscription Documents and a written record of any due diligence follow-up procedures performed, information and correspondence related to such investor, and a written record of any discrepancies in information obtained from or with respect to, such investor.
3. Consult the Lists of Prohibited Investors (as defined below). If any investor is listed on the list of Prohibited Investors, notify the Chief Compliance Officer immediately.
4. Do Not Accept Any Subscription Monies From Prohibited Investors or Otherwise Act in Contravention of the Due Diligence Procedures. No Employee or agent shall:
 - a. Accept any subscription monies from any new or existing investor without first confirming that such investor and any of its known affiliated entities are NOT one of the following prohibited investors (“*Prohibited Investors*”):
 - i. Specially Designated Nationals and Blocked Persons on the list maintained by the U.S. Department of Treasury’s Office of Foreign Asset Control (“*OFAC*”) (<http://www.treas.gov/ofac>);
 - ii. Parties subject to economic sanctions on the list maintained by OFAC (<http://www.treas.gov/ofac>);
 - iii. Specially Designated Terrorists, Specially Designated Global Terrorists or Foreign Terrorist Organizations on the list maintained by OFAC (<http://www.treas.gov/ofac>);

- iv. Specially Designated Narcotics Traffickers on the list maintained by OFAC (<http://www.treas.gov/ofac>); or
 - v. foreign banks unregulated in the jurisdiction in which they are organized or chartered, but which have no physical presence.
 - b. Accept any subscription monies from any new or existing investor without fully reviewing such investor's completed and executed Subscription Documents and verifying the identity of such investor, including its beneficial owners, if applicable.
 - c. Accept any subscription monies from any new or existing investor that is a High-Risk Person, without prior written approval from the Chief Compliance Officer, outlining the heightened review procedures taken for such High-Risk Person.
5. Refer Requests For Investor Information to the Chief Compliance Officer. Designated Persons shall refer any and all requests received from the U.S. government or a financial institution for information regarding an existing or proposed investor to the Chief Compliance Officer. Each Designated Person shall immediately notify the Chief Compliance of his/her receipt of such request.

PENALTIES FOR VIOLATIONS OF U.S. LAW

Penalties for violations of the laws and regulations outlined in this Policy are serious and vary depending on the particular law that is violated and the degree of the violation. Significant civil fines are imposed against both companies and individuals that violate the law. If a company or individual is found criminally liable, significant fines and prison sentences may be imposed.

TRAINING PROGRAM

Each Designated Person will receive compliance training according to the compliance training program set forth below. The Chief Compliance Officer is responsible for developing and implementing the training program to assist Designated Persons to understand their obligations with respect to this Policy. The compliance training program consists of the following:

1. Each Designated Person will receive and read a copy of this Policy at the time of hiring or such other time, as applicable. Each Designated Person will sign the attached Employee/Agent Certification, confirming that he has read and fully understands this Policy.
2. A compliance training program will be held at the Company's principal business office or at another location designated by the CCO. Attendance of Designated Persons at the compliance training program is mandatory.
3. A written register of all persons who have completed the compliance training program shall be maintained by the Chief Compliance Officer.
4. In addition to the compliance training program, all Designated Persons, Employees and agents are encouraged to consult their supervisor or the Chief Compliance Officer with any questions that may arise regarding adherence to this Policy.

PERIODIC AUDITS AND ANNUAL REPORTS

Audits shall be conducted as appropriate (but no less frequently than annually) to further adherence to this Policy. Our independent public accountants will be responsible for auditing this Policy. After each audit, a

written report shall be submitted to the Company and the Chief Compliance Officer, detailing the Company's compliance efforts and any violations of U.S. laws, along with resulting disciplinary actions.

The Board of Managers[?] shall be advised at least annually by the Company's Chief Compliance Officer of the measures taken in furtherance of this Policy, including any violations and resulting disciplinary actions.

EMPLOYEE/AGENT RESPONSIBILITIES

It is the responsibility of each Designated Person to ensure that, at all times, operations are performed in accordance with this Policy. By signing the attached Employee/Agent Certification, each Designated Person certifies that he or she understands that it is the policy of the Company to comply with the letter and spirit of U.S. and international laws and that violations of these laws could expose the Company as well as its Employees or agents to fines and possible imprisonment.

REPORTING VIOLATIONS

The Company strongly encourages all Designated Persons to report any possible violation of this Policy. The anonymity of the reporting person will be protected to the maximum extent possible. No Designated Person will be discharged, demoted, suspended, harassed or discriminated against solely because he/she has reported a possible violation. While Designated Persons cannot insulate themselves from discipline by reporting the violations that they have personally committed, such self-reporting may, in appropriate circumstances, be considered a mitigating factor in any disciplinary action.

Upon notification of any suspicious activity that the Chief Compliance Officer, upon the advice of counsel, deems to be in violation of the rules and regulations described in this Policy, the Chief Compliance Officer shall notify the Department of Treasury of such suspicious activities.

DISCIPLINARY ACTION

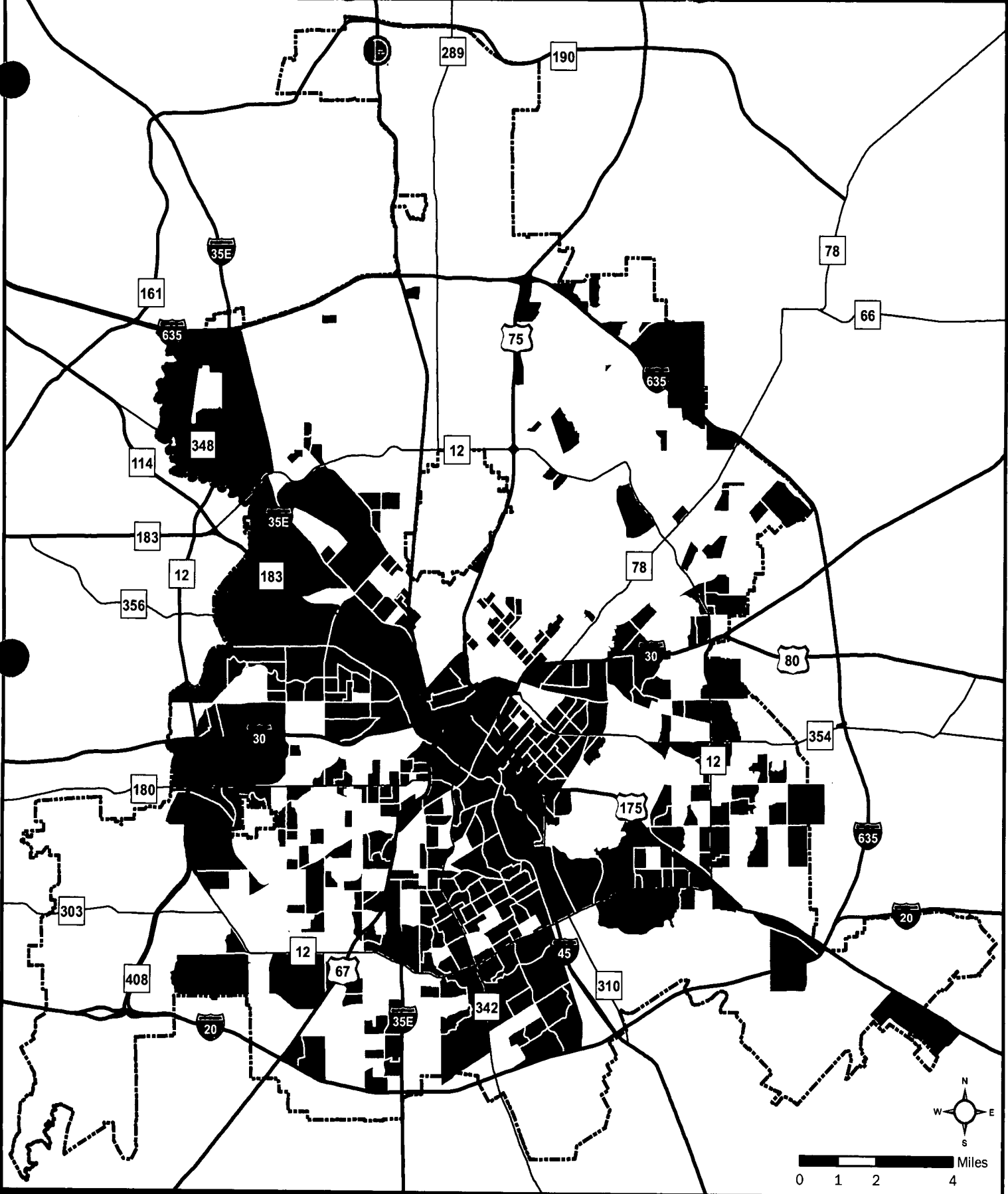
Any violation of this Policy, intentional or otherwise, will result in appropriate disciplinary actions. Appropriate disciplinary action may include, but is not limited to, reprimand, loss or reduction of compensation, seniority or promotional opportunity, demotion, temporary suspension or permanent discharge.

Tab 15
TEA Map and Letters of Authority

The following map shows Targeted Employment Areas within the City of Dallas. These areas have been designated as such by the Mayor of Dallas, Tom Leppert, pursuant to the authority granted him by the Governor of Texas. Enclosed in this section you will also find (a) a letter dated January 23, 1992, from then-Governor Ann Richards, which remains in force and grants the mayors of Texas cities the authority to designate Targeted Employment Areas within their cities, and (b) a letter from Mayor Leppert exercising his authority pursuant thereto.

The TEAs designated by the Mayor Leppert are areas of the City of Dallas which have experienced unemployment greater than or equal to 150% of the national unemployment rate. The map's depiction of Dallas TEAs is based upon Census Block Groups from the 2000 Census, the most recent accurate data available for the City of Dallas.

2000 Block Groups with 150%+ of National Unemployment



City of Dallas
Office of Economic Development

Legend

- Block Groups with 150% of 2000 Unemployment Level
- City of Dallas
- Freeway
- Highway
- Not Eligible



Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

Created 4/8/09, Updated 4/13/09 - 09-04-08 Heather Lepaske_BGs.TCG

Source: US Census Bureau, 2000



STATE OF TEXAS
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS 78711

ANN W. RICHARDS
GOVERNOR

January 23, 1992

Mr. James A. Puleo
Associate Commissioner for Examination
U.S. Immigration and Naturalization Service
425 I Street, N.W.
Washington, D.C. 20536

Re: State Designation of Local Government Authority in
accordance with CFR 204.6(i)

Dear Mr. Puleo:

Pursuant to Title VIII of the Code of Federal Regulations,
204.6(i), the State must notify the Associate Commissioner of the
governmental body of the state which shall be delegated the
authority to certify that a geographic or political subdivision
is a high unemployment area.

For purposes of compliance with this regulation, I, Ann W.
Richards, Governor, Chief Executive Officer for the State of
Texas, hereby designate the local Mayors of cities or towns
located within a metropolitan statistical area or within a city
or town with a population of 20,000 or more, as the appropriate
governmental body of the state to certify that a particular
geographic or political subdivision is a high unemployment area.

Sincerely,

A large, stylized handwritten signature in cursive script that reads "Ann W. Richards".

ANN W. RICHARDS
Governor



THOMAS C. LEPPERT
MAYOR

August 6, 2009

Chief, Office of Service Center Operations
US Citizenship & Immigration Services
20 Massachusetts Avenue, NW (MS2060)
Washington, DC 20520

Dear Chief:

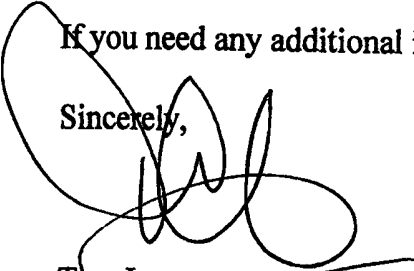
As you know, pursuant to 8 CFR §204.6(i), an official of the State must notify the (legacy) Associate Commissioner of Examinations, now your office, "of the agency, board, or other appropriate governmental body of the state which shall be delegated the authority to certify that the geographic or political subdivision is a high unemployment area."

Existing state policy, as designated by Governor Ann Richards in 1992, designates the local Mayors of cities or towns located within a metropolitan statistical area or within a city or town with a population of 20,000 or more, as the appropriate body of the State to certify that a particular geographic or political subdivision is a high unemployment area. A copy of that letter is included (attachment A).

In keeping with Gov. Richards' designation letter, I have designated the enclosed map (attachment B) as the Targeted Employment Areas for the City of Dallas' Regional Center. This map uses 2000 Census block group data to make the determination for TEA-eligibility, reflecting USCIS guidance to use the most recent federal or state data available.

If you need any additional information, please do not hesitate to contact me.

Sincerely,



Tom Leppert
Mayor



STATE OF TEXAS
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS 78711

ANN W. RICHARDS
GOVERNOR

January 23, 1992

Mr. James A. Puleo
Associate Commissioner for Examination
U.S. Immigration and Naturalization Service
425 I Street, N.W.
Washington, D.C. 20536

Re: State Designation of Local Government Authority in
accordance with CFR 204.6(i)

Dear Mr. Puleo:

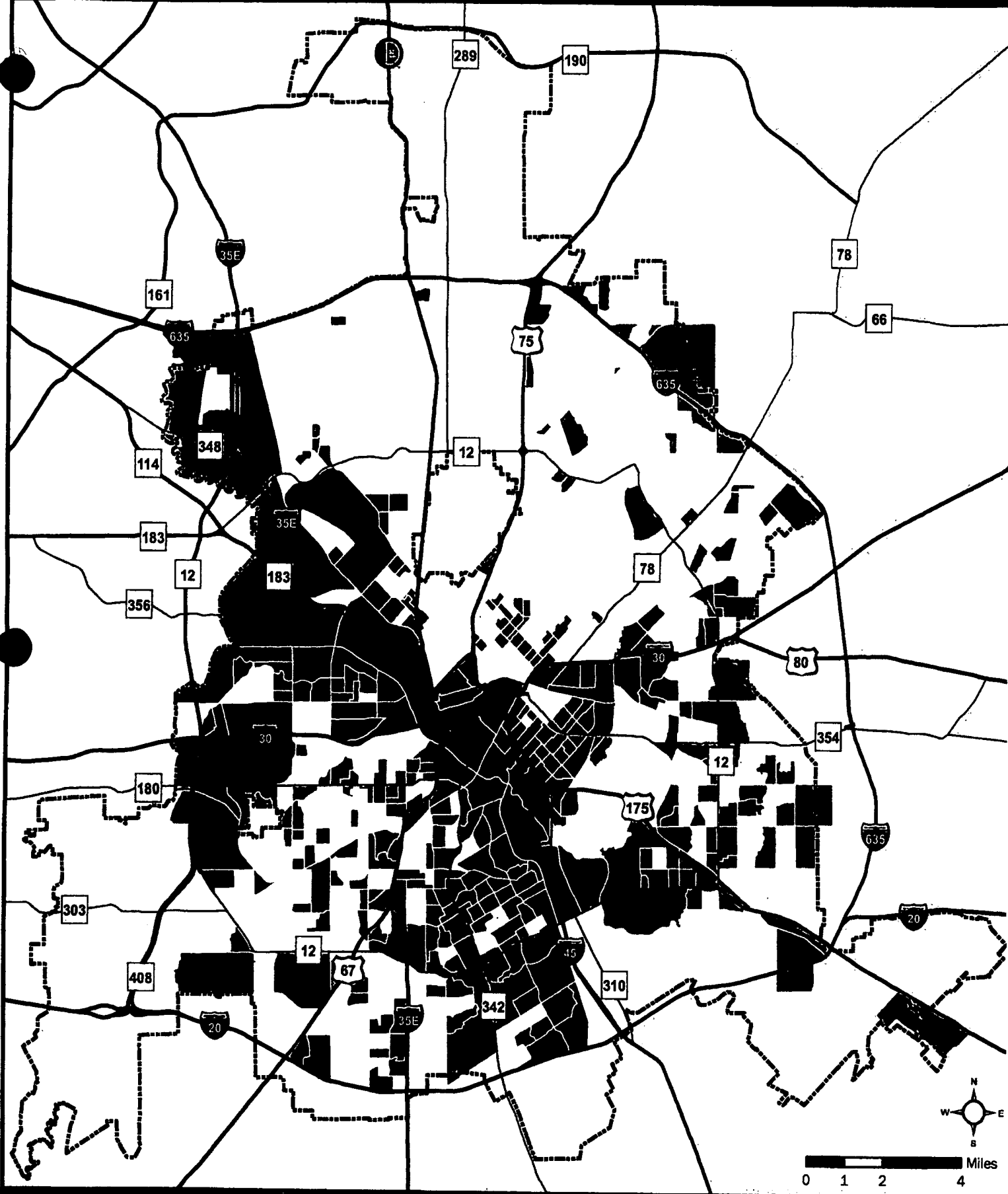
Pursuant to Title VIII of the Code of Federal Regulations, 204.6(i), the State must notify the Associate Commissioner of the governmental body of the State which shall be delegated the authority to certify that a geographic or political subdivision is a high unemployment area.

For purposes of compliance with this regulation, I, Ann W. Richards, Governor, Chief Executive Officer for the State of Texas, hereby designate the local Mayors of cities or towns located within a metropolitan statistical area or within a city or town with a population of 20,000 or more, as the appropriate governmental body of the State to certify that a particular geographic or political subdivision is a high unemployment area.

Sincerely,

A large, stylized handwritten signature in black ink that reads "Ann W. Richards".
ANN W. RICHARDS
Governor

EB-5 Program: Targeted Employment Areas



City of Dallas
 Office of Economic Development
 Research & Information Division
 (214) 670-1685

Legend

- EB-5 Eligible Areas
- Not Eligible
- City of Dallas
- Freeway

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



J99290906152023

Ship Date: 10AUG09
Act/Wgt: 3.0 LB
CAD: 4876583/NET9060
Account#: S *****

Delivery Address Bar Code



Ref # ~~2009~~ AUG 11 2009
Invoice #
PO #
Dept #

STAMP #14

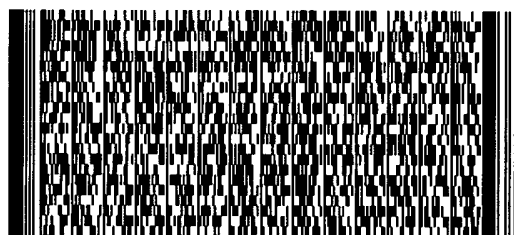
SHIP TO: (214) 290-0004 BILL SENDER
ATTN: EB-5 RC PROPOSAL
USCIS CALIFORNIA SERVICE CENTER
24000 AVILA RD FL 2

LAGUNA NIGUEL, CA 92677

TRK# 7968 4571 4958
0201

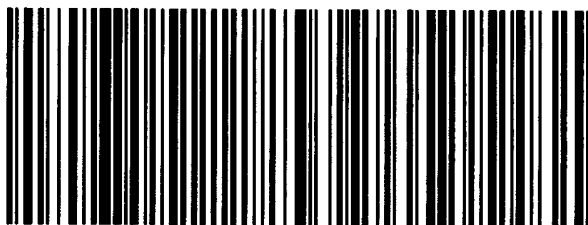
TUE - 11AUG A2

PRIORITY OVERNIGHT



92677
CA-US
SNA

A7 JORA



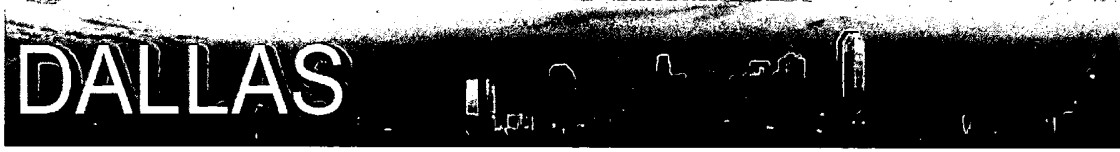
After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

Office of Economic Development



APPLICATION FOR DESIGNATION AS
REGIONAL CENTER

City of Dallas
Office of Economic Development
Karl Zavitkovsky, Director

1500 Marilla Street
Room 5C South
Dallas, TX 75201



U.S. Citizenship
and Immigration
Services

September 8, 2009

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

File No. W09000080

Application: Request for Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on December 3, 2008 Karl Zavitkovsky submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the City of Dallas Regional Center.

Based on its review and analysis of your proposal, and of your response to the USCIS Request For Evidence, USCIS hereby designates City of Dallas Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following 12 target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations

4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area.

The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Placement Memorandum;
 - b. Operating Agreement
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement; and
 - f. Escrow Instructions

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

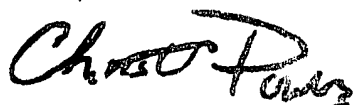
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Christina Poulos
Director
California Service Center

cc: Elise A. Healy, Esq.

SpencerCrain >Spencer Crain Cabbage Healy & McNamara pllc**Elise A. Healy**

Shareholder

ehealy@spencercrain.com

214.290.0004 direct

214.402.7163 mobile

214.290.0099 fax

1201 Elm Street, Suite 4100

Dallas, Texas 75270

Board Certified - Immigration and Nationality Law, Texas Board of Legal Specialization

November 26, 2008

Mr. Maurice Berez, Senior Adjudicator
USCIS Foreign Trader, Investor & Regional Center Program
USCIS Service Center Operations, Business and Trade Services
20 Massachusetts Avenue, NW, Room 2123
Washington, DC 20529

REF: City of Dallas Office of Economic Development
Application for Designation as a Regional Center

Dear Mr. Berez;

On behalf of the City of Dallas Office of Economic Development, I enclose an application for designation as a Regional Center, pursuant to the Immigration Act as amended and the implementing regulations at 8 CFR 204.6(m). An executed Form G-28 accompanies the application, entering my appearance as attorney of record in this matter. Kindly direct all correspondence concerning this application to me.

This proposal and the Regional Center it describes are a natural outgrowth of the City of Dallas' evidence-based approach to economic development. The City of Dallas Regional Center is not only geographically focused, but is also focused on those industries and economic sectors that have the greatest likelihood of growing long term, high value employment opportunities for the citizens of Dallas, based upon the city's economic research since 2005.

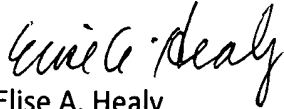
The narrative is organized according to the six topics set forth in the regulations, with supporting evidence in the tabbed Appendix. A seventh section documents the Mayor of the City of Dallas's certification of Southern Dallas as a Targeted Employment Area.

With regard to the IMPLAN simulations and forecasts of direct and indirect job creation and other economic impacts, only summary tables of the results are incorporated into the narrative text. The underlying industry impact reports are quite voluminous, and are therefore supplied on disc in Appendix S.

The IMPLAN simulations were conducted by Daniel Oney, Ph.D., formerly senior economist for the Virginia General Assembly and staff member, Senate Finance Subcommittee on Economic Development and Natural Resources. Dr. Oney currently serves the City of Dallas Office of Economic Development as its Manager, Research and Information. Brief professional biographies of Dr. Oney and all key professional staff in the Office of Economic Development are attached in Appendix E.

I trust you will promptly review the enclosed application and supporting documents and that your decision will be favorable. Should you require any additional information or documentation, do not hesitate to contact me directly.

Very truly yours,



Elise A. Healy

CC: Karl Zavitkovsky, Director

Notice of Entry of Appearance as Attorney or Representative

Appearances - An appearance shall be filed on this form by the attorney or representative appearing in each case. Thereafter, substitution may be permitted upon the written withdrawal of the attorney or representative of record or upon notification of the new attorney or representative. When an appearance is made by a person acting in a representative capacity, his personal appearance or signature shall constitute a representation that under the provisions of this chapter he is authorized and qualified to represent. Further proof of authority to act in a representative capacity may be required. **Availability of Records** - During the time a case is pending, and except as otherwise provided in 8 CFR 103.2(b), a party to a proceeding or his attorney or representative shall be permitted to examine the record of proceeding in a Service office. He may, in conformity with 8 CFR 103.10, obtain copies of Service records or information therefrom and copies of documents or transcripts of evidence furnished by him. Upon request, he/she may, in addition, be loaned a copy of the testimony and exhibits contained in the record of proceeding upon giving his/her receipt for such copies and pledging that it will be surrendered upon final disposition of the case or upon demand. If extra copies of exhibits do not exist, they shall not be furnished free on loan; however, they shall be made available for copying or purchase of copies as provided in 8 CFR 103.10.

In re: Representation is limited to the following matter: Application for Designation as a Regional Center	Date: 11/20/2008 File No.
---	-------------------------------------

I hereby enter my appearance as attorney for (or representative of), and at the request of the following named person(s):

Name: City of Dallas Office of Economic Development	<input type="checkbox"/> Petitioner <input type="checkbox"/> Beneficiary <input checked="" type="checkbox"/> Applicant
Address: (Apt. No.) (Number & Street) (City) (State) (Zip Code) 1500 Marilla Street Room 5C South Dallas TX 75201	
Name:	<input type="checkbox"/> Petitioner <input type="checkbox"/> Beneficiary <input type="checkbox"/> Applicant
Address: (Apt. No.) (Number & Street) (City) (State) (Zip Code)	

Check Applicable Item(s) below:

- 1. I am an attorney and a member in good standing of the bar of the Supreme Court of the United States or of the highest court of the following State, territory, insular possession, or District of Columbia
Texas Supreme Court of Texas and am not under a court or administrative agency order suspending, enjoining, restraining, disbaring, or otherwise restricting me in practicing law.
Name of Court
- 2. I am an accredited representative of the following named religious, charitable, social service, or similar organization established in the United States and which is so recognized by the Board:
- 3. I am associated with _____ the attorney of record previously filed a notice of appearance in this case and my appearance is at his request. (If you check this item, also check item 1 or 2 whichever is appropriate.)
- 4. Others (Explain Fully.)

SIGNATURE 	COMPLETE ADDRESS Spencer Crain Cabbage Healy & McNamara, PLLC 1201 Elm Street, Suite 4100, Lock Box 50 Dallas, Texas 75270
NAME (Type or Print) Elise A. Healy, Attorney at Law, TX#09329480	TELEPHONE NUMBER (214) 290-0004 Fax: (214) 290-0099

PURSUANT TO THE PRIVACY ACT OF 1974, I HEREBY CONSENT TO THE DISCLOSURE TO THE FOLLOWING NAMED ATTORNEY OR REPRESENTATIVE OF ANY RECORD PERTAINING TO ME WHICH APPEARS IN ANY IMMIGRATION AND NATURALIZATION SERVICE SYSTEM OF RECORDS:

Elise A. Healy, Attorney at Law, TX#09329480

(Name of Attorney or Representative)

THE ABOVE CONSENT TO DISCLOSURE IS IN CONNECTION WITH THE FOLLOWING MATTER:

Application for Designation as a Regional Center

Name of Person Consenting Karl Zavitkovsky, Director	Signature of Person Consenting 	Date X 11/21/08
--	------------------------------------	---------------------------

(NOTE: Execution of this box is required under the Privacy Act of 1974 where the person being represented is a citizen of the United States or an alien lawfully admitted for permanent residence.)

This form may not be used to request records under the Freedom of Information Act or the Privacy Act. The manner of requesting such records is contained in 8CFR 103.10 and 103.20 Et.SEQ.

259

Decision Processing Worksheet

Officer Name: HOLLIDAY, JOSEPH	Receipt #: W09 000 080
Officer Stamp # : 1276	

Form Type: I-924	Classification:	Division: III	Team: I	WS: 24066
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Action:				
<input type="checkbox"/> Approval <input type="checkbox"/> No Record <input type="checkbox"/> Pending Name Check <input type="checkbox"/> Abandonment <input type="checkbox"/> Withdrawal	<input type="checkbox"/> MTR <input type="checkbox"/> Appeal	<input type="checkbox"/> RFE Initial <input type="checkbox"/> RFE Additional <input type="checkbox"/> RFE Initial & Additional <input type="checkbox"/> 30 <input type="checkbox"/> 42 <input type="checkbox"/> 84	<input type="checkbox"/> Revocation <input type="checkbox"/> Auto-terminate <input type="checkbox"/> Auto-revocation <input type="checkbox"/> Relocate	<input type="checkbox"/> Denial <input type="checkbox"/> ITD <input type="checkbox"/> ITR

I-129 H2A Expedite Processing:

Date Received:	# of Un-Named Beneficiaries:	# of Named Beneficiaries:
Officer Received Date:	AST Action Completed:	

I-129 PP Processing H-1B CAP Master CAP

Officer Prepares or Completes (Notice Ordered) RFE ITD/30 ITR/30 <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Clerical/Officer Completes RFE/ITD/ITR (Notice Sent)	RFE/ITD/ITR Response Received	Officer Completes Final Decision (Notice Ordered – Approval/Denial)	Clerical/Officer Completes Final Action (Notice Sent)
<u>J. Holliday</u> (1 st Initial & Last Name) <u>02/14/09 3:11-09</u> (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)
Mailer Enclosed? Y N		SCAO Review:	Final Decision:	

Officer's Comment:

Supervisor Review and Comments:

Initials/Date:	2 nd Review Initials/Date:	3 rd Review Initials/Date:
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Clerical Processing Completed: Initials/Date:

File Room Processing

CALIFORNIA SERVICE CENTER ROUTING SLIP

WAC / WSC # _____

A # _____

Rev.04/14/09

USCIS

Director (AA003)

Deputy Director (AA002)

Special Assistant (AA007)

Duty Officer

AST	DIVISION I	DIVISION II	DIVISION III
<input type="checkbox"/> QA Incoming: <u>EX801</u> <input type="checkbox"/> MR Returns: <u>W/S 22040</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>AD477</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>EX925</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> QA Incoming: <u>ET001</u> <input type="checkbox"/> QA Corrections: <u>ET116</u> <input checked="" type="checkbox"/> W/S: <u>24066</u> ATTN: <u>Joseph Holliday</u>
DIVISION IV	DIVISION V	DIVISION VI	DIVISION X-Background Check Unit
<input type="checkbox"/> Incoming: <u>EX641</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> CPAU Incoming: <u>RS601</u> <input type="checkbox"/> CFF Incoming: <u>RS902</u> <input type="checkbox"/> FOIA Incoming: <u>RS337</u> <input type="checkbox"/> RRU Incoming: <u>RS554</u> Outside <input type="checkbox"/> RRU Ponds: <u>W/S 24201</u> <input type="checkbox"/> RRU BIA <u>RS339</u> Incoming: <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> N-400 Incoming: <u>RS274</u> <input type="checkbox"/> W/S: _____ ATTN: _____ DIVISION VII/COUNSEL <input type="checkbox"/> Incoming: <u>WR000</u> CSC Counsel <input type="checkbox"/> ATTN: _____ <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> IBIS Incoming: <u>SZ748</u> <input type="checkbox"/> Rap Sheets/ EPS Incoming: <u>SZ406</u> <input type="checkbox"/> Misc. Incoming RM 1400: <u>SZ408</u> <input type="checkbox"/> W/S: _____ ATTN: _____
DIVISION VI	DIVISION VII	DIVISION XI/CFDO	SCOSS
<input type="checkbox"/> Incoming: <u>EX641</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: <u>EX619</u> <input type="checkbox"/> Correspondence / I-130 Upgrades: <u>SZ743</u> <input type="checkbox"/> Incoming Congressional: <u>CG709</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> CFDO: <u>DU000</u> Incoming: <input type="checkbox"/> Religious Worker Incoming <u>DU400</u> <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> NTA Shelf (TPS / I-485 / I-751 / I-539 B1/B2 / I-360- / Misc.): <u>RC445</u> <input type="checkbox"/> Non-EPS Incoming (I-485 / I-130 / Misc.): <u>RC448</u>
SCOSS	ATTN	W/S	RPC
<input type="checkbox"/> NRC Hold Approved: <input type="checkbox"/> NRC Hold Denied: <u>RC417</u> <input type="checkbox"/> HBG Hold Approved: <input type="checkbox"/> HBG Hold Denied: <u>RC418</u>	<input type="checkbox"/> Return to JIT * <u>RC419</u> * Specify application / petition type in Comments field below <input type="checkbox"/> SCAN CR I-89 / 698 / 829: <u>RC318</u> <input type="checkbox"/> FR Backend Appeal Pod: <u>RC410</u>	<input type="checkbox"/> Routing Hub: <u>RC422</u> ATTN: _____ <input type="checkbox"/> CIS FTR Review Complete * <u>RC442</u> * Attach sheet and / or file	<input type="checkbox"/> BCU/Non Top 4 Shelf: <u>RC441</u> <input type="checkbox"/> BCU Top 4 Shelf: <u>RC441</u> ATTN: _____ <input type="checkbox"/> FBI # / CIS Shelf: <u>RC441</u>
<input type="checkbox"/> NATZ Unit: <u>RC411</u> <input type="checkbox"/> NATZ Picklist: <u>RC436</u> <input type="checkbox"/> Interfiling: <u>WS23165</u> <input type="checkbox"/> Front End Request: <u>RC427</u>	<input type="checkbox"/> Backend Scan: <u>RC307</u> <input type="checkbox"/> SNAP Incoming: <u>RC302</u> <input type="checkbox"/> NBC 103 Hold (RFE / ITD): <u>RC449</u> <input type="checkbox"/> 103 Hold (RFE / ITD): <u>RC420</u> <input type="checkbox"/> I-512 Incoming: <u>RC313</u>	<input type="checkbox"/> Transfer to FCO: <u>RC421</u> <input type="checkbox"/> Transfer to NVC: <u>RC438</u> <input type="checkbox"/> FTC Incoming: <u>RC437</u> <input type="checkbox"/> HBG I-129 Copy: <u>RC454</u> <input type="checkbox"/> I-130 Upgrades: <u>RC055</u>	<input type="checkbox"/> F/R A-File Create: <u>RC413</u> <input type="checkbox"/> File Consolidate: <u>RC423</u> <input type="checkbox"/> I-485 File Consolidate: <u>RC439</u> <input type="checkbox"/> Approved Awaiting I-89: <u>RC428</u> <input type="checkbox"/> PP I-129 Copy: <u>PP805</u>
<div style="border: 1px solid black; padding: 5px;"> Comments Below: </div>			

RC Proposal RFE

If not pre-printed on form - include
 entire WS number
Rev. 04/14/09

Note: This CSC Routing Slip is updated on the 15th & 30th of each month. Please submit changes to Division VII-CPAU: WS 24250. The current fillable & printable formats can be found @ O:Common/Forms/CSC Routing Slip. Incomplete or outdated routing slip

Reminder: Receive (RE): To yourself only / Charge Out (CO): If different section code / Reassign (UR): If same section code.

From: SCOSS CORR UNIT	Date: 04/15/09	Ext: 3030	RPC: 256
			DIV: AL3100621

Receipt # W09 000 080		Application/Petition REGIONAL CENTER PROPOSAL
Notice Date March 11, 2009	Page 1 of	City of Dallas Regional Center

Karl Zavitkovsky
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm Street, Suite 4100, Lock Box 50
Dallas, TX 75279

Request for Evidence

IMPORTANT: WHEN YOU HAVE COMPLIED WITH THE INSTRUCTIONS ON THIS FORM, RESUBMIT THIS NOTICE ON TOP OF ALL REQUESTED DOCUMENTS AND /OR INFORMATION TO THE ADDRESS BELOW. THIS OFFICE HAS RETAINED YOUR PETITION/APPLICATION WITH SUPPORTING DOCUMENTS.

THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS_24066_/CSC1276 DIV III

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until June 3, 2009 in which to submit the information requested.

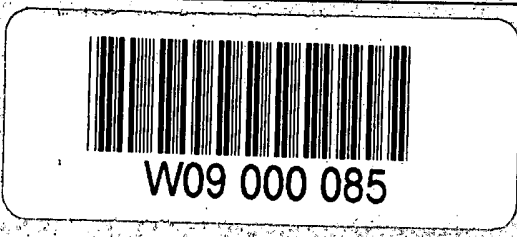
Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

**ACTION COMPLETED
APPROVED FOR FILING**
APR 14 2009
INITIALS: AL210056
FOC: CSC

You will be notified separately about any other applications or petitions you filed. Save a photocopy of this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
CALIFORNIA SERVICE CENTER
Attn: EB 5 RC Proposal
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0526



AL3100621
REC'D - CSC 09MAR24 6:35
1710017-14

Spencer Crain Cabbage Healy & McNamara pllc

US Citizenship & Immigration Services
California Service Center
ATTN: EB RC PROPOSAL
24000 Avilla Road 2nd Floor
Laguna Niguel, CA 92677

March 23, 2009

REF: City of Dallas Regional Center Proposal
CSC File No.: W09 000 080
Our File No.: 202-002

Dear Adjudication Officer:

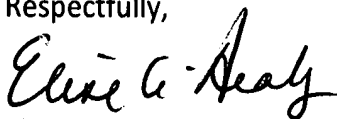
I write to request a 60 day extension of time in which to respond to the Request for Evidence captioned above. My Form G-28 is on file in this matter. The RFE was dated March 11, 2009, and received on March 18, 2009. It states that the USCIS must receive the complete response on or before June 3, 2009.

Since late November 2008, the City of Dallas Office of Economic Development ("the City" or "OED") has been engaged in a competitive bidding process as required by local ordinance, to select a qualified investment company that will operate and manage the Dallas Regional Center. The City expects to select a company by the end of March, and will then negotiate a contract. By law, the City Attorney's office is required to review and approve the contract.

The OED will make every effort to complete the selection and contract negotiation, and to assemble the documentation you have requested, in order to submit the RFE response by June 3. This is certainly desirable from everyone's standpoint. However, it is difficult to predict the time required for the City Attorney's review, and for any consequent contract modifications. We believe that an additional 60 days will ensure that the City's response to the RFE is complete, and will enable you to render a decision based on the best evidence.

For that reason, I urge that you agree to extend the RFE response deadline by 60 days, until August 3, 2009. I trust you will consider this request thoroughly and will promptly inform me of your decision.

Respectfully,



Elise A. Healy

CC: Karl Zavitkovsky

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



Ship Date: 23MAR09
ActWgt: 1.0 LB
CAD: 4876583/NET9011
Account#: S *****

Delivery Address Bar Code



Ref # 202-002
Invoice #
PO #
Dept #

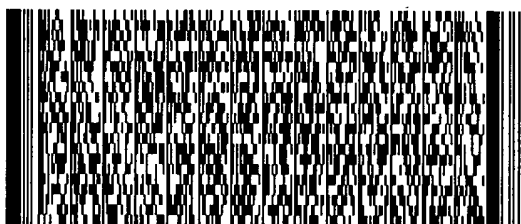
CS
AM MAR 24 2009
STAMP #114
ORFE

SHIP TO: (214) 290-0004 BILL SENDER
ATTN: EB-5 RC PROPOSAL
USCIS CALIFORNIA SERVICE CENTER
24000 AVILA RD FL 2

LAGUNA NIGUEL, CA 92677

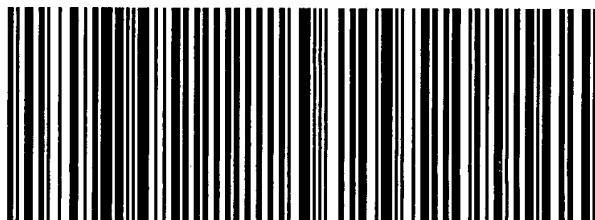
TRK# 7964 5297 1652
0201

TUE - 24MAR A2
PRIORITY OVERNIGHT



92677
CA-US
SNA

A7 JORA



After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

		Application/Petition REGIONAL CENTER PROPOSAL
Receipt # W09 000 080		
Notice Date March 11, 2009	Page 1 of	City of Dallas Regional Center

Karl Zavitkovsky
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm Street, Suite 4100, Lock Box 50
Dallas, TX 75279

Request for Evidence

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THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS _24066_/CSC1276 DIV III


RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until June 3, 2009 in which to submit the information requested.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

You will be notified separately about any other applications or petitions you filed. Save a photocopy of this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES CALIFORNIA SERVICE CENTER Attn: EB 5 RC Proposal P.O. BOX 10590 LAGUNA NIGUEL, CA 92607-0526	 W09 000 085
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In accordance with Federal Register Notice dated Jan 9, 2009, and effective Jan 26, 2009, your case has been relocated to the California Service Center for processing.

What is the Immigrant Investor Pilot Program?

The Immigrant Investor Pilot Program ("Pilot Program") was created by Section 610 of Public Law 102-395 (October 6, 1992). This is different in certain ways from the basic EB-5 investor program.

The Pilot Program began in accordance with a Congressional mandate aimed at stimulating economic activity and creating jobs for U.S. workers, while simultaneously affording eligible aliens the opportunity to become lawful permanent residents. Through this innovative program, foreign investors are encouraged to invest funds in an economic unit known as a "Regional Center."

A Regional Center is defined as any economic unit, public or private, engaged in the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment.

8 CFR 204.6 (m)(3) describes specific evidence that must be submitted before consideration for eligibility for this benefit may proceed. After review of your proposal in the light of these requirements, the following information, evidence or clarification is needed to proceed.

It is always best to start with a cover letter that acts as an executive summary followed by a table of contents of the various tabbed sections to follow.

Regional Center's Operational Plan- Amount and Source of the Regional Center's Operating Capital (8 CFR 204.6(m)(3)(iii)):

A proposal must include a detailed statement regarding the amount and source of the capital that has been committed to the Regional Center. USCIS has interpreted the words, "amount and source of capital that has been committed to the Regional Center" to mean the capital sufficient to sustain the Regional Center distinct from immigrant investors' required capital investment in a new commercial enterprise within the Regional Center.

The detailed statement that is required to meet the regulatory requirement relating to the amount and source of capital committed to the Regional Center should include:

- The exact amount of funds that have been dedicated to the Regional Center to accomplish the goals of the Immigrant Investor Pilot Program;
- The source of such funds;
- Whether the amount is sufficient to sustain the Regional Center; and
- Evidence that the funds have already been committed to the Regional Center.

None of the capital sustaining the Regional Center can come from immigrant investors' required threshold capital investment (as distinct from the new commercial enterprises' revenues). This separation of funds is necessary to enable the alien entrepreneur to qualify for the EB-5 immigrant investor classification.

The documentation submitted to date does not adequately address this issue. Please submit additional documentation which established how the Regional Center will be sustained. This is needed before a regional center can be approved.

Overall Economic Impact of the Regional Center (8CFR 204.6(m)(3)(iv):

Submit a complete and valid economic analysis sufficiently detailed to predict the overall economic impact to be made by the Regional Center. This can be combined with items relating to job creation and impact of the Regional Center.

The Business Approach and Structure of the Regional Center (INA 610(a)):

The business aspects of the Regional Center must be fully explained as to its structure. This aspect of a proposal includes, but is not limited to, the following basic elements or samples of them as applicable to the business approach and structure to be used by the Regional Center:

- An overall Business Plan - mandatory (with milestones, dates, cost for each project, number of investors for each project and plans for creating the jobs within two years after the investor obtains conditional resident status)
- Draft Operating Agreement
- Draft Partnership Agreement
- Draft Subscription Agreement
- Draft Escrow Agreements and Instructions (one for capital and one for any service fees).
- List of proposed reputable financial institutions to serve as the Escrow Agent(s).
- Draft of an Offering Letter, Memorandum, Confidential Private Placement Memorandum, or similar offering made in writing to an immigrant investor through the Regional Center.
- Draft Memorandum of Understanding, Interagency Agreement, Contract, Letter of Intent, Advisory Agreement, or similar agreement to be entered into with any other party, agency or organization to engage in activities on behalf of or in the name of the Regional Center.
- Articles of Incorporation from the State for the Regional Center

Administrative Oversight (8 CFR 204.6)):

The regulations at 8 CFR 204.6(m)(6), require that an approved Regional Center in order to maintain the validity of its approval and designation, must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital

investment. Therefore, in order for USCIS to determine whether an approved and designated Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

Submit a description of your plans to administer, oversee, and manage the proposed Regional Center, including but not limited to such things as to identify, assess and evaluate proposed immigrant investor projects and enterprises; how the proposed Regional Center would perform “due diligence” as to whether investment capital to be sought will consist solely of alien investor capital or a combination of alien investor capital and domestic capital; how to monitor all investment activities affiliated, through or under the sponsorship of the proposed Regional Center, and to maintain records, data and information on projects, investors, business activities, etc., in order to report to USCIS for each Federal Fiscal Year. This is known as “due diligence” and is coupled with “oversight reporting responsibilities” to be fully explained if approved and designated.

Targeted Employment Area (8 CFR 204.6(i):

With respect to the process by which a High Unemployment Area (USCIS TEA) is designated by the State, the exact and complete relevant language of the regulation that covers this may be found at 8 CFR 204.6(i), where it reads as follows:

State designation of a high unemployment area. The state government of any state of the United States may designate a particular geographic or political subdivision located within a metropolitan statistical area or within a city or town having a population of 20,000 or more within such state as an area of high unemployment (at least 150 percent of the national average rate). Evidence of such designation, including a description of the boundaries of the geographic or political subdivision and the method or methods by which the unemployment statistics were obtained, may be provided to a prospective alien entrepreneur for submission with Form I-526. Before any such designation is made, an official of the state must notify the... [Chief, Office of Service Center Operations]... of the agency, board, or other appropriate governmental body of the state which shall be delegated the authority to certify that the geographic or political subdivision is a high unemployment area.

Therefore it is incumbent upon the state to notify USCIS which “governmental body of the state” has been delegated the authority by the Governor to certify that a geographic or political subdivision is a high unemployment area for purposes of being designated as a Targeted Employment Area (TEA) under USCIS regulations. It is left to the appropriate designee within the state to exercise its authority and utilize a method(s) of its choosing in obtaining the unemployment statistics.

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

A letter from the Governor of the state identifying the designated authority within the state to certify the geographic area(s) or political subdivision(s) within applicable metropolitan statistical areas as having high unemployment equal to 150% or more of the national unemployment rate would need to be addressed as follows and sent via Express Mail or courier service to:

Chief, Office of Service Center Operations
U.S. Citizenship and Immigration Services
20 Massachusetts Avenue, NW, MS 2060
Washington, DC 20529

Further clarification of the role of the state designated authority in the I-526 process is found at 8 CFR 204.6 (j) (6) (ii) (B) as follows:

(6) If applicable, to show that the new commercial enterprise has created or will create employment in a targeted employment area, the petition must be accompanied by:

.....

(ii) In the case of a high unemployment area:

.....

(B) A letter from an authorized body of the government of the state in which the new commercial enterprise is located which certifies that the geographic or political subdivision of the metropolitan statistical area or of the city or town with a population of 20,000 or more in which the enterprise is principally doing business has been designated a high unemployment area. The letter must meet the requirements of 8 CFR 204.6(i).

It is hoped that the above references and information will be of help to you and the appropriate officials of the state with respect to your interest in seeking to establish a Regional Center through the Immigrant Investor Pilot Program that would focus within the state.

Translations:

Any document containing a foreign language submitted to USCIS shall be accompanied by a full English translation that the translator has certified as complete and accurate, and by the translator's certification that he or she is competent to translate from the foreign language into English.

Copies:

Unless specifically required that an original document be filed with an application or petition, an ordinary legible photocopy may be submitted. Original documents submitted when not required will remain part of the record, even if the submission was not required.

SPENCER CRAIN >

1201 Elm Street, Suite 4100
Dallas, Texas 75270

**Mr. Maurice Berez, Senior Adjudicator
USCIS Foreign Trader, Investor &
Regional Center Program
USCIS Service Center Operations,
Business and Trade Services
20 Massachusetts Avenue, NW, Room 2123
Washington, DC 20529**

Additional Information for Applicants and Petitioners

General:

The filing of an application or petition does not in itself allow a person to enter or remain in the United States and does not confer any other right or benefit.

Inquiries:

If you do not hear from us within the processing time given on this notice and you want to know the status of this case, contact your local INS office.

You should also contact your local INS office if you have questions about this notice.

Please have this form with you whenever you contact a local office about this case.

Requests for Evidence:

If this notice asks for more evidence, you can submit it or you can ask for a decision based on what you have already filed. When you reply please include a copy of the other side of this notice and also include any papers attached to this notice.

Reply Period:

If this notice indicates that you must reply by a certain date and you do not reply by that date, then we will issue a decision based on the evidence on file. No extension of time will be granted. After we issue a decision any new evidence must be submitted with a new application or petition, motion or appeal, as discussed under "Denials."

Approval of a Petition:

Approval of an immigrant or nonimmigrant petition means that the person for whom it was filed, called the beneficiary, has been found eligible for the requested classification. However, approval of a petition does not give any status or right. Actual status is given when the beneficiary is given the proper visa and uses it to enter the United States. Please contact the appropriate U.S. Consulate directly if you have any questions about visa issuance.

For nonimmigrant petitions, the beneficiary should contact the consulate after he or she receives our approval notice. For approved immigrant petitions, the beneficiary should wait to be contacted by the consulate.

If the beneficiary is now in the United States and believes he or she may be eligible for the new status without going abroad for a visa, then he or she should contact a local INS office about applying here.

Denials:

A denial means that, after every consideration, INS has concluded that the evidence submitted does not establish eligibility for the requested benefit.

If you believe there is more evidence that will establish eligibility, you can file a new application or petition or you can file a motion to reopen this case. If you believe the denial is inconsistent with precedent decisions or regulations, you can file a motion for reconsideration.

If the front of this notice states that this denial can be appealed and you believe the decision is in error, you can file an appeal.

You can obtain more information about these processes from your local INS office.

ELISE A. HEALY - ESQ
SPENCER CRAIN CUBBAGE HEALY &
MCNAMARA, PLLC
1201 ELM ST. STE. 4100, LOCK BOX 50
DALLAS, TEXAS 75270

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MCNAMARA, PLLC
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DALLAS, TEXAS 75270



CITY OF DALLAS

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DEC 03 2008

SERVICE CENTER OPERATIONS

CITY OF DALLAS
APPLICATION FOR REGIONAL CENTER
EXECUTIVE SUMMARY

The City of Dallas Office of Economic Development (OED) welcomes the opportunity to present this executive summary of its application for designation as a Regional Center as defined in 8 CFR §204.6(m)(3).

The City of Dallas Regional Center (CDRC) will focus EB-5 investment capital on firms in targeted industries and sectors located within Dallas city limits. We are confident that CDRC will promote economic growth and create jobs directly and indirectly in Dallas, because it will encourage investment in carefully selected industries and sectors that OED research shows are the likeliest to grow employment. OED's research is borne out by the IMPLAN investment portfolio simulations and job creation forecasts documented herein.

We have designed the CDRC to align closely with existing OED public/private business development incentives, such as tax abatements, and will also partner with CDRC to market its investment opportunities extensively to our network of contacts in Mexico, China, and elsewhere.

The CDRC will be operated and managed by a professional investment management company that OED will select through the municipal Request for Proposal (RFP) process. The RFP process is now underway and due to be completed by the end of 2008. OED intends to contract exclusively with the selected investment management company for a reasonable period of time to be negotiated, in view of the 5-10 year time horizon typically required for the complete equity investment cycle.

The City of Dallas is well aware of the statutory and regulatory compliance regime to which the CDRC will be subject, and it will require the selected investment management company to demonstrate a robust investor screening



CITY OF DALLAS

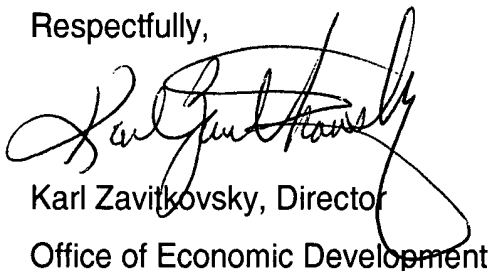
and compliance program, including quarterly reporting to investors, the City of Dallas, and USCIS, as well as annual audits of all investment partnerships.

Finally, our application includes a request for designation of a Targeted Employment Area (TEA) in Southern Dallas, based on that sector's 9.16% unemployment rate; this exceeds 150% of the current national average of 6.1%, as is documented herein.

We believe that the City of Dallas Regional Center will strongly support our city's economic development approach. CDRC leverages Dallas' considerable economic advantages, especially its central location and unparalleled air, rail and highway transportation infrastructure. CDRC is fully integrated with identified target industries in Dallas and with OED's own business recruitment and retention programs for those industries. And CDRC will build on our strong commitment to development and redevelopment in Southern Dallas.

We look forward to your prompt review and favorable action on this application. Should you require any additional information, it will be furnished promptly through counsel.

Respectfully,



Karl Zavitskovsky, Director
Office of Economic Development



Application for Designation as a Regional Center

The Office of Economic Development of the City of Dallas, Texas hereby submits its application to U.S. Citizenship & Immigration Services for designation as a regional center, as defined in the regulations at 8 CFR §204.6(m)(3). This application consists of a narrative and supporting documents in the Appendix.

The narrative consists of the following parts:

- I. A description of the geographic focus of the proposed City of Dallas Regional Center (CDRC);
- II. A discussion of how the CDRC will promote economic growth and create jobs, directly and indirectly;
- III. A detailed statement of the structure of the CDRC and the amount and source of initial capital committed to it;
- IV. A description of the promotional efforts to be undertaken by the CDRC;
- V. A detailed prediction regarding the manner in which the CDRC will produce positive impacts on the regional (Dallas, TX) economy;
- VI. A discussion of the economic studies and IMPLAN model results for the industries and economic sectors targeted for CDRC investment funds
- VII. Evidence supporting certification of a Targeted Employment Area (TEA) in Southern Dallas.

The narrative makes reference to economic research studies and study summaries, briefings and other materials, which are attached in the printed Appendix. Summary reports of the IMPLAN model scenarios are attached in Appendix O through R; however, the complete IMPLAN model reports that support the economic impact forecasts, including job creation, total approximately 900 pages and are therefore included as electronic files on the attached disc.

I. Geographic Focus of the Dallas Regional Center (DRC): The City of Dallas

The City of Dallas Regional Center (CDRC) will focus EB-5 investor funds solely on companies and projects located within the geographic limits of the City of Dallas. (Figure 1). Dallas is the largest city in the Dallas-Fort Worth Metropolitan Statistical Area (MSA), which is the fourth largest MSA in the United States. The DFW MSA has a population of approximately 6 million, and the City of Dallas's population is 1.28 million. A map of the Dallas MSA is attached at Appendix B, with related OED maps. To our knowledge, the USCIS has not to date approved any EB-5 regional center in the City of Dallas or in the Dallas-Ft. Worth MSA.

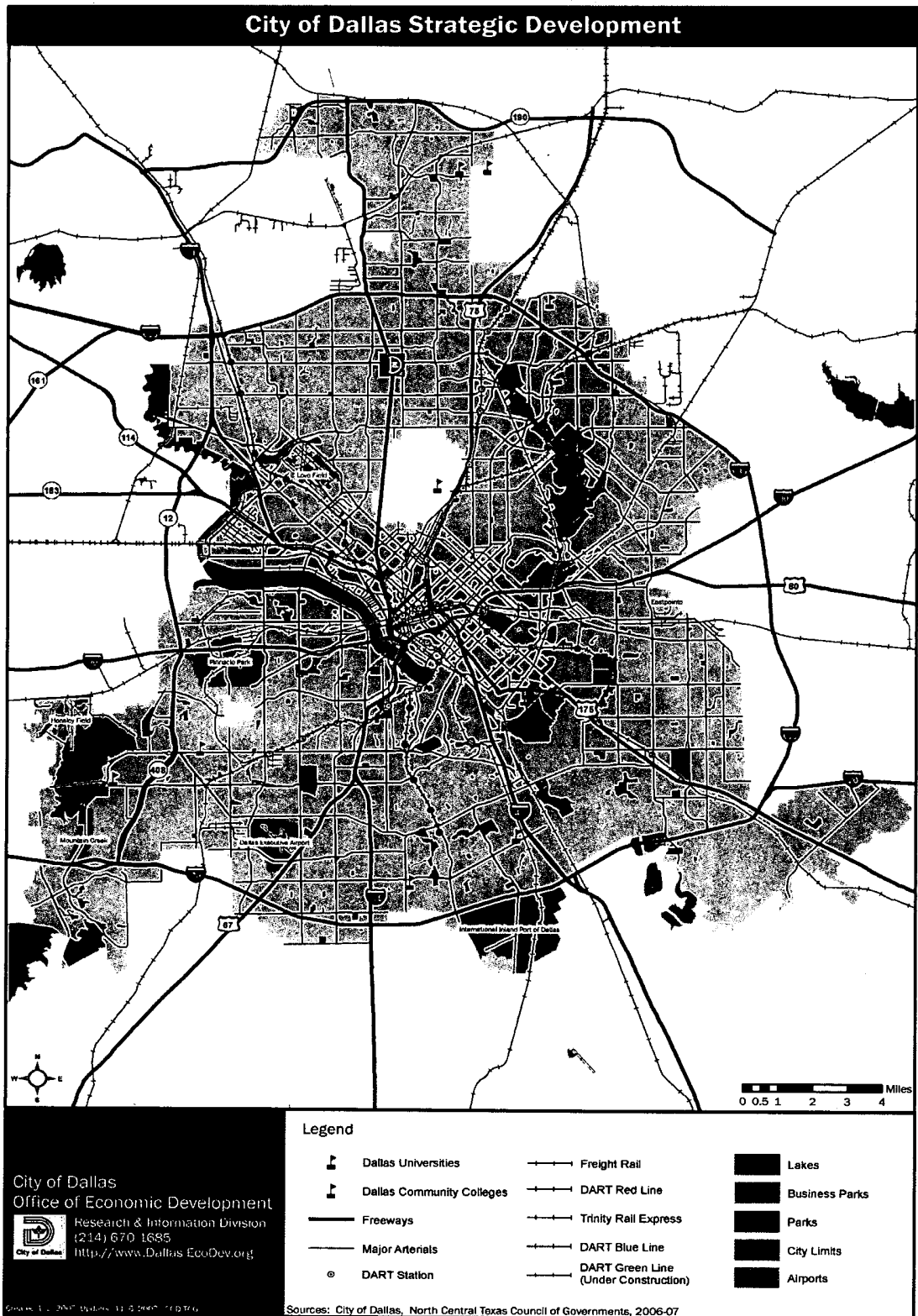
II. The CDRC and the Dallas Strategic Economic Development Plan to Promote Economic Growth and Create Jobs

Part II of this narrative provides detail on City of Dallas Economic Development plans and programs as they exist today, and describes how the City of Dallas Regional Center will play a role in our city's strategy to promote targeted economic growth and create jobs in strategic industries and sectors.

In February 2005, the Dallas City Council formally re-affirmed that economic development is a major priority of city government. Council's action followed the report of McKinsey & Co., which had assessed the strengths and weaknesses of the city's economic development programs. The McKinsey report recommended changes to our entire approach to economic development, and the formation of a Stakeholders Task Force (STF) to implement those changes.

In May 2005, the STF articulated the need for Dallas to organize its efforts around a single, widely accepted vision for economic development; to create a rational, transparent and proactive process; and to focus our efforts on Downtown Dallas and Southern Dallas. Stakeholders and City of Dallas Office of Economic Development (OED) staff agreed on three general objectives for the city's renewed economic development effort: (1) economic growth, (2) increasing economic opportunities for residents and (3) maintaining a stable revenue base to support City services.

Figure 1. Strategic Development Map of the City of Dallas



OED staff was tasked with conducting the economic research and developing the fact-based evidence upon which the city's economic development efforts would henceforth be rationally based. OED's research identified the weaknesses of past economic development policies and laid out recommendations for the way forward.

The result was the September 2005 report, *Strategic Engagement: Dallas' Economic Development Plan*.¹ This Plan's vision for Dallas is that it "will become a diverse, vibrant, urban City that works and builds on its core strengths." Based on sound economic and business research, the plan calls for Dallas to be:

- A City that is **Strategically Engaged** in economic development, that works effectively with the business community to overcome obstacles to growth and that markets itself locally, nationally and globally.
- A **Business-Friendly City** that effectively leverages its strengths in technology, medicine and logistics and becomes a destination of choice for entrepreneurial activity.
- A City with a **Dynamic and Expanded Center-City Economy** with a revived, dense residential downtown connected to thriving urban housing, office and retail developments throughout Central Dallas.
- A City of **Balanced Growth and Development Opportunities** where past neglect of the Southern Sector is overcome and the full economic potential of this vast land area and the entire City are realized.

¹ Appendix A. Many of the OED research studies conducted for the 2005 *Strategic Engagement* development plan have been updated and refined during the 2006-2008 period and these updates are noted in the narrative where relevant.

- A **City of Great Neighborhoods** serving a spectrum of household types and needs and supporting urban and suburban centers, parks, transit and libraries.

What is Different about *Strategic Engagement*?

For the first time, the City of Dallas' plan for economic development requires that economic development become a *continuous process*, rather than a disconnected collection of activities and reactive deal making. Second, *Strategic Engagement* is *fact-based and adaptive*: our economic development plan recognizes that Dallas' economy is changing; that the City is maturing and that global economic currents will continue to shape the local economic landscape. What may have worked reasonably well in the past, at least for parts of Dallas, won't work for the Dallas of today. Third, the plan identifies and builds on Dallas' considerable economic strengths to *leverage new economic opportunities* for all its citizens. Through the approach set forth in *Strategic Engagement*, Dallas intends to remain the focal point of the North Texas regional economy and to secure Dallas' potential role as a world city.

Based on Dallas' evolving role in the local and global economies, its current development strategy may be summed up as follows:

- Build on Dallas' assets to create a vital center city serving the region's need for an urban focal point.
- Invest in catalyst projects within Southern Dallas so it capitalizes on its unique global trade potential.
- Support redevelopment in retail and business centers throughout the City to maintain Dallas' stable single-family neighborhoods.

We have designed an EB-5 Regional Center that fits the Dallas economic development process set forth in *Strategic Engagement*; that integrates well with the Dallas economy's existing strengths; and that aligns closely with the priority industries and catalyst projects that the OED's research has identified. While we have researched regional centers established elsewhere, and borrowed some elements from them, we believe the City of Dallas Regional Center proposed here will be successful because it is built around Dallas' unique economic attributes and advantages.

Following is a summary of the main research findings concerning the recent evolution of Dallas' economy.

The New Dallas

As *Strategic Engagement* notes, Dallas has changed. During the past 50 years, Dallas has grown from a small servicing center for the productive North Texas prairie farms to the ninth largest city in America. It is now the cultural and economic core of the internationally important DFW Metroplex – the nation's fourth most populous Metropolitan Statistical Area. The City is home to over 1.2 million residents and to over 71,000 businesses that employ over 1 million people. If viewed as a state, Dallas' gross product, \$97 billion, would place the City 33rd between Kansas (\$99.1 billion) and Utah (\$82.4 billion). Dallas would rank 61st in the world, about the same size as New Zealand. Through its 175 year history, Dallas has played many roles: agricultural service center, regional business and manufacturing hub, transportation nexus, and most recently,

Sunbelt boomtown. What Dallas is becoming today will affect its development prospects tomorrow.

Dallas is maturing into a diverse urban city with a fixed land area.

Dallas has no majority racial group nor is it dependent on any single industry. With continued regional housing and employment sprawl outside city limits, Dallas proper constitutes an ever-shrinking share of the North Texas metropolitan geography. For the purposes of economic development strategy, OED research found that six changes are most significant:

Old Assumption: *Dallas benefits by being a low-cost Sunbelt destination that automatically out-competes the Rust Belt.*

New Reality: *Dallas is a maturing central city, not a Sunbelt boomtown.*

Like other Sunbelt leaders, Dallas has grown into a sprawling metropolitan area that is now relatively less competitive because of: a new group of aggressive second tier cities (e.g., Austin, Las Vegas and Charlotte); cost and educational improvements in developing countries; and improved productivity in older U.S. manufacturing areas. Today, suburbs receive the benefits of sprawl growth in North Texas, leaving Dallas to cope with housing, infrastructure, crime and educational services.

By design, the CDRC will provide new investment capital, coupled with existing City of Dallas public/private incentive programs, to leverage Dallas as a competitive, metropolitan hub for regional, national and international trade in goods and services, and to attract and expand the firms that service that trade.

Old Assumption: *Economic development and Dallas' vitality are defined by "big" business announcements and corporate relocations.*

New Reality: *Economic vitality is now more a function of small and existing business growth as well as a steady supply of newly founded businesses.*

Existing businesses account for 85 percent of new jobs. Small businesses account for 75 percent of net new hires. Large corporate relocations make headlines but are insufficient to drive a metropolitan economy. Often, relocating corporations seek to shore up their already mature business model and do not represent large future growth prospects. Many headquarters relocations involve small administrative staffs, which bring prestige, **but little actual economic growth**. In contrast, newly founded businesses are aligned with current business processes and technology and are more likely to represent the rare, innovative firm that grows into a truly large business. Dallas does have some of these firms, like Texas Instruments, but it must grow more of them.

In partnership with the city's Office of Economic Development, the CDRC will identify and invest immigrant capital in such firms, focusing on industries in which Dallas already has a competitive advantage according to OED studies.

Old Assumption: *Northern Dallas, as the business center, carries the City's economy while Southern Dallas plays a support and maintenance role.*

New Reality: *Northern Dallas development options are now limited and redevelopment is needed in many areas. Southern Dallas has the majority of yjr city's developable land, but must be positioned to carry a larger share of the economic burden.*

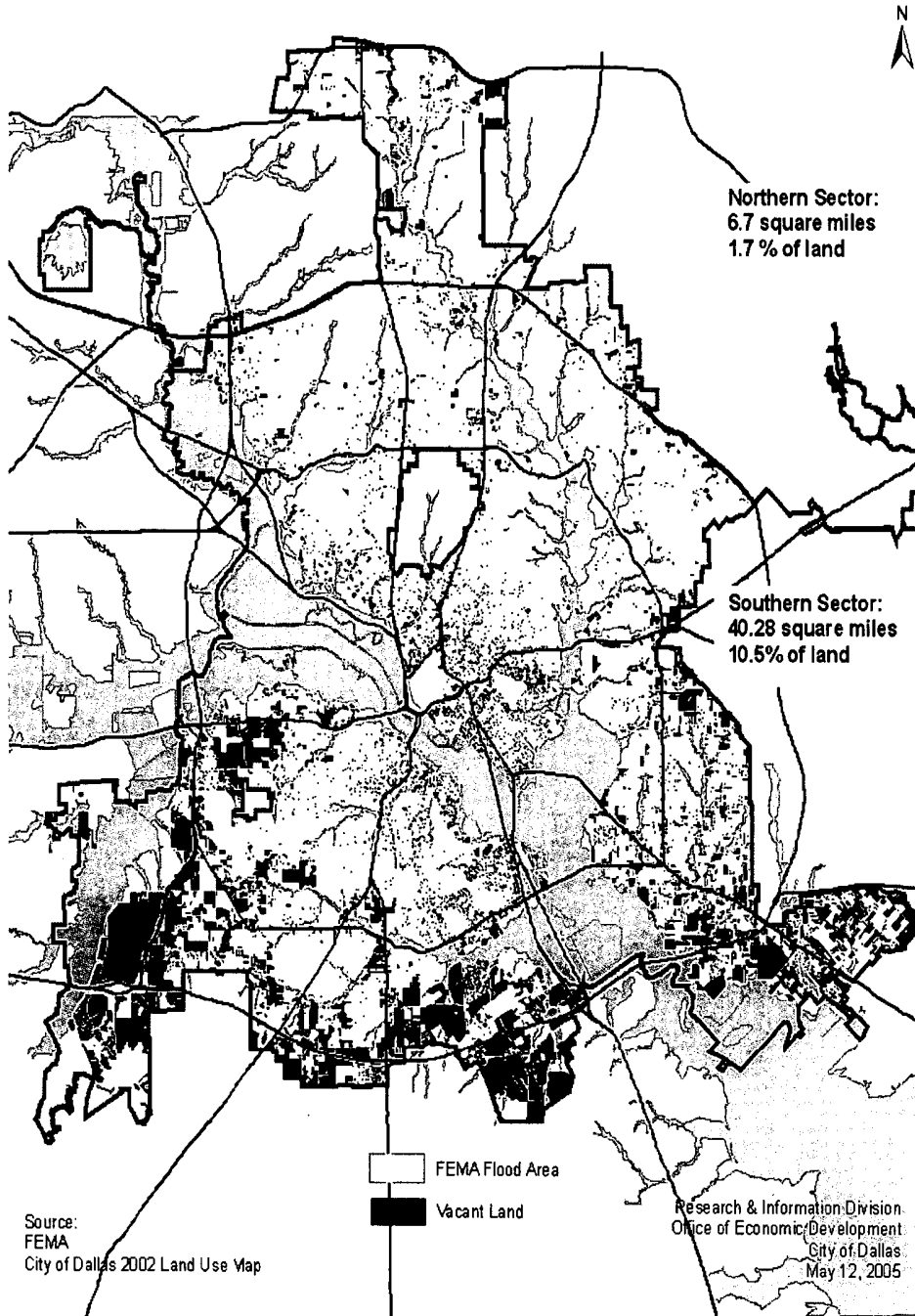
High-end office, retail and residential development has flourished in the city's northern areas, while support facilities (landfills, water treatment plants) and low-end industries gravitated south. This historic land use pattern left a legacy of development roadblocks that must now be removed. Positioning the multiple Southern Dallas communities for growth is essential since 79 percent of the City's developable vacant land remains in Southern Dallas. Figure 2 reveals the current imbalance of development opportunities in North and South.

The CDRC, aligned with other City of Dallas economic development incentive programs, will play a key role in overcoming this intra-city imbalance. It will do so by providing immigrant capital to firms that can take advantage of Southern Dallas' relatively lower cost land, excellent existing and under-construction transportation infrastructure and available workforce.

Figure 2

Vacant Developable Land

City of Dallas



Old Assumption: *Corporate Dallas' prosperity depends on local growth and development.*

New Reality: *Corporate Dallas' livelihood depends on global cycles, competition and technology change.*

Once, the leading corporations in the City owed their prosperity to local growth and development. These businesses included banks, grocers, utilities, media and real estate firms. Today, the leading firms in Dallas, large and small, are multinational and compete with other global companies for market share and must respond to their shareholders when they make investment and employment decisions. Future success depends on Dallas' ability to create an environment for higher value-added business processes and jobs.

The CDRC will support economic development and job creation by its focus on identifying and investing in such value-added businesses, within the industries and sectors where Dallas already has a competitive advantage.

Old Assumption: *What is good for North Texas is good for Dallas. (Dallas gets a share of regional growth because of its business legacy and because it is the largest business center.)*

New Reality: *What is good for some North Texas cities is not necessarily good for Dallas, but what is good for Dallas also benefits the North Texas Region.*

Newly competitive suburbs with state-approved development finance tools and modern business parks complicate the regional site selection process. A business investment in North Texas is not necessarily a win for Dallas. Yet, the long-term health and vitality of North Texas depends on a healthy Dallas. Why?

Because metropolitan areas with growing central cities grow faster than metropolitan areas with depressed central cities. Dallas matters to the region because it is the image of the region in the minds of most outside investors. More practically, Dallas is the nexus of all major infrastructure networks that supply many suburban businesses (highway, rail, water, electricity).

The CDRC will focus private investment on Dallas' advantage in infrastructure networks and related catalyst projects, such as the Transit-Oriented Development projects associated with the expanding DART² light rail system, and with the International Inland Port of Dallas (IIPOD)³.

Old Assumption: Dallas is a homogeneous city.

New Reality: Dallas is a non-majority city and is becoming a Latino-majority city with a younger population less prepared for middle class participation.

In the past, decisions about economic development were made as if the City were homogeneous. Today, Dallas' diversity makes governance more complicated. Our city is home to an increasingly younger population with a higher percentage of immigrants. Lack of well-paying, entry-level jobs hinders upward mobility and a reinvigoration of the middle class by these new citizens. Recent out-migrants have been replaced by in-migrants who are generally younger and less affluent than the residents they replaced. The CDRC, in partnership with City of Dallas development incentive programs, will play an essential role in creating the kinds of permanent jobs that will support upward mobility for Dallas' diverse and growing population.

² Dallas Area Rapid Transit. The DART Green Line, now under construction, is represented in context in the City of Dallas Strategic Development map at Appendix B; see also page 25.

³ See Appendix C.

The CDRC and the New Economic Development Policy:

Beyond these long-term changes in Dallas' economy, the City recognizes that it had a "legacy" economic development policy that was no longer capable of promoting long-term economic growth. At the same time, we believe it is completely within the power of the City to address many of these challenges, and since 2005, we have begun to do so, with measurable results.⁴ As is described more fully below, the CDRC will integrate its investment activities closely with the city's new development policy and with its existing public/private development incentive programs, creating an additional increment of growth and expansion of employment, over and above what would be expected without this new capital formation and investment initiative.

Our policy challenges and the solutions under *Strategic Engagement* include:

Legacy Policy:

No unifying vision

Departments fail to coordinate the the process

Multiple agendas and ad-hoc strategy of "fire drills" and deals

Lack of focus, many low-impact projects

Lack of follow-up, monitoring or tracking permit Council and community

Strategic Engagement Approach:

Common vision for City and development stakeholders

City organizes development teams to coordinate the process

Long-term strategy with scorecard for the community and Council review

Focus on catalyst projects and creating working development models and stimulating sustainable markets

Written strategy, performance tracking and a semiannual scorecard review

⁴ See Appendix D, *Strategic Engagement: Dallas' Economic Development Plan, 18-Month Score Card*

attentions to drift over time.

Ad-hoc alignment of budget resources across City departments

Prioritize resources according to economic development goals

Dallas leaves economic development to chance or outside interests

Dallas assumes responsibility for its development future and uses its political clout to achieve objectives

Lack of land use planning

Comprehensive Land Use Plan (Forward Dallas!) as a guide to development strategy

Benign neglect of the business community

Ongoing engagement with the business community and partnerships to reduce barriers to success

Failure to explicitly address crime as an economic development deterrent

Work actively with the Police Department to maintain steady improvements in public safety

Failure to explicitly address public education as an enabler of economic development

Develop process to involve educators in economic development activities

Failure to address imbalance of employment and housing

Housing Department and private sector increase housing stock quality to retain middle class families

Southern Dallas efforts lacked focus and ignored the vast scale and diversity of the area

Focus on catalyst projects. Hire Assistant Director to spearhead initiative

Downtown efforts were unfocused

Create Downtown team headed by an Assistant Director. Focus on building housing critical mass and retaining business base

Through strategic engagement since 2005, Dallas has crafted a new economic development policy that builds on its identified and quite considerable strengths. To implement the new policy, the city has re-organized its Office of Economic Development (OED) to function along geographic and service lines. Each geographic area is staffed by a project manager, who coordinates development projects and acts as the primary contact and problem solver for the client. These project managers draw upon the specialized skills and tools available in the service areas. The service area staff consists of specialists who drive project and program development, in addition to supporting the geographic teams.⁵

OED Has Three Geographic Focus Areas:

- **Southern Dallas⁶**
Southern Dallas is generally defined as being the part of the City, south of a line (moving from West to East) that includes the Trinity River until it passes beneath I-30 and that follows I-30 to the eastern border of the City. It includes a 196 square miles and is home to 500,000 residents – roughly four in ten Dallasites.
- **Central Dallas**
Central Dallas, for the purposes of the strategic plan implementation process, includes the neighborhoods within approximately 1.5 miles of the freeway loop surrounding the CBD. Most activity of OED will focus on the traditional downtown within the loop and the immediately surrounding neighborhoods.
- **International Markets**
The international market includes jurisdictions outside the U.S., with primary focus on Asia, Latin America and Canada.

⁵ See OED organization chart and professional biographies of key staff at Appendix E.

⁶ See Appendix F, especially *Concentration of Employment Across Clusters*.

OED Has Seven Service Functions:

- **Area Redevelopment**
This division uses Tax Increment Financing Districts (TIFs) and Public Improvement Districts (PIDs) to enhance infrastructure and services for neighborhoods. Financial contributions available through TIFs and PIDs make development projects financially feasible, enhance basic infrastructure and services and encourage developers to invest in neighborhoods. The result is increased property values for residential and commercial properties.
- **New Business Development**
The new business development division includes four service areas: Business Expansion and Retention (BEAR); small business and entrepreneurship, marketing and retail/industrial.
- **Business Expansion and Retention (BEAR)**
BEAR focuses its efforts on maintaining channels of communication with existing Dallas firms to identify barriers to business growth **before** they lead to employment losses and disinvestment. BEAR also works to help firms expand their Dallas operations.
- **Small Business and Entrepreneurship**
This division works with entrepreneurs, neighborhood associations and community-based organizations to improve economic conditions and neighborhoods around the City. Entrepreneurs and small businesses can obtain referrals to appropriate technical assistance providers, lending institutions and other small business programs. The division also oversees: service contracts funded by Community Development Block Grant (CDBG) funds with Dallas' seven Business Assistance Centers, a revolving loan program administered by the Southern Dallas Development Corporation and neighborhood development projects.
- **Marketing**
Marketing supports efforts to promote Dallas' economic development vision through branding and promotional efforts and supports targeted marketing recruitment of priority industry clusters domestically and internationally.
- **Retail and Industrial Development**
Retail and industrial development focuses on identifying sites for development or redevelopment and works to secure private sector partners to develop those sites.
- **Research and Information**
The Research & Information Division provides internal and external decision-makers with accurate and pertinent information through the systematic

assembly, recording, analysis and presentation of factual data. The division focuses on economic and fiscal impact analysis, marketing, retail and industrial development and performance evaluation research. It also maintains GIS-based datasets on development activity, economic statistics and real estate.

The OED area and service teams interact closely with other City service areas, including Housing, Public Works and Transportation, Water Utilities, Development Services, Parks and Recreation, Police, and Convention and Event Services. OED thus has the expertise, the organization and the informational resources to launch the CDRC as an effective element of Dallas' economic development plan and to partner with it effectively.

The CDRC Will Integrate with the Dallas Economic Development Plan to Promote Growth, Improve Productivity and Create Jobs for Dallas Citizens

The City of Dallas OED recognizes that the key concept in economic development today is **how the locality adds value to the firm**. We know that some industries bring more benefit to a community than others, because they more closely match local work force, infrastructure and technology assets. Well-adapted industries will grow faster and invest more. To truly add value, Dallas must understand the strengths, weaknesses, threats and opportunities that characterize and differentiate industries.

This means the City of Dallas OED must focus its resources on the industries that will best fit Dallas and deliver the greatest return on economic development resources. We have therefore selected **strategic industry targets** whose needs can be addressed by all of OED's economic development services.

To identify a set of industries that can prosper in Dallas and maximize the return on economic development resources, OED completed in 2006 an extensive analysis of the Dallas economy and the national and international prospects of approximately 250 industries.

From this analysis, five strategic industry targets were originally identified⁷:

- **High IT Use Service Industries:** Finance, Accounting, Distribution and Healthcare (3,332 firms concentrated in accounting, payroll and finance)
- **Pre-Fabricated Building Materials** (155 firms concentrated in fabricated structural metal, window and door manufacturing, wood kitchen cabinet and counter-top manufacturing)
- **Media** (Converging content; Spanish-language markets) (840 firms concentrated in advertising motion picture and video production)
- **Food Processing and Distribution** (162 firms concentrated in milk, baking and snack foods)
- **Instrument Manufacturing** (101 firms concentrated in electronic measuring/testing, navigation and guidance instruments)

According to OED research, each of these five industries or sectors is an existing Dallas strength. There is a recognized path from each into next generation products and services. They all have better than average employment and output prospects. Perhaps most important, this list of target industries does not follow fads: it is a unique list for the unique economy of Dallas.

⁷ Appendix G, *Dallas Industry Strategy*, City of Dallas Department of Housing and Office of Economic Development, March 2006.

Since OED's original 2005 studies and selection of the five industries named above, OED has refined and added to the industries targeted for development, based on opportunities that have emerged recently. The primary additions and changes include the following:

- **Logistics** has been broken out of the "High IT Use" group, because it is an independent, and prominent focus of trade development activities;
- OED re-named Pre-Fabricated Building Materials to **Advanced Building Components and Systems Constituent Industries**, because the original name suggested mobile home manufacture. The actual industries included in this group are environmental controls, lighting fixtures, structural components and ornamental components.
- OED also added a **Transportation Equipment & Assembly** target.

OED's original studies produced maps of the current distribution of firms in these industries, and it is clear that they are not all located in areas of Dallas where economic development is most needed. We plan for the CDRC to work closely with OED's service teams involved in recruitment, retention and expansion to create the essential business case to attract, retain and expand firms in these industries, in the areas where development is most needed.

The OED takes a layered approach to delivering economic development services focused on these target industries. The base of our approach consists of three elements: (1) stabilization, meaning retaining the firms Dallas already has in these industries; (2) customer responsiveness, meaning delivering the incentives, the information and the services that these firms need to grow or

relocate in Dallas; and (3) growing the next generation of entrepreneurial companies that will expand economic opportunities for the citizens of Dallas. The second layer is strengthening existing dominant industries. Finally, OED recruits firms to selectively expand the industry mix.

The CDRC will integrate closely with the OED's focus on delivering services to these priority industries, coupling EB-5 investors' capital with OED tax and other business development incentives. In doing so, the CDRC will align with the city's strong commitment to development and redevelopment in Southern Dallas. That commitment has already yielded major improvements, outlined below, and the CDRC will bring much needed additional capital to firms and projects in this major growth area.

Catalyst Projects To "Springboard" Development in Southern Dallas

Since 1989, the Dallas City Council has approved 129 Public-Private Partnership projects in southern Dallas, with an associated direct impact of \$1.14 billion in private investment and 20,101 jobs.⁸ For example:

- Cedars and Oak Cliff Gateway TIF districts, formed in 1992, provided \$12 million in public investment and leveraged \$317 million in private investment and over 1,850 residential units completed, under construction or planned.
- Three new TIF districts have been created since 2005 (Grand Park South, (2005), Fort Worth Avenue (2007), Davis Garden District (2007)).

⁸See Appendix H, *Realizing Potential: A Framework for Enhancing the Southern Portion of Dallas*, City Council Briefing, February 2008, at 7.

- \$1.026 billion from the 1998, 2003 and 2006 bond programs have been invested or committed for southern Dallas infrastructure projects.
- Three new southern Dallas business parks have been created since 1998 (Pinnacle Park, Mountain Creek and Dallas Logistics Hub) creating over 7 million sq. ft. of industrial space, 700,000 sq. ft. of retail space, 100,000 sq. ft. of office space, 532 apartments and 6,500 jobs.
- Annual new construction building permit value has increased 586% since 2000.
- Since 2000, real property values in southern Dallas have increased by \$5.6 billion or 50.5%.

These statistics offer an overview of the range and impact of the city's current suite of economic development tools⁹. We are confident that the CDRC will help fill a critical gap in OED's portfolio, through its capacity to focus and leverage new private capital on firms in target industries, located in areas—like Southern Dallas—that offer cheaper land, access to transportation and other infrastructure, and a trained workforce.

For example, the City of Dallas offers a 90%, 10 year abatement of tax on the added real estate value for firms that locate in Southern Dallas Enterprise Zones, and that either create or retain 25 jobs, or invest a minimum of \$1 million. Clearly a CDRC-sourced investment of immigrant capital in such firms within our target industries or catalyst projects could leverage the tax abatement and other

⁹See Appendix I for a summary of the City of Dallas' real estate and business personal property tax abatement, infrastructure cost participation, development fee rebate and right of way abandonment rebate/credit programs.

incentives to make a much stronger business case for a firm's expansion or relocation.

Following are some examples of the catalyst projects now underway, where OED sees the CDRC playing this role:

Transit-Oriented Development (TOD)

While much has been achieved in the past 10 years, much remains to be done to achieve a more balanced development pattern in Dallas. In addition, the southern sector has the greatest potential for new greenfield developments as well as large in-fill opportunities.

Southern Dallas neighborhoods consist of a mix of mature suburban communities set amid the majority of the City's remaining undeveloped land. In the established neighborhoods, the City's land use plan calls for a number of transit-oriented developments to add density and provide retail services to this badly-under-retailed sector of Dallas.

The Dallas Area Rapid Transit (DART) system currently includes 30 light rail and commuter rail stations. These facilities are already attracting dense, mixed use development projects including Mockingbird Station, Cityplace/West Village, Cedars, Park Lane Place, Walnut Hill and several downtown stations.

DART is currently building a third light rail line that will run from the northwestern edge of Dallas through downtown and continuing to the southeast Dallas neighborhoods. The Green Line, as the project is called, is a 27.7 mile, 2-segment extension of the system, which will add 15 new stations within the city limits, including six in the Southern sector. (Figure 3)

The first Green Line extension, running southeast from Downtown Dallas to Fair Park (a major entertainment venue, including the State Fair of Texas, several museums, and the Fair Park Music Hall) and then on to the exurb of Pleasant Grove, is scheduled for its first stations to open in September 2009, with completion in December 2010

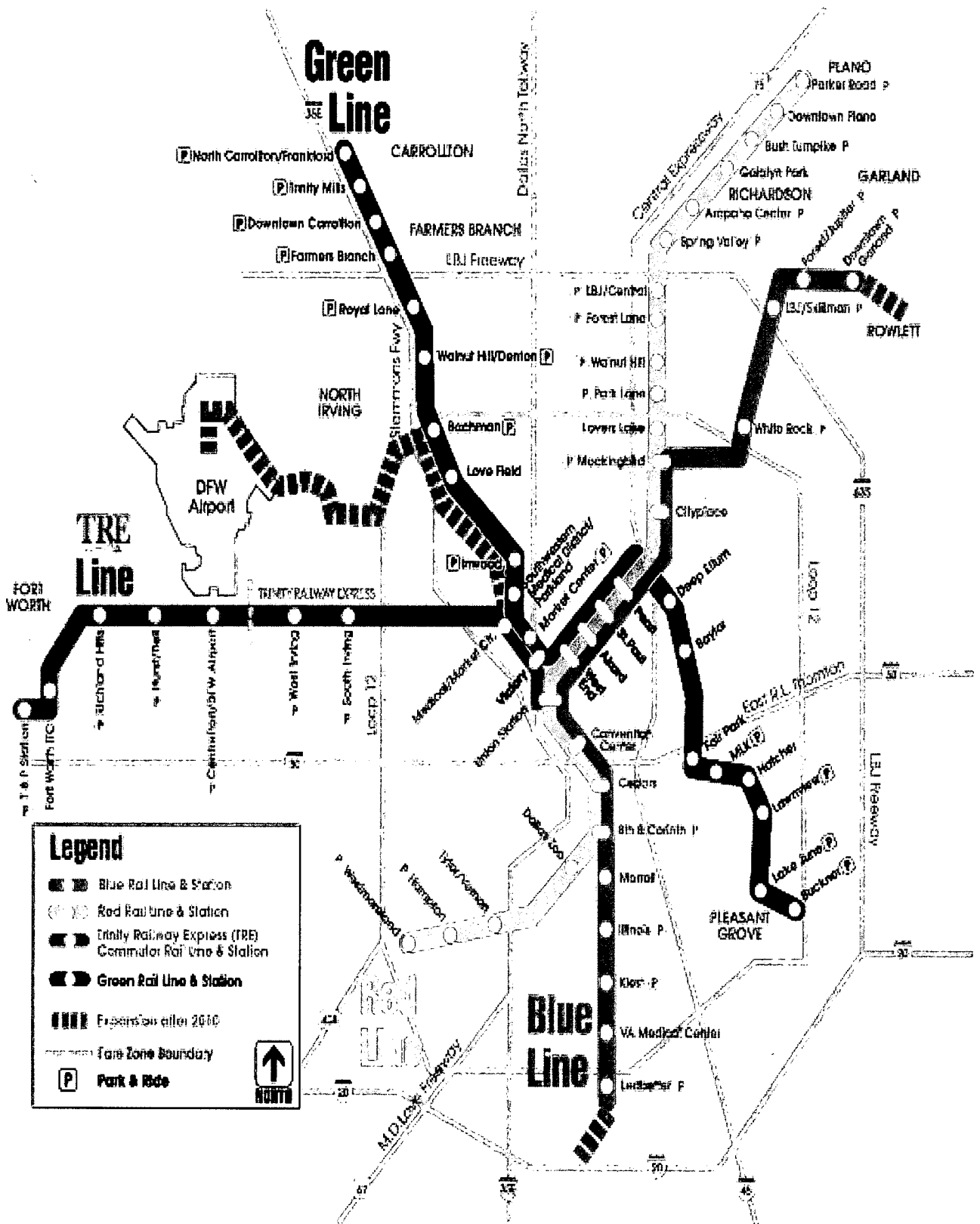
The Dallas City Council has also initiated a master developer agreement initiative that will position the next round of transit-oriented development (TOD) opportunities through land assembly and infrastructure preparation. This effort is paving the way for vertical development on new sites, again including several in southern Dallas.

Transit-oriented development meets several goals in Southern Dallas:

- It will add sustainable density that can accommodate expected growth.
- It will provide new retail, employment and entertainment anchors for many of Southern Dallas' single-family neighborhoods.
- It will improve mobility.
- It will improve energy efficiency.

OED intends to partner with the CDRC to make Southern Dallas Green Line TOD projects an important focus of CDRC investment activity.

Figure 3



The International Inland Port of Dallas

Dallas is also positioning its southern sector to benefit from the city's strategic place in current and future domestic and international trade. The project known as the International Inland Port of Dallas (IIPOD), takes advantage of growing congestion at the nation's deepwater ports (such as Los Angeles and Long Beach, CA). The IIPOD offers a solution to shipping bottlenecks and security issues at those ports, by working in concert with traditional ports to improve goods movement using intelligent transportation systems (ITS) and existing infrastructure.

IIPOD will rely on Dallas' strategic location— a one-day drive from Mexico or the Port of Houston, and with 35 percent of the U.S .population within 24 hours by land (98 percent in 48 hours.) IIPOD will benefit from southern Dallas' four interstate highways (Interstates 20, 30, 35, and 45) and three major rail lines: Burlington Northern Santa Fe, Union Pacific, and Kansas City Southern. IIPOD's logistics functions are the catalyst for economic impact.

Most of the jobs will result from adjacent distribution, warehousing, assembly and office support facilities. Retail outlets, such as shops, restaurants and banks, will follow to meet demands of these industrial park employers and workers. More than 2,400 acres of industrial-zoned land is available within the site and another 3,200 acres of vacant land is within a one-mile radius.¹⁰

¹⁰See Appendix J, *Dallas: From International Crossroads to Global Destination*, City of Dallas Office of Economic Development briefing to Dallas City Council Committee on Economic Development, March 3, 2008.

The Pinnacle Park mixed use development gives some idea, on a smaller scale, of what the IIPOD will be when complete, and the economic growth and job creation impact it will have.¹¹ Pinnacle Park has attracted major employers, such as Wal-Mart and Lowes, and adds rental housing as well as retail and service firms to a Southern Dallas area close to downtown.

OED intends that the CDRC will capitalize local entrepreneurs so they have the capacity to start, expand or relocate businesses related to the International Inland Port of Dallas project. This type of business investment will directly support the increased export sales and economic expansion that the EB-5 Regional Center legislation originally set as program goals.

Dallas Logistics Hub (\$2.4 billion investment)

The Dallas Logistics Hub is a 6,000-acre regional logistics development, and forms a part of the International Inland Port of Dallas (IIPOD). About 25% of the Dallas Logistics Hub lies within the City of Dallas limits, and will be eligible for CDRC investment funds. Upon completion, this project will have 60 million sq. ft. of primarily industrial development, which will provide approximately 30,000 direct jobs and 30,000 indirect jobs. The first two distribution buildings of 192,850 sq. ft. and 635,040 sq. ft. are located in the Southport Business Park, completed earlier in 2008. Supporting the Logistics Hub are public infrastructure investments of \$47.5 million. This ambitious project has already attracted such

¹¹ See Appendix K. *Pinnacle Park Redevelopment* (PowerPoint). A brownfields redevelopment project seven years in the making, Pinnacle Park is only 3 miles from downtown Dallas and takes full advantage of its strategic location and access to 3 interstates and 3 railroads. Combining commercial, retail and residential development, Pinnacle Park created in excess of 6,500 jobs.

major national developers as the Allen Group, Duke, Trammel Crow and others. It is an economic “springboard” that will help catalyze the development of Southern Dallas, and one in which OED expects the CDRC to play a leading investment role.

University of North Texas at Dallas: Developing Leaders for Dallas’ Future

UNT Dallas is the first public four-year university to be located within the Dallas city limits. The 266-acre Southern Dallas campus will ultimately serve 16,000 students and anchor an area that is expected to include such future developments as research parks; mixed-use retail and housing in a main street configuration serving students and staff; high-end single-family neighborhoods; and dense freeway-type commercial areas, including office and retail.

UNT Dallas focuses its academic programs on Business, Education, Information Management and Technology, Public & Human Services and the Life Sciences. In fall 2007, UNT Dallas passed the critical 1000-student enrollment threshold, enabling Phase I of its development plan to get underway¹². With 2200+ students enrolled for Fall 2008, the UNT Dallas project is still in an early phase of development. However, we view it as an opportunity for the CDRC to supply capital to businesses that, over time, will be attracted to service the university as well as to employ its graduates.

A telling example is the University of Texas at Dallas, which is actually located not in Dallas, but in the northern suburb of Richardson, Texas. Founded

¹² Appendix L, *Academic Plan for the New University of North Texas at Dallas* (PowerPoint) (May 11, 2006).

originally as a postdoctoral research institution with major capital contributions from Texas Instruments and the State of Texas, UTD today is a major component of the UT system, offering bachelor's, master's, doctoral and post-doctoral programs whose graduates work in the high tech industries clustered in the northern suburbs. We see the UNT Dallas project producing similar results over the next 10-20 years, in Southern Dallas, in such fields as genetics, logistics and supply chain management, mathematics, and education administration.

Asian Trade Corridor

Not all of Dallas' job creation and investment needs are located within the city's southern sector. The Asian Trade Corridor in Northwest Dallas, near Dallas' industrial and manufacturing hub, is an example of a largely privately funded job- and wealth-creation zone that will benefit from CDRC investment. Many of the small businesses concentrated in this area, along the Harry Hines Boulevard artery and close to the DFW airport, are involved in import and export trade activities.

Summary:

The City of Dallas Regional Center (CDRC) will promote economic growth and create jobs directly and indirectly as one of several elements of Dallas' *Strategic Engagement* program of economic development. Focused geographically within the City of Dallas, and emphasizing well-researched priorities for business development and job growth in the Southern sector, Central Business District and the Asian Trade Corridor of Northern Dallas, the CDRC will provide capital and sophisticated business management support to professionally selected firms engaged in the strategic industries that OED has identified.

CDRC will also invest in firms doing business in the city's "springboard" development projects, such as IIPOD and the Transit-Oriented Development associated with DART light rail stations throughout Dallas, UNT Dallas and the Asian Trade Corridor. Integrated with existing public/private development incentives, such as Tax-Increment Financing (TIF) districts, real estate and business property tax abatement programs and others, the CDRC will identify firms that can benefit from "patient capital." CDRC's portfolio companies will primarily be the small- to medium-sized enterprises that create most of the jobs.

III. The Structure of the City of Dallas Regional Center (CDRC)

Introduction

The City of Dallas Office of Economic Development (OED) recognizes that its internal expertise does not include alien investor screening, equity capital sourcing from foreign nationals, capital investing and investment management. And while we are familiar with the USCIS regulations governing regional centers' creation, and that agency's guidance concerning alien investor screening, compliance and reporting requirements, OED does not have the personnel or resources to undertake these important responsibilities directly.

OED therefore intends to enter into an exclusive agreement on behalf of the City of Dallas, with an experienced, best in class, for-profit equity management and investment company. This may be an existing company, or one specifically formed for the purpose of managing and operating the City of Dallas Regional Center (CDRC). The selected company will be charged with the management and day to day operation of the CDRC. We anticipate that the initial contractual period will be 10-15 years, although that is subject to the final agreement negotiated between OED and the selected company. The CDRC management company must be selected through a Request for Qualifications (RFP) process and that process is underway¹³.

To accomplish its goals, the CDRC Management Company will be required, as a central component of the agreement with OED, to engage in the strategic identification of firms that can benefit from a combination of patient

¹³ See Appendix M for copy of RFP.

capital and sophisticated business support, and that deliver measurable economic and social impact to its owners, its employees and the CDRC.

Sourcing sufficient transaction opportunities within the City of Dallas is essential in order for the investment fund that the company will create, and the CDRC, to realize their full potential in terms of the economic impacts discussed in Parts V and VI below, and to meet the direct and indirect job creation requirements set forth in the statute and USCIS regulations. Hence, the RFP requires the principals of the selected company to be experienced in successful sourcing of capital investment transactions and to have the track record to prove it.

The RFP additionally requires the selected Management Company to be responsible for:

- Sourcing EB-5 equity capital from qualified foreign nationals;
- Screening alien investors to ensure they qualify as accredited investors as defined in U.S. securities law,¹⁴
- Developing a robust and documented due diligence process to establish how investors will be required to identify all sources of capital and document that it was lawfully obtained pursuant to 8 CFR 204.6(m)(3)(iii);
- Developing and implementing a strong compliance program that is responsive to USCIS regulatory requirements as to timely and

¹⁴ Net worth of at least \$1 million, or annual income exceeding \$200,000 for each of the last two years with a reasonable expectation of earning that amount in the current year, or if married, investor and spouse together have annual income exceeding \$300,000 for each of the last two years, with a reasonable expectation of earning that amount in the current year.

accurate collection and reporting of alien investor data; to federal and state securities law requirements; and to the oversight of the City of Dallas Office of Economic Development.

- Establishing an escrow account relationship with an appropriate banking institution and transparent procedures for investors' funds deposits, the closing of escrow and the transfer of investors' funds to the CDRC operating company's control;
- Identifying investment opportunities limited to firms within the targeted industries described in Part V of this application, and/or related to one of the catalyst projects discussed in Part II of this application;
- Assessing such firms' business plans, their owners' business experience and skills, and their ability to apply EB-5 investment funds to achieve business objectives;
- Forming a "fund of funds" that will assemble EB-5 capital and as general partner, invest the capital in funds focused on firms in the previously mentioned targeted industry and catalyst projects
- Managing and disposing of the firm's investments;
- Reporting investment results to fund investors, who will be limited to EB-5 investors, on a quarterly basis and arranging for an annual audit of each fund, also to be provided to investors;

- Quarterly and annual reporting to USCIS and the City of Dallas Office Economic Development summarizing number of investors, amounts invested, names and addresses of investors, etc.

Detailed Statement of Proposed CDRC Structure.

The City of Dallas will enter into an exclusive arrangement with the selected CDRC Management Company to conduct investment activities within the regional center. The RFP requires the CDRC Management Company to pursue an investment strategy that is focused on applying a properly tailored financial structure and business support infrastructure to each portfolio company, the purpose of which is to generate growth and create jobs within the CDRC, and to provide the company's investors with a reasonable return.

We expect that the CDRC will offer immigrant investors the opportunity to invest in a diversified fund, rather than in a single project or series of related, primarily real-estate development, projects. This approach will tend to mitigate risk associated with such a significant investment for most individuals.

Structured as a "fund of funds," the CDRC will aggregate investment dollars and job creation at the fund level, and create individual investment funds focused on specific industries and projects.

As set forth in the RFP, the Management Company's principals must be advised by a Board of Advisors that will include relevant and experienced Dallas community and investment industry leaders. OED considers the quality and composition of the Board of Advisors to be critical to the selection of the CDRC Management Company through the RFP process. The selected company, while

not an entity of city government, will in many respects represent the City of Dallas to the global investor community. The City of Dallas has a strong national and international reputation as a place to live and invest, and OED intends that the CDRC will enhance that reputation.

Further, as outlined below, OED will co-market extensively with the CDRC. The RFP therefore also requires the selected company to agree to regular oversight reports to OED in addition to those required by the governing regulations of USCIS and federal and state securities laws. However, investment decisions—including amounts, terms, and structure of capital contributions—will be made by the company's Investment Committee that will include the Principals, with oversight by the Board of Advisors.

problem!

Source and Amount of Initial Capital.

As is set forth in the RFP, the CDRC Management Company must be fully capitalized to undertake its initial responsibilities under the agreement with OED. Initial operating funds may be provided by the principals, their Board of Advisors, and may take the form of debt or equity contributions. This self-capitalized requirement again speaks to the depth of experience the selected company and its staff and advisors will be required to have.

The City of Dallas OED will not provide appropriated city funds to the CDRC for start up or operating costs, but will provide co-marketing promotional support through its International Business & Protocol Services division, discussed below. As immigrant investment capital is attracted and investment transactions are initiated, it is anticipated that the company will derive fee income

from investors as its primary source of operating income, until investments are liquidated.

IV. Promotional Efforts to Be Undertaken by the OED and CDRC

The City of Dallas OED already engages in substantial promotional activities focused on securing expanded domestic and foreign investment in job-creating enterprises. With regard to foreign investment, the OED in October 2005 created the Office of International Business and Protocol Services, an international team that focuses on international business development.¹⁵ Its mission is to facilitate international investment and global business collaboration with an emphasis on increasing the tax base and employment in the City of Dallas. Over the past several years, the Office of International Business has contributed to recruitment efforts of more than 20 international companies to the Dallas Metroplex, 17 of them being Chinese companies. This international business recruitment has had a direct effect on Dallas employment, creating more than 200 jobs.

As is discussed in Part II of this proposal, Dallas is developing the International Inland Port of Dallas (IIPOD), which will allow the City to become the premier logistics hub in North America. IIPOD will also expedite the process for shipments from Asia and facilitate distribution in the United States. Because of the forecast impact of IIPOD on all aspects of OED's Strategic Engagement plan, OED's foreign promotional efforts have focused on Asia (with a special emphasis on China) and on the NAFTA countries, (with a special emphasis on Mexico). In addition to emphasizing the leading companies in targeted Asian and

¹⁵ See website material at Appendix N.

Latin American countries, OED's promotion and recruitment efforts are closely tied to the Dallas Industry Strategy developed by the OED. These industries include: high information technology using financial and service firms, advanced component manufacturing, food processing and distribution, media, logistics, transportation equipment, and instrument manufacturers, as discussed in Part II and in greater detail in Part V.

OED will incorporate the CDRC strongly into its promotional activities, including a direct link to the CDRC's website from OED's; inclusion of CDRC principals in its annual business development trips to China, Mexico, Brazil and elsewhere; and coordination between CDRC and the Dallas World Affairs Council, with which OED contracts to provide protocol services and logistical support to business leaders and foreign dignitaries visiting Dallas. More specifically:

- OED plans to conduct 2-3 business promotion trips to China, 2-3 trips to Mexico, 1 each to Taiwan, Korea and South Africa each year;
- OED staff will organize seminar sessions on these business promotion trips with the presentations focusing on CDRC and EB-5 investment;
- OED staff will leverage its existing relationships with government officials, chambers of commerce, and other business contacts in the targeted countries to obtain their assistance in inviting high net-worth individuals and legitimate business people to attend the EB-5 investment seminars;

- OED staff will introduce CDRC principals to inbound delegations, business people and investors visiting Dallas;
- OED will produce collateral materials specifically about CDRC in different languages to accommodate the needs of the targeted countries;
- OED will promote CDRC to the many ethnic chambers of commerce, organizations and other ethnic community groups in Dallas.

As set forth in the RFP, OED will require the selected CDRC Management Company to demonstrate its own marketing and promotional acumen and resources in terms of its principals' contacts at Dallas area firms and organizations that can provide sources of appropriate investment transactions for the funds it will manage. These sources include

- Investment banks and securities brokerage firms
- Banks and other lenders
- Real estate finance and brokerage firms
- Private equity and other investment firms
- Transactional attorneys, accountants; wealth managers and other professional service providers

CDRC Promotion to Immigrant Investors Abroad

The CDRC Management Company must demonstrate the ability to attract sufficient, qualified immigrant capital with which to execute its strategy. As is the case with promotion to the sources of investment transactions, outlined above, the selected Management Company will be required to demonstrate significant capacity for promotion to foreign investors, independent of its participation in OED international business development activities.

OED will require that the CDRC Management Company develop a sophisticated website and online presence, integrated with a direct marketing information program focused on wealth managers, investment managers and family offices that serve foreign clientele, foreign trade organizations, domestic and foreign immigration attorneys and other professionals who advise foreign investors, national and regional expatriate organizations; investment conferences and *Invest USA*, the trade organization for Regional Centers.

V. Detailed Prediction Regarding How the CDRC Will Produce Positive Impacts on the Dallas, TX Regional Economy

After evaluating \$10 million invested in each of ten portfolios of Dallas target industries, OED concludes that the minimum likely impact from a \$10 million investment spread across various target industry clusters and constituent NAICS industries would meet the employment requirements of the EB-5 program. The smallest direct + indirect employment impact totals 167 (IT Services) jobs in the second year when the businesses are assumed to be fully operational. This theoretical minimum employment impact is based on the IMPLAN models' depiction of Dallas' inter-industry structure. While small area input-output models are generally less precise than larger geographic area models, these results suggest that the EB-5 program would have to perform extremely poorly before failing to meet minimum program criteria.

In addition to the employment impacts, the City of Dallas is also interested in the output and income impacts. Increases in Dallas' economic output provide a better base to weather business cycle fluctuations. In addition, improvements in the City's rankings of metropolitan or city gross product increase the scrutiny given Dallas by national and even international firms. This could increase business investment and staff relocations to Dallas as companies move to tap into this already large and growing economy. According to the IMPLAN analysis, the smallest economic output impact is \$28 million (direct and indirect for the Logistics cluster). This represents a 280 percent increase on the original \$10 million investment.

The smallest employee compensation impact at full operation in the second year is \$10 million for the direct and indirect Logistics cluster. This represents a 100 percent return in payroll for the initial \$10 million investment. Increases in employee payroll, particularly in the neighborhoods being targeted by this program will support several City objectives including increasing income and increasing the viability of retail development in underserved areas. Higher income levels will lower the threshold for retailers to enter Dallas' poorest neighborhoods.

Revisions to the 2006 Dallas Target Industries List

As is documented in Appendix G, the City of Dallas originally adopted a target industry strategy in 2006. This strategy was designed to focus OED business development activities on sectors of the economy that appear to offer the highest return for Dallas' scarce economic development resources. The industries selected were grouped into five clusters: Intensive Information Technology Using Services, Media, Instruments Manufacturing, Food Manufacturing, and Prefabricated Building Materials Manufacturing. Each of these:

- Is an existing Dallas strength
- Has better than average prospects for long term growth, and
- Represents a base from which higher value added industries can be built

Since 2006, the City has modified its target industry list to accommodate newly emerging opportunities. First, the City added a **Headquarters, Management and Administrative Operations** target. With the revival of central Dallas through

transit, residential, cultural and recreational investments, a number of major corporations have selected downtown for their new headquarters. These include Comerica Bank (from Detroit), AT&T (from San Antonio) and TM Advertising (from Irving, TX) to name a few. This trend appears to be building as more companies consider the attractions of the central city, especially its accessibility by DART bus and light rail.

Dallas' huge business and professional services base already supports more than 100 headquarters operations, each employing more than 1,000 globally. In addition, a number of new Class A office buildings have been built in downtown and central Dallas and these facilities are attracting both relocating firms and downtown establishments. To maintain the improved occupancy rates in older downtown buildings, Dallas is making a concerted effort to attract more headquarters firms across all industries, as well as data processing intensive financial, insurance, accounting operations.

Second, the City added a **Transportation Equipment Manufacturing & Assembly** target. The second modification to Dallas' target industry resulted from the emergence of the International Inland Port of Dallas concept (IIPOD.) The IIPOD refers to a 6,000 acre development site that is already home to a 300,000 twenty-foot equivalent unit (TEU) intermodal facility, with an additional 600,000 TEU facility being proposed. This site, drawing on two Class I railroads and four interstate highways, is positioned to become a major distribution center for the south central portion of North America. At build-out, the current configuration of IIPOD will support 60,000,000 square feet of distribution, assembly and

manufacturing operations. The Dallas City Council charged the OED to pursue a major assembly or manufacturing operation that could take advantage of the new IIPOD opportunities. The most likely initial targets are automotive or aerospace parts manufacture or assembly. The region has a large aerospace sector and may provide some opportunities for automotive parts manufacturing with the continued migration of North American vehicle assembly to the south.

Third, Dallas made several cosmetic changes to the original target list such as creating a **Telecommunications cluster** by moving industries from the Intensive IT services and Instruments groups. **Logistics** was also split from IT intensive services to reflect its greater prominence in Dallas' trade development initiatives. **Prefabricated Building Materials** had its name changed to clarify that the cluster focuses not on mobile home manufacturing, but on advanced building systems such as environmental controls, lighting and structural and ornamental components.

Dallas' current Target industries and their constituent industries according to their North American Industrial Classification System (NAICS) codes are presented in Tables 1 through 9.

Table 1. Advanced Building Components and Systems Constituent Industries

221330 Steam and Air-Conditioning Supply 321911 Wood Window and Door Manufacturing 321992 Prefabricated Wood Building Manufacturing 332312 Fabricated Structural Metal Manufacturing 332321 Metal Window and Door Manufacturing 332323 Ornamental and Architectural Metal Work Manufacturing 332311 Prefabricated Metal Building and Component Manufacturing 332410 Power Boiler and Heat Exchanger Manufacturing 332913 Plumbing Fixture Fitting and Trim Manufacturing 333411 Air Purification Equipment Manufacturing 333412 Industrial and Commercial Fan and Blower Manufacturing 333414 Heating Equipment (except Warm Air Furnaces) Manufacturing 333415 Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing 334512 Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use 335121 Residential Electric Lighting Fixture Manufacturing 335122 Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing 335129 Other Lighting Equipment Manufacturing

Table 2. Food Manufacturing

311230 Breakfast Cereal Manufacturing 311320 Chocolate and Confectionery Manufacturing from Cacao Beans 311330 Confectionery Manufacturing from Purchased Chocolate 311340 Non-chocolate Confectionery Manufacturing 311411 Frozen Fruit, Juice, and Vegetable Manufacturing 311412 Frozen Specialty Food Manufacturing 311421 Fruit and Vegetable Canning 311422 Specialty Canning 311423 Dried and Dehydrated Food Manufacturing 311511 Fluid Milk Manufacturing 311512 Creamery Butter Manufacturing 311513 Cheese Manufacturing 311514 Dry, Condensed, and Evaporated Dairy Product Manufacturing 311520 Ice Cream and Frozen Dessert Manufacturing 311812 Commercial Bakeries 311813 Frozen Cakes, Pies, and Other Pastries Manufacturing 311821 Cookie and Cracker Manufacturing 311822 Flour Mixes and Dough Manufacturing from Purchased Flour 311823 Dry Pasta Manufacturing 311830 Tortilla Manufacturing 311911 Roasted Nuts and Peanut Butter Manufacturing 311919 Other Snack Food Manufacturing 311920 Coffee and Tea Manufacturing 311930 Flavoring Syrup and Concentrate Manufacturing 311942 Spice and Extract Manufacturing 311991 Perishable Prepared Food Manufacturing
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312111 Soft Drink Manufacturing 312112 Bottled Water Manufacturing 312113 Ice Manufacturing 312120 Breweries 312130 Wineries 312140 Distilleries

Table 3. Headquarters, Management and Administration Operations
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520000 Finance and Insurance (Processing Operations) 522320 Financial Transactions Processing, Reserve, and Clearinghouse Activities 524292 Third Party Administration of Insurance and Pension Funds 541214 Payroll Services 541219 Other Accounting Services 551111 Offices of Bank Holding Companies 551112 Offices of Other Holding Companies 551114 Corporate, Subsidiary, and Regional Managing Offices 561110 Office Administrative Services 561422 Telemarketing Bureaus and Other Contact Centers

Table 4 Instruments Manufacturing
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334413 Semiconductor and Related Device Manufacturing 334511 Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing 334513 Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables 334514 Totalizing Fluid Meter and Counting Device Manufacturing 334515 Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals 334516 Analytical Laboratory Instrument Manufacturing 334517 Irradiation Apparatus Manufacturing 334510 Electromedical and Electrotherapeutic Apparatus Manufacturing 335991 Carbon and Graphite Product Manufacturing 339112 Surgical and Medical Instrument Manufacturing 339113 Surgical Appliance and Supplies Manufacturing 339114 Dental Equipment and Supplies Manufacturing 339115 Ophthalmic Goods Manufacturing

Table 5 Information Technology Services
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511210 Software Publishers 518210 Data Processing, Hosting, and Related Services 519130 Internet Publishing and Broadcasting and Web Search Portals 541511 Custom Computer Programming Services 541512 Computer Systems Design Services 541513 Computer Facilities Management Services 541519 Other Computer Related Services

Table 6 Logistics

482111 Line-Haul Railroads
482112 Short Line Railroads
484110 General Freight Trucking, Local
484121 General Freight Trucking, Long-Distance, Truckload
484122 General Freight Trucking, Long-Distance, Less Than Truckload
484230 Specialized Freight (except Used Goods) Trucking, Long-Distance
488190 Other Support Activities for Air Transportation
488210 Support Activities for Rail Transportation
488490 Other Support Activities for Road Transportation
488510 Freight Transportation Arrangement
488991 Packing and Crating
488999 All Other Support Activities for Transportation
493110 General Warehousing and Storage
493120 Refrigerated Warehousing and Storage
493130 Farm Product Warehousing and Storage
493190 Other Warehousing and Storage
541614 Process, Physical Distribution, and Logistics Consulting Services

Table 7 Media

511110 Newspaper Publishers
511120 Periodical Publishers
511130 Book Publishers
511140 Directory and Mailing List Publishers
511191 Greeting Card Publishers
511199 All Other Publishers
512110 Motion Picture and Video Production
512120 Motion Picture and Video Distribution
512191 Teleproduction and Other Postproduction Services
512199 Other Motion Picture and Video Industries
512210 Record Production
512220 Integrated Record Production/Distribution
512230 Music Publishers
512240 Sound Recording Studios
512290 Other Sound Recording Industries
515111 Radio Networks
515112 Radio Stations
515120 Television Broadcasting
515210 Cable and Other Subscription Programming
541430 Graphic Design Services
541810 Advertising Agencies
541820 Public Relations Agencies
541830 Media Buying Agencies
541840 Media Representatives
541850 Display Advertising
541860 Direct Mail Advertising
541870 Advertising Material Distribution Services
541890 Other Services Related to Advertising
541910 Marketing Research and Public Opinion Polling

541922 Commercial Photography 711510 Independent Artists, Writers, and Performers
--

Table 8 Telecommunications

334210 Telephone Apparatus Manufacturing 334220 Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing 334290 Other Communications Equipment Manufacturing 335921 Fiber Optic Cable Manufacturing 517110 Wired Telecommunications Carriers 517210 Wireless Telecommunications Carriers (except Satellite) 517410 Satellite Telecommunications 517911 Telecommunications Resellers 517919 All Other Telecommunications

Table 9 Transportation Equipment Manufacturing and Assembly
--

336111 Automobile Manufacturing 336112 Light Truck and Utility Vehicle Manufacturing 336120 Heavy Duty Truck Manufacturing 336211 Motor Vehicle Body Manufacturing 336311 Carburetor, Piston, Piston Ring, and Valve Manufacturing 336312 Gasoline Engine and Engine Parts Manufacturing 336321 Vehicular Lighting Equipment Manufacturing 336322 Other Motor Vehicle Electrical and Electronic Equipment Manufacturing 336330 Motor Vehicle Steering and Suspension Components (except Spring) Manufacturing 336340 Motor Vehicle Brake System Manufacturing 336350 Motor Vehicle Transmission and Power Train Parts Manufacturing 336360 Motor Vehicle Seating and Interior Trim Manufacturing 336370 Motor Vehicle Metal Stamping 336391 Motor Vehicle Air-Conditioning Manufacturing 336399 All Other Motor Vehicle Parts Manufacturing 336411 Aircraft Manufacturing 336412 Aircraft Engine and Engine Parts Manufacturing 336413 Other Aircraft Parts and Auxiliary Equipment Manufacturing 336414 Guided Missile and Space Vehicle Manufacturing 336415 Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing 336419 Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing 336991 Motorcycle, Bicycle, and Parts Manufacturing
--

VI. Preparation of the IMPLAN Inputs (Target Industry Portfolios) and Discussion of the IMPLAN Model Results

The City of Dallas Office of Economic Development (OED) maintains an IMPLAN version 2.0 model for evaluating the economic impact of development projects. The current model uses the latest, 2006, datasets made available by the vendor, Minnesota Implan Group (MIG). The City subscribes to the Texas data set including all counties and the U.S. economy as well as a custom Dallas city economy model made by MIG from Dallas' ZIP codes. This Dallas city model is used to isolate economic impacts on the city economy. Complete documentation for the IMPLAN model is available at http://implan.com/index.php?option=com_frontpage&Itemid=1.

The target industries represent a logical framework for structuring Dallas' EB-5 regional center program. The City has extensively researched these industries and can work with the CDRC Management Company to inform potential investors about the various local options. The City's business outreach programs are available to help new target companies that the CDRC Management Company invests in to quickly integrate into the local economic network. OED marketing and recruitment efforts also focus on the target industries. Successful business recruitment within the target industries will increase the potential customers and supplier base for firms CDRC invests in.

While it is not possible to predict which industries will attract investor interest, OED believes that because its target industries appear to have better than average growth prospects locally, the CDRC will be able to attract investors to these industry sectors.

Preparation of Inputs Procedure

To estimate the potential impact on the local economy from the CDRC program, OED simulated fixed \$10 million investments spread across various portfolios of target industries. In total, 10 portfolios were created and analyzed with the IMPLAN software. Portfolios for each target industry cluster as well as one for all target industries combined were created.

OED first converted the NAICS codes within each target industry cluster into a list of IMPLAN sectors. Unfortunately, IMPLAN does not provide a one-to-one correspondence between its industry sectors and the NAICS codes. As a result, some Dallas target NAICS lose their identity in the IMPLAN model, with multiple NAICS codes subsumed under a single IMPLAN sector. For example, there are seven NAICS codes for various motor vehicle parts industries under the Transportation Equipment Manufacturing and Assembly cluster. IMPLAN provides a single industry to represent these (sector 350.) The 158 Dallas NAICS codes included in the target industry clusters are represented by 99 IMPLAN sectors.

Next, OED identified the resulting IMPLAN sectors that exist in the Dallas city model. Even though Dallas is a large economy, with an estimated \$125 billion economic output according to the Dallas IMPLAN city model, many industries are not present in the City limits. Of the 99 IMPLAN sectors in Dallas' target industry list, 20 are not present in the Dallas IMPLAN model (Table 10). OED removed these IMPLAN sectors prior to creating the model input files.

Table 10. Dallas Target Industries Not in the Dallas City IMPLAN Model

NAICS	Name	Target Industry	IMPLAN Sector
332311	Prefabricated Metal Building and Component Manufacturing	Advanced Building Components and Systems	232
332410	Power Boiler and Heat Exchanger Manufacturing	Advanced Building Components and Systems	238
333412	Industrial and Commercial Fan and Blower Manufacturing	Advanced Building Components and Systems	276
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use	Advanced Building Components and Systems	315
311230	Breakfast Cereal Manufacturing	Food Manufacturing	55
311340	Nonchocolate Confectionery Manufacturing	Food Manufacturing	59
311512	Creamery Butter Manufacturing	Food Manufacturing	63
311520	Ice Cream and Frozen Dessert Manufacturing	Food Manufacturing	66
311823	Dry Pasta Manufacturing	Food Manufacturing	76
312120	Breweries	Food Manufacturing	86
312140	Distilleries	Food Manufacturing	88
334514	Totalizing Fluid Meter and Counting Device Manufacturing	Instruments	317
334517	Irradiation Apparatus Manufacturing	Instruments	320
335991	Carbon and Graphite Product Manufacturing	Instruments	342
339114	Dental Equipment and Supplies Manufacturing	Instruments	377
335921	Fiber Optic Cable Manufacturing	Telecommunications	339
336111	Automobile Manufacturing	Transportation Manufacturing & Assembly	344
336120	Heavy Duty Truck Manufacturing	Transportation Manufacturing & Assembly	345
336414	Guided Missile and Space Vehicle Manufacturing	Transportation Manufacturing & Assembly	354
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing	Transportation Manufacturing & Assembly	355

OED grouped the remaining 79 IMPLAN sectors into their target industry clusters. For each cluster, OED apportioned \$10 million equally across the cluster's IMPLAN sectors. This represents a portfolio in which \$10 million is invested in the target cluster. All target industries were allocated \$10 million,

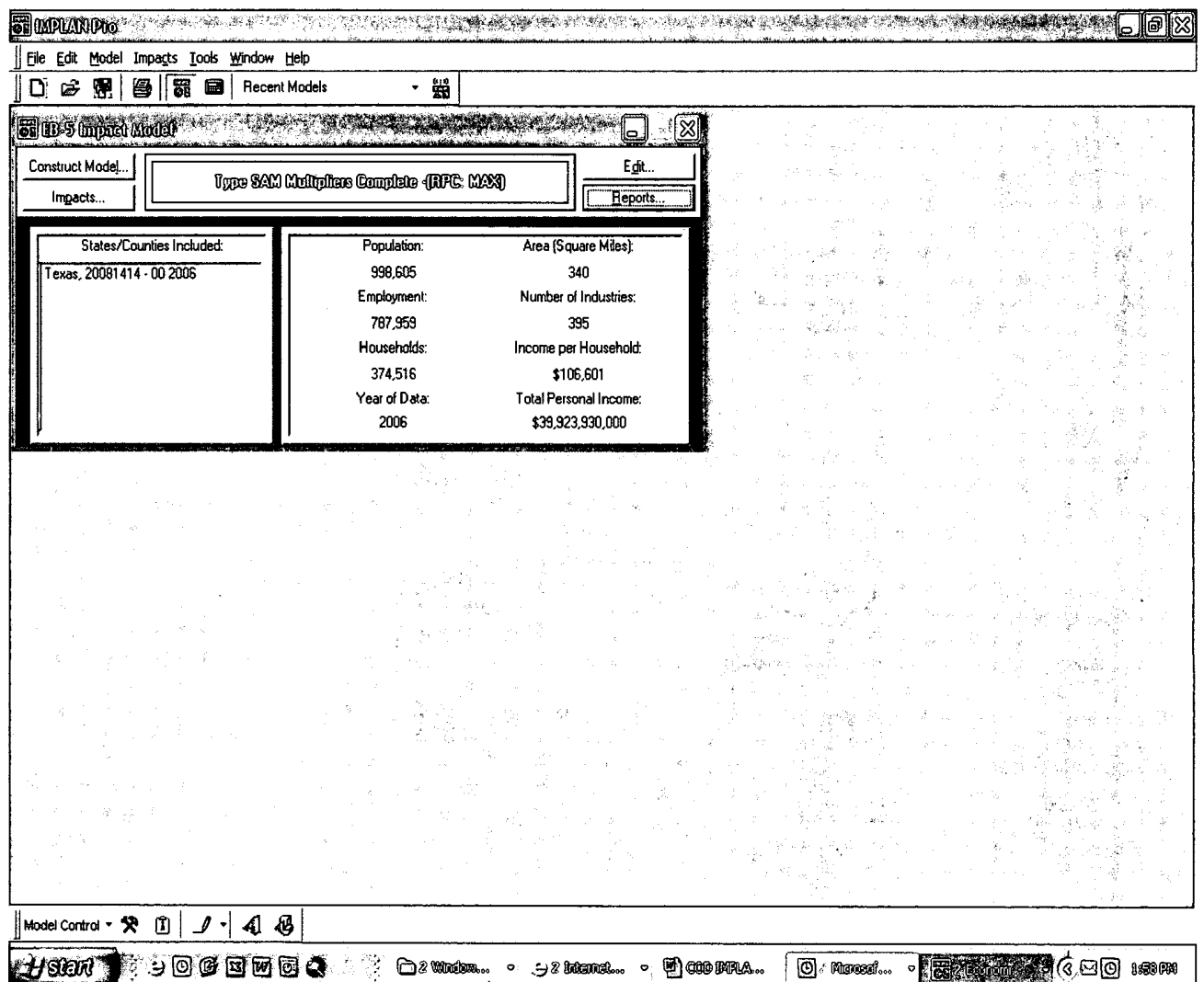
however, because the number of industries varies across clusters, the amount per IMPLAN sector differs from cluster to cluster. Target clusters with more constituent industries received a smaller allocation per industry sector. For instance, with 11 IMPLAN sectors representing the Advanced Building Components and Systems, each sector received \$909,090.91 while with six sectors, the IT Services cluster received \$1,666,666.67 in investment each.

IMPLAN software uses industry output or employment as starting points for impact analysis. To convert investment into the required IMPLAN inputs, OED assumed that 83 percent of the investment will go to support employee salaries. By dividing the investment by 1.2 OED reduced the amount to the proportion attributed to payroll. Using IMPLAN's employee compensation ratios, OED calculated how many jobs can be created from the given level of investment for each industry sector. These jobs were then multiplied by IMPLAN's output to employment ratio for each sector, to calculate the correct output generated per job. These output and employment values were saved into a series of CSV files that were imported into IMPLAN as group impacts. There was a single group impact for each target industry cluster, a portfolio of all target industries representing \$10 million in investment and a portfolio of all target industries representing \$50 million in investment.

IMPLAN Impact Analysis

OED analyzed the full output, employment and value added impact from each portfolio as a separate impact.

The following screen prints show the IMPLAN Dallas City Model, the grouped impacts for each target industry portfolio and the results screen for the \$10 million all industry impact along with the other eleven impacts in the impact selection window. Economic output is presented in this results screen.



Events/Groups | Projects |

Member of Group: **\$10 Million All Industries**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Water, sewage and other systems	32	522,646.1	1	Industry	2006	1.000		100.0%
Confectionery manufacturing from cacao beans	57	2,582,790.	5	Industry	2006	1.000		100.0%
Confectionery manufacturing from purchased ch	58	967,515.1	3	Industry	2006	1.000		100.0%
Frozen food manufacturing	60	822,514.1	3	Industry	2006	1.000		100.0%
Fruit and vegetable canning and drying	61	1,080,019.	2	Industry	2006	1.000		100.0%
Fluid milk manufacturing	62	1,061,850.	2	Industry	2006	1.000		100.0%
Cheese manufacturing	64	1,065,255.	1	Industry	2006	1.000		100.0%
Dry- condensed- and evaporated dairy products	65	1,478,542.	2	Industry	2006	1.000		100.0%
Frozen cakes and other pastries manufacturing	72	354,075.3	2	Industry	2006	1.000		100.0%
Bread and bakery product- except frozen- manu	73	426,979.6	3	Industry	2006	1.000		100.0%
Cookie and cracker manufacturing	74	4,113,924.	26	Industry	2006	1.000		100.0%
Mixes and dough made from purchased flour	75	792,093.2	2	Industry	2006	1.000		100.0%
Tortilla manufacturing	77	548,918.7	4	Industry	2006	1.000		100.0%
Roasted nuts and peanut butter manufacturing	78	1,879,555.	5	Industry	2006	1.000		100.0%
Other snack food manufacturing	79	932,234.8	1	Industry	2006	1.000		100.0%
Coffee and tea manufacturing	80	826,364.2	2	Industry	2006	1.000		100.0%
Flavoring syrup and concentrate manufacturing	81	815,897.4	1	Industry	2006	1.000		100.0%
Spice and extract manufacturing	83	760,285.9	2	Industry	2006	1.000		100.0%
All other food manufacturing	84	342,409.8	1	Industry	2006	1.000		100.0%
Soft drink and ice manufacturing	85	893,156.8	1	Industry	2006	1.000		100.0%
Wineries	87	578,947.9	2	Industry	2006	1.000		100.0%
Wood windows and door manufacturing	117	530,873.6	3	Industry	2006	1.000		100.0%

Event Count = 79

47,539,160

Impact	Event Options	Delete	\$10 Million All Industries \$10 Million Building Systems \$10 Million Food Manufacturing \$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media	Group Options
Analyze	Add New	From Group		Create
Results		All		Delete
				Import

Events/Groups | Projects |

Member of Group: **\$10 Million Building Systems**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Water- sewage and other systems	32	3,753,549	10	Industry	2006	1.000		100.0%
Wood windows and door manufacturing	117	3,812,638	23	Industry	2006	1.000		100.0%
Prefabricated wood building manufacturing	122	2,721,037	15	Industry	2006	1.000		100.0%
Fabricated structural metal manufacturing	233	2,651,104	6	Industry	2006	1.000		100.0%
Metal window and door manufacturing	235	2,994,282	16	Industry	2006	1.000		100.0%
Ornamental and architectural metal work manuf	237	3,027,337	16	Industry	2006	1.000		100.0%
Metal valve manufacturing	248	3,361,746	12	Industry	2006	1.000		100.0%
Air purification equipment manufacturing	275	3,746,588	24	Industry	2006	1.000		100.0%
Heating equipment- except warm air furnaces	277	3,775,069	15	Industry	2006	1.000		100.0%
AC- refrigeration- and forced air heating	278	3,122,765	8	Industry	2006	1.000		100.0%
Lighting fixture manufacturing	326	3,268,516	13	Industry	2006	1.000		100.0%
*								

Event Count = 11

36,234,630

Impact Analyze Results	Event Options Add New	Delete From Group All	\$10 Million All Industries	Group Options Create Delete Import
			\$10 Million Building Systems	

Events/Groups | Projects |

Member of Group: **\$10 Million Food Manufacturing**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Confectionery manufacturing from cacao beans	57	3,426,979.	21	Industry	2006	1.000		100.0%
Confectionery manufacturing from purchased ch	58	3,821,685.	10	Industry	2006	1.000		100.0%
Frozen food manufacturing	60	3,248,931.	11	Industry	2006	1.000		100.0%
Fruit and vegetable canning and drying	61	4,266,075.	10	Industry	2006	1.000		100.0%
Fluid milk manufacturing	62	4,154,809.	7	Industry	2006	1.000		100.0%
Cheese manufacturing	64	4,207,758.	5	Industry	2006	1.000		100.0%
Dry- condensed- and evaporated dairy products	65	5,840,240.	7	Industry	2006	1.000		100.0%
Frozen cakes and other pastries manufacturing	72	1,398,598.	8	Industry	2006	1.000		100.0%
Bread and bakery product- except frozen- manu	73	1,686,570.	11	Industry	2006	1.000		100.0%
Cookie and cracker manufacturing	74	3,426,979.	104	Industry	2006	1.000		100.0%
Mixes and dough made from purchased flour	75	3,128,768.	7	Industry	2006	1.000		100.0%
Tortilla manufacturing	77	2,168,229.	14	Industry	2006	1.000		100.0%
Roasted nuts and peanut butter manufacturing	78	7,424,243.	19	Industry	2006	1.000		100.0%
Other snack food manufacturing	79	3,682,327.	5	Industry	2006	1.000		100.0%
Coffee and tea manufacturing	80	3,264,139.	6	Industry	2006	1.000		100.0%
Flavoring syrup and concentrate manufacturing	81	3,222,795.	4	Industry	2006	1.000		100.0%
Spice and extract manufacturing	83	3,003,129.	6	Industry	2006	1.000		100.0%
All other food manufacturing	84	1,352,519.	4	Industry	2006	1.000		100.0%
Soft drink and ice manufacturing	85	3,527,970.	5	Industry	2006	1.000		100.0%
Wineries	87	2,286,844.	6	Industry	2006	1.000		100.0%
*								

Event Count = 20

68,539,580

Impact	Event Options	Delete	<ul style="list-style-type: none"> \$10 Million All Industries \$10 Million Building Systems \$10 Million Food Manufacturing \$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media 	Group Options
Analyze	Add New	From Group		Create
Results		All	Delete	
			Import	

Events/Groups | Projects |

Member of Group: **\$10 Million Instruments**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
▶ Semiconductors and related device manufactur	311	6,077,131.	7	Industry	2006	1.000		100.0%
Electromedical apparatus manufacturing	313	4,193,394.	10	Industry	2006	1.000		100.0%
Search- detection- and navigation instruments	314	2,545,544.	7	Industry	2006	1.000		100.0%
Industrial process variable instruments	316	2,572,968.	10	Industry	2006	1.000		100.0%
Electricity and signal testing instruments	318	3,211,050.	11	Industry	2006	1.000		100.0%
Analytical laboratory instrument manufacturin	319	3,508,108.	9	Industry	2006	1.000		100.0%
Surgical and medical instrument manufacturing	375	5,731,748.	20	Industry	2006	1.000		100.0%
Surgical appliance and supplies manufacturing	376	5,761,470.	17	Industry	2006	1.000		100.0%
Ophthalmic goods manufacturing	378	5,174,810.	22	Industry	2006	1.000		100.0%
*								

Event Count = 9

38,776,240

Impact	Event Options	Delete	\$10 Million All Industries \$10 Million Building Systems \$10 Million Food Manufacturing \$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media	Group Options
Analyze	Add New	From Group		Create
Results		All		Delete
				Import

Events/Groups | Projects |

Member of Group: **\$10 Million IT Services**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Database directory and other publishers	416	8,797,505.	22	Industry	2006	1.000		100.0%
Software publishers	417	6,011,277.	12	Industry	2006	1.000		100.0%
Data processing services	424	4,433,960.	15	Industry	2006	1.000		100.0%
Custom computer programming services	441	1,516,919.	19	Industry	2006	1.000		100.0%
Computer systems design services	442	1,995,855.	21	Industry	2006	1.000		100.0%
Other computer related services- including fa	443	4,988,914.	19	Industry	2006	1.000		100.0%
*								

Event Count = 6

28,144,430

Impact Analyze Results	Event Options Add New	Delete From Group All	\$10 Million All Industries	Group Options Create Delete Import
			\$10 Million Building Systems	
			\$10 Million Food Manufacturing	
			\$10 Million Instruments	
			\$10 Million IT Services	
			\$10 Million Logistics	
			\$10 Million Media	

IMPLAN Pro - [EB-5 Impact Model [Impacts]]

File Edit Import/Export Impact Tools Window Help

Recent Models

Events/Groups | Projects |

Member of Group: **\$10 Million Logistics**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Air transportation	391	3,814,620.	15	Industry	2006	1.000		100.0%
Rail transportation	392	3,857,033.	12	Industry	2006	1.000		100.0%
Truck transportation	394	4,125,628.	30	Industry	2006	1.000		100.0%
Scenic and sightseeing transportation and sup	397	3,681,205.	26	Industry	2006	1.000		100.0%
Warehousing and storage	400	2,814,491.	37	Industry	2006	1.000		100.0%
Management consulting services	444	3,254,635.	22	Industry	2006	1.000		100.0%
*								

Event Count = 6 21,547,610

<p>Impact</p> <p>Analyze</p> <p>Results</p>	<p>Event Options</p> <p>Add New</p>	<p>Delete</p> <p>From Group</p> <p>All</p>	<ul style="list-style-type: none"> \$10 Million All Industries \$10 Million Building Systems \$10 Million Food Manufacturing \$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media 	<p>Group Options</p> <p>Create</p> <p>Delete</p> <p>Import</p>
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Model Control

Events/Groups | Projects |

Member of Group: **\$10 Million Media**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Newspaper publishers	413	2,246,256.	13	Industry	2006	1.000		100.0%
Periodical publishers	414	3,347,473.	12	Industry	2006	1.000		100.0%
Book publishers	415	4,293,409.	13	Industry	2006	1.000		100.0%
Database, directory, and other publishers	416	5,278,503.	13	Industry	2006	1.000		100.0%
Motion picture and video industries	418	3,926,264.	22	Industry	2006	1.000		100.0%
Sound recording industries	419	6,865,753.	9	Industry	2006	1.000		100.0%
Radio and television broadcasting	420	2,453,014.	10	Industry	2006	1.000		100.0%
Advertising and related services	447	2,441,829.	17	Industry	2006	1.000		100.0%
Photographic services	448	2,821,541.	29	Industry	2006	1.000		100.0%
Independent artists, writers, and performers	473	3,847,774.	58	Industry	2006	1.000		100.0%
*								

Event Count = 10

37,521,820

Impact		Event Options		\$10 Million All Industries \$10 Million Building Systems \$10 Million Food Manufacturing \$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media	Group Options Create Delete Import
Analyze	Results	Add New	Delete From Group All		

Events/Groups | Projects |

Member of Group: **\$10 Million Mgmt. & Admin**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
▶ Nondepository credit intermediation and rela	425	3,024,030.	16	Industry	2006	1.000		100.0%
Securities- commodity contracts- investments	426	3,546,208.	27	Industry	2006	1.000		100.0%
Insurance agencies- brokerages- and related	428	3,024,150.	19	Industry	2006	1.000		100.0%
Accounting and bookkeeping services	436	2,713,192.	24	Industry	2006	1.000		100.0%
Management of companies and enterprises	451	2,436,868.	11	Industry	2006	1.000		100.0%
Office administrative services	452	3,642,130.	15	Industry	2006	1.000		100.0%
Business support services	455	2,616,408.	30	Industry	2006	1.000		100.0%
*								

Event Count = 7

21,002,990

<p>Impact</p> <p>Analyze</p> <p>Results</p>	<p>Event Options</p> <p>Add New</p>	<p>Delete</p> <p>From Group</p> <p>All</p>	<p>\$10 Million Building Systems</p> <p>\$10 Million Food Manufacturing</p> <p>\$10 Million Instruments</p> <p>\$10 Million IT Services</p> <p>\$10 Million Logistics</p> <p>\$10 Million Media</p> <p>\$10 Million Mgmt. & Admin</p>	<p>Group Options</p> <p>Create</p> <p>Delete</p> <p>Import</p>
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Events/Groups | Projects |

Member of Group: **\$10 Million Telecommunications**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
▶ Telephone apparatus manufacturing	306	13,636,490.	15	Industry	2006	1.000		100.0%
Broadcast and wireless communications equipme	307	10,492,070.	18	Industry	2006	1.000		100.0%
Other communications equipment manufacturing	308	6,992,494.	19	Industry	2006	1.000		100.0%
Telecommunications	422	12,601,810.	26	Industry	2006	1.000		100.0%
*								

Event Count = 4

43,722,870

Impact	Event Options	Delete	\$10 Million Food Manufacturing \$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media \$10 Million Mgmt. & Admin \$10 Million Telecommunications	Group Options
Analyze	Add New	From Group		Create
Results		All		Delete
				Import

Events/Groups | Projects |

Member of Group: **\$10 Million Transportation Equip Manufacturing**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Motor vehicle body manufacturing	346	5,198,181.	19	Industry	2006	1.000		100.0%
Motor vehicle parts manufacturing	350	7,712,246.	21	Industry	2006	1.000		100.0%
Aircraft manufacturing	351	5,052,839.	8	Industry	2006	1.000		100.0%
Aircraft engine and engine parts manufacturin	352	8,334,416.	21	Industry	2006	1.000		100.0%
Other aircraft parts and equipment	353	3,818,310.	14	Industry	2006	1.000		100.0%
Motorcycle- bicycle- and parts manufacturing	359	15,341,600.	38	Industry	2006	1.000		100.0%
*								

Event Count = 6

45,457,590

Impact	Analyze	Event Options	Add New	Delete	From Group	\$10 Million Instruments \$10 Million IT Services \$10 Million Logistics \$10 Million Media \$10 Million Mgmt. & Admin \$10 Million Telecommunications \$10 Million Transportation Equip Manufacturing	Group Options
	Results						

Events/Groups | Projects |

Member of Group: **\$50 Million All Industries**

Event Name	Sector	Value	Employment	Basis	Year	Deflator	Margin	% Local
Water- sewage and other systems	32	2,613,231.	7	Industry	2006	1.000		100.0%
Confectionery manufacturing from cacao beans	57	12,913,950.	27	Industry	2006	1.000		100.0%
Confectionery manufacturing from purchased ch	58	4,837,576.	13	Industry	2006	1.000		100.0%
Frozen food manufacturing	60	4,112,570.	14	Industry	2006	1.000		100.0%
Fruit and vegetable canning and drying	61	5,400,094.	12	Industry	2006	1.000		100.0%
Fluid milk manufacturing	62	5,259,252.	9	Industry	2006	1.000		100.0%
Cheese manufacturing	64	5,326,276.	7	Industry	2006	1.000		100.0%
Dry- condensed- and evaporated dairy products	65	7,392,708.	9	Industry	2006	1.000		100.0%
Frozen cakes and other pastries manufacturing	72	1,770,377.	10	Industry	2006	1.000		100.0%
Bread and bakery product- except frozen- manu	73	2,134,898.	14	Industry	2006	1.000		100.0%
Cookie and cracker manufacturing	74	20,569,620.	132	Industry	2006	1.000		100.0%
Mixes and dough made from purchased flour	75	3,960,466.	9	Industry	2006	1.000		100.0%
Tortilla manufacturing	77	2,744,594.	18	Industry	2006	1.000		100.0%
Roasted nuts and peanut butter manufacturing	78	9,397,775.	24	Industry	2006	1.000		100.0%
Other snack food manufacturing	79	4,661,174.	7	Industry	2006	1.000		100.0%
Coffee and tea manufacturing	80	4,131,821.	8	Industry	2006	1.000		100.0%
Flavoring syrup and concentrate manufacturing	81	4,079,487.	6	Industry	2006	1.000		100.0%
Spice and extract manufacturing	83	3,801,429.	8	Industry	2006	1.000		100.0%
All other food manufacturing	84	1,712,049.	5	Industry	2006	1.000		100.0%
Soft drink and ice manufacturing	85	4,465,784.	7	Industry	2006	1.000		100.0%
Wineries	87	2,894,740.	8	Industry	2006	1.000		100.0%
Wood windows and door manufacturing	117	2,654,368.	16	Industry	2006	1.000		100.0%

Event Count = 79

237,695,800

Impact	Event Options	Delete	\$10 Million IT Services \$10 Million Logistics \$10 Million Media \$10 Million Mgmt. & Admin \$10 Million Telecommunications \$10 Million Transportation Equip Manufacturing \$50 Million All Industries	Group Options
Analyze	Add New	From Group		Create
Results		All		Delete
				Import

IMPLAN Pro - [EB-5 Impact Model [Impact Results]]

File Tools Window Help

Recent Models

Impact Name	Output Results:	Direct	Indirect	Induced	Total
\$10 Million All Industries Impact	Sector				
\$10 Million Building Systems Impact	1: Cereal farming	0	870	27	897
\$10 Million Food Manufacturing Impact	2: Grain farming	0	26,186	1,542	27,729
\$10 Million Instruments Impact	3: Vegetable and melon farming	0	10,368	6,042	16,410
\$10 Million IT Services Impact	4: Tree nut farming	0	448,223	1,169	449,392
\$10 Million Logistics Impact	5: Fruit farming	0	63,354	1,675	65,028
\$10 Million Media Impact	6: Greenhouse and nursery production	0	58,727	12,986	71,713
\$10 Million Mgmt. and Admin Impact	8: Cotton farming	0	23	35	58
\$10 Million Telecommunications Impact	10: All other crop farming	0	548,145	5,110	553,255
\$10 Million Transportation Manuf. Impact	11: Cattle ranching and farming	0	1,779,628	25,271	1,804,898
\$50 Million All Industries Impact	12: Poultry and egg production	0	27,475	23,713	51,188
	13: Animal production- except cattle and pc	0	7,289	4,978	12,267
	15: Forest nurseries- forest products- and tir	0	113	2	114
	16: Fishing	0	3,671	7,036	10,707
	17: Hunting and trapping	0	0	4,904	4,904
	18: Agriculture and forestry support activitie	0	2,225	101	2,326
	19: Oil and gas extraction	0	323,384	138,517	461,901
	23: Gold- silver- and other metal ore mining	0	4,420	72	4,492
	24: Stone mining and quarrying	0	0	0	0
	25: Sand- gravel- clay- and refractory mining	0	8	3	11
	27: Drilling oil and gas wells	0	325	139	464
	28: Support activities for oil and gas operati	0	2,110	904	3,014
	30: Power generation and supply	0	431,557	248,223	679,780
	31: Natural gas distribution	0	115,517	55,461	170,978
	Totals:	\$47,539,162	\$24,022,244	\$10,191,978	\$81,753,384

Type

- Value Added (VA)
 - Labor Income
 - Employee Compensation
 - Proprietors Income
 - Other Property Type Income
 - Indirect Business Taxes
 - Employment
 - Output

2006 dollars (except 'Employment')

Model Control

OED exported results reports for output, value added, employee compensation and employment for each of the eleven portfolios. The results reports for the \$10 million all-industries impact are attached and all reports are included in the supplementary disk.¹⁶

The economic impact of the various portfolios have been summarized in the following tables and charts. Since the CDRC program's effects are to be documented over a two-year period, OED assumed that the full year impact of

¹⁶ See Report of Total Value Added Impacts at Appendix O; Output Impacts at Appendix P; Employment Impact at Appendix Q, and Employee Compensation Impact at Appendix R.

each portfolio would occur in the second year and half that impact would occur in year one.

Year 1 Results Economic Output				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	18,117,316	5,090,313	3,872,977
Food Manufacturing	\$10,000,000	34,269,792	16,280,614	5,992,105
HQ, Mgmt & Admin Operations	\$10,000,000	10,501,494	3,724,428	3,600,142
Instruments	\$10,000,000	19,388,121	9,087,653	5,169,980
IT Services	\$10,000,000	14,072,215	3,967,374	4,088,144
Logistics	\$10,000,000	10,773,806	3,304,194	3,754,194
Media	\$10,000,000	18,760,907	7,957,651	4,726,327
Telecommunications	\$10,000,000	21,861,435	13,493,987	4,964,058
Transportation Manufacturing & Assembly	\$10,000,000	22,728,796	9,869,194	4,527,597
All Target Industries	\$10,000,000	23,769,581	12,011,122	5,095,989
All Target Industries	\$50,000,000	118,847,905	60,055,610	25,479,945
Year 2 Results Economic Output				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	36,234,631	10,180,625	7,745,953
Food Manufacturing	\$10,000,000	68,539,583	32,561,228	11,984,209
HQ, Mgmt & Admin Operations	\$10,000,000	21,002,987	7,448,855	7,200,284
Instruments	\$10,000,000	38,776,242	18,175,306	10,339,960
IT Services	\$10,000,000	28,144,430	7,934,748	8,176,288
Logistics	\$10,000,000	21,547,612	6,608,388	7,508,388
Media	\$10,000,000	37,521,814	15,915,301	9,452,654
Telecommunications	\$10,000,000	43,722,869	26,987,974	9,928,115
Transportation Manufacturing & Assembly	\$10,000,000	45,457,591	19,738,388	9,055,194
All Target Industries	\$10,000,000	47,539,162	24,022,244	10,191,978
All Target Industries	\$50,000,000	237,695,810	120,111,219	50,959,889

Table 12. Value Added Summary

Year 1 Results Value Added				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	7,680,112	6,257,177	3,214,910
Food Manufacturing	\$10,000,000	7,698,260	9,139,882	3,792,321
HQ, Mgmt & Admin Operations	\$10,000,000	6,505,845	2,219,663	2,271,246
Instruments	\$10,000,000	7,399,995	4,854,373	3,261,542
IT Services	\$10,000,000	4,003,277	2,343,704	2,579,043
Logistics	\$10,000,000	6,418,923	1,992,551	2,368,423
Media	\$10,000,000	9,538,324	4,408,327	2,981,655
Telecommunications	\$10,000,000	6,691,649	6,489,007	3,131,749
Transportation Manufacturing & Assembly	\$10,000,000	4,995,050	4,950,502	2,856,388
All Target Industries	\$10,000,000	7,680,112	6,257,177	3,214,910
All Target Industries	\$50,000,000	38,400,558	31,285,885	16,074,547
Year 1 Results Value Added				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	15,360,223	12,514,354	6,429,819
Food Manufacturing	\$10,000,000	15,396,520	18,279,764	7,584,642
HQ, Mgmt & Admin Operations	\$10,000,000	13,011,689	4,439,326	4,542,492
Instruments	\$10,000,000	14,799,990	9,708,746	6,523,083
IT Services	\$10,000,000	8,006,553	4,687,408	5,158,086
Logistics	\$10,000,000	12,837,845	3,985,101	4,736,845
Media	\$10,000,000	19,076,647	8,816,653	5,963,310
Telecommunications	\$10,000,000	13,383,298	12,978,013	6,263,498
Transportation Manufacturing & Assembly	\$10,000,000	9,990,099	9,901,004	5,712,775
All Target Industries	\$10,000,000	15,360,223	12,514,354	6,429,819
All Target Industries	\$50,000,000	76,801,115	62,571,770	32,149,094

Table 13. Employment Compensation Summary

Year 1 Results Employment Compensation				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	4,166,692	1,592,785	1,061,773
Food Manufacturing	\$10,000,000	3,867,212	4,754,303	1,652,296
HQ, Mgmt & Admin Operations	\$10,000,000	4,166,667	1,243,971	986,973
Instruments	\$10,000,000	4,166,675	2,847,187	1,417,366
IT Services	\$10,000,000	4,166,644	1,281,060	1,120,781
Logistics	\$10,000,000	4,166,663	1,005,663	1,295,738
Media	\$10,000,000	4,166,655	2,214,049	1,295,738
Telecommunications	\$10,000,000	4,166,716	2,941,489	1,360,875
Transportation Manufacturing & Assembly	\$10,000,000	4,166,315	2,941,489	1,201,224
All Target Industries	\$10,000,000	4,161,233	3,184,837	1,397,067
All Target Industries	\$50,000,000	20,831,165	15,924,182	6,985,335

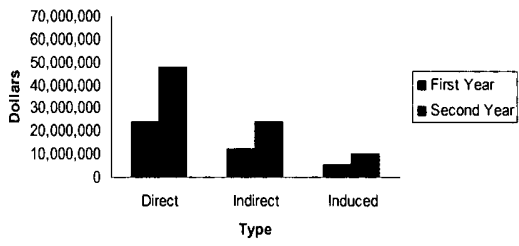
Year 1 Results Employment Compensation				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	8,333,383	3,185,569	2,123,545
Food Manufacturing	\$10,000,000	7,734,423	9,508,606	3,304,591
HQ, Mgmt & Admin Operations	\$10,000,000	8,333,333	2,487,941	1,973,946
Instruments	\$10,000,000	8,333,349	5,694,373	2,834,732
IT Services	\$10,000,000	8,333,288	2,562,120	2,241,561
Logistics	\$10,000,000	8,333,326	2,011,325	2,591,476
Media	\$10,000,000	8,333,309	4,428,097	2,591,476
Telecommunications	\$10,000,000	8,333,431	5,882,978	2,721,750
Transportation Manufacturing & Assembly	\$10,000,000	8,332,629	5,882,978	2,402,447
All Target Industries	\$10,000,000	8,322,466	6,369,673	2,794,134
All Target Industries	\$50,000,000	41,662,330	31,848,364	13,970,670

Table 14. Employment Summary

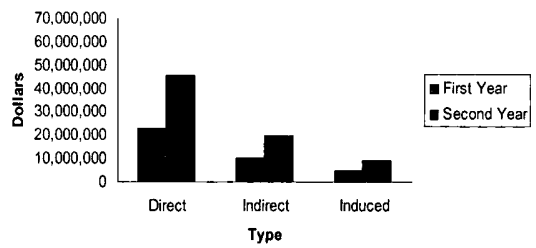
Year 1 Results Employment				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	79	29	30
Food Manufacturing	\$10,000,000	82	83	45
HQ, Mgmt & Admin Operations	\$10,000,000	71	29	28
Instruments	\$10,000,000	57	49	40
IT Services	\$10,000,000	54	29	31
Logistics	\$10,000,000	71	22	29
Media	\$10,000,000	98	65	36
Telecommunications	\$10,000,000	39	59	38
Transportation Manufacturing & Assembly	\$10,000,000	60	48	35
All Target Industries	\$10,000,000	81	84	39
All Target Industries	\$50,000,000	407	422	195

Year 1 Results Employment				
Industry Cluster	Investment	Direct	Indirect	Induced
Advanced Building Components and Systems	\$10,000,000	159	58	59
Food Manufacturing	\$10,000,000	165	166	90
HQ, Mgmt & Admin Operations	\$10,000,000	142	58	55
Instruments	\$10,000,000	114	98	79
IT Services	\$10,000,000	108	59	63
Logistics	\$10,000,000	141	44	57
Media	\$10,000,000	196	130	72
Telecommunications	\$10,000,000	79	119	76
Transportation Manufacturing & Assembly	\$10,000,000	120	97	69
All Target Industries	\$10,000,000	163	169	78
All Target Industries	\$50,000,000	813	844	389

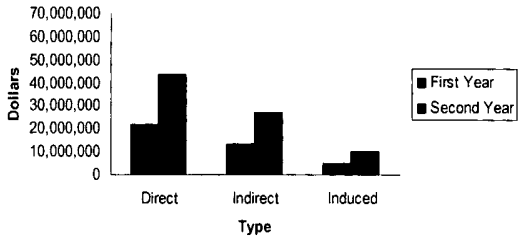
All Target Industries Portfolio Output



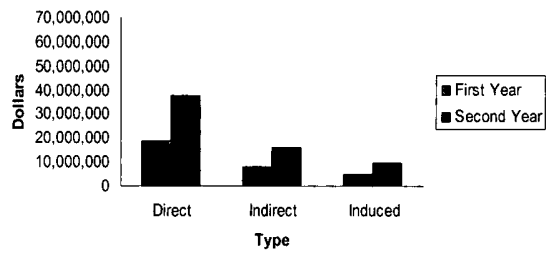
Transportation Equip Manufacturing Output



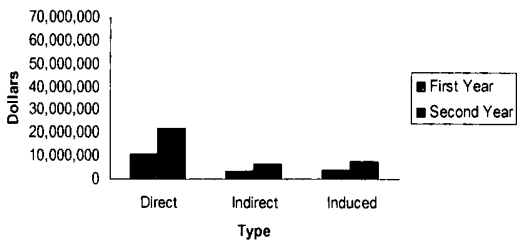
Telecommunications Output



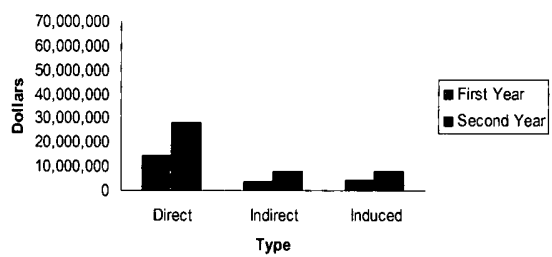
Media Output



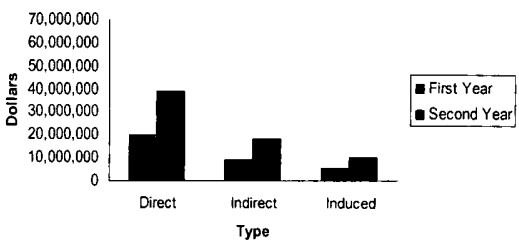
Logistics Output



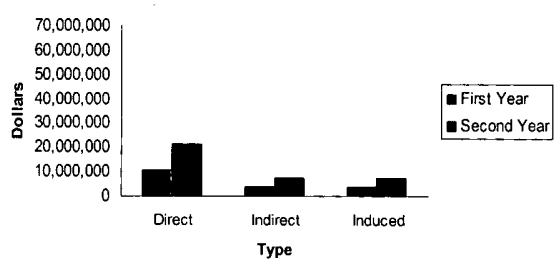
Information Technology Services Output



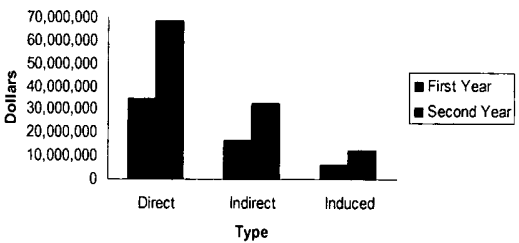
Instruments Manufacturing Output



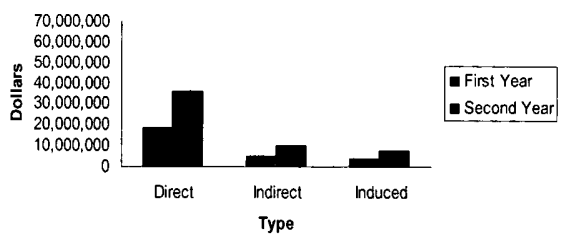
HQ, Mgmt. & Admin. Operations Output



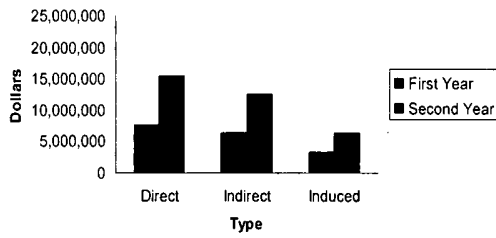
Food Manufacturing Output



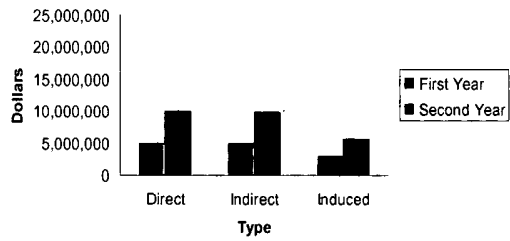
Advanced Building Components and Systems Output



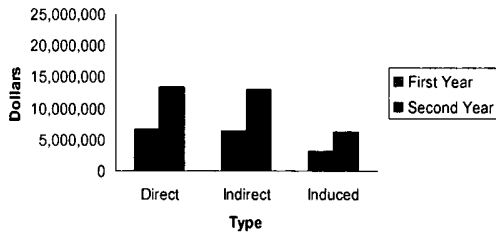
All Target Industries Portfolio Value-Added



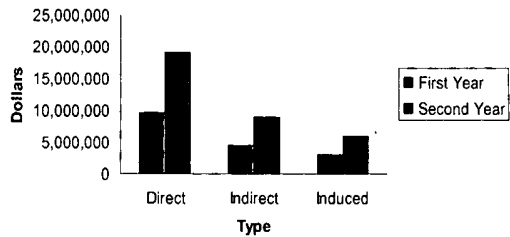
Transportation Equip. Manufacturing Value-Added



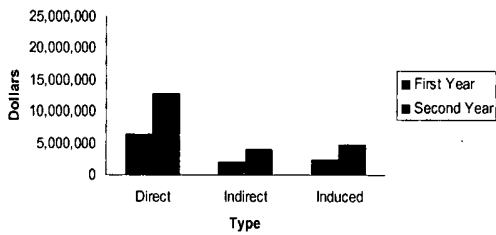
Telecommunications Value-Added



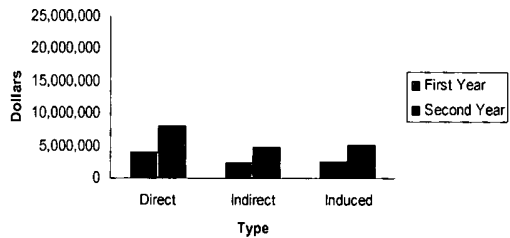
Media Value-Added



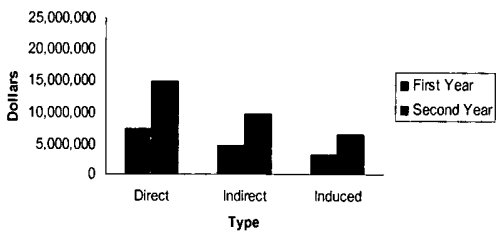
Logistics Value-Added



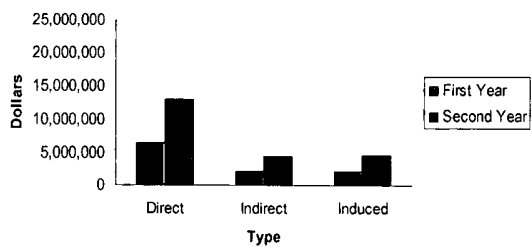
Information Technology Services Value-Added



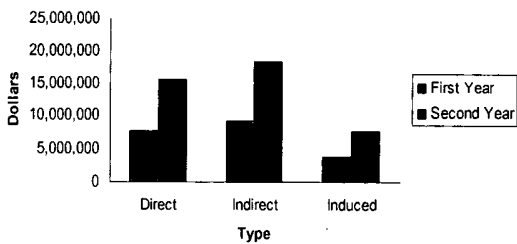
Instruments Manufacturing Value-Added



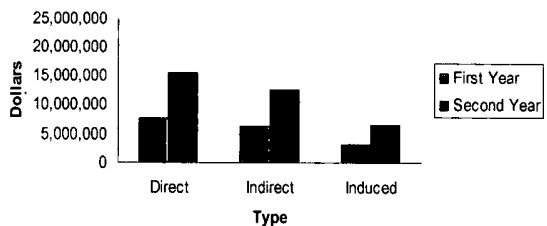
HQ, Mgmt. & Admin. Operations Value-Added



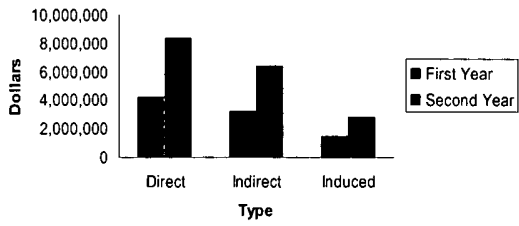
Food Manufacturing Value-Added



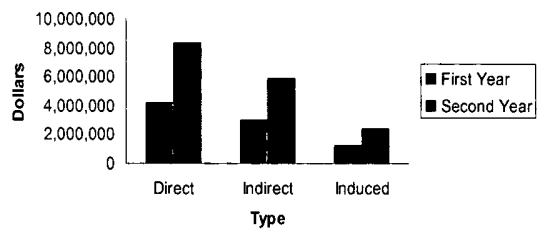
Advanced Building Components and Systems Value-Added



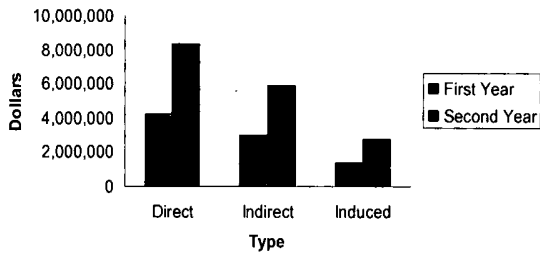
All Target Industries Portfolio Employment Compensation



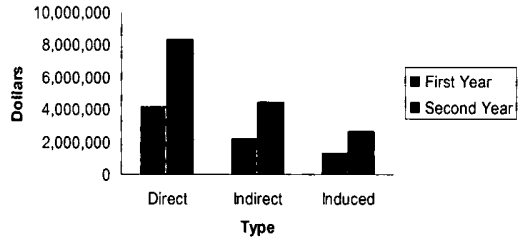
Transportation Equip. Manufacturing Employment Compensation



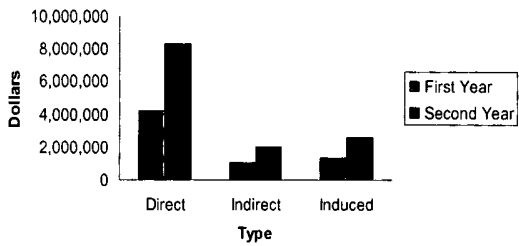
Telecommunications Employment Compensation



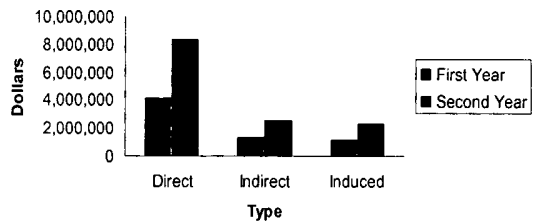
Media Employment Compensation



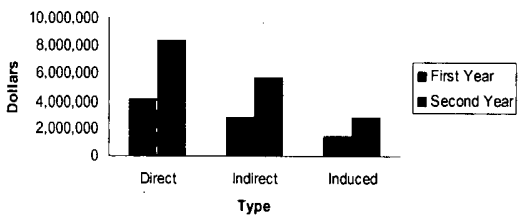
Logistics Employment Compensation



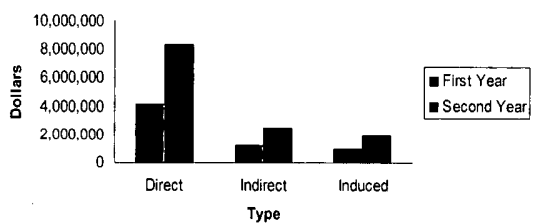
Information Technology Services Employment Compensation



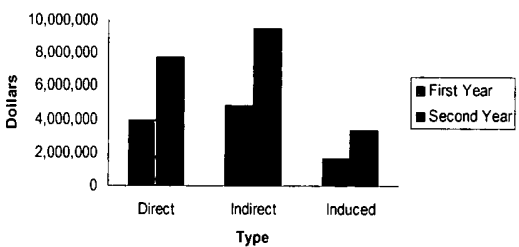
Instrument Manufacturing Employment Compensation



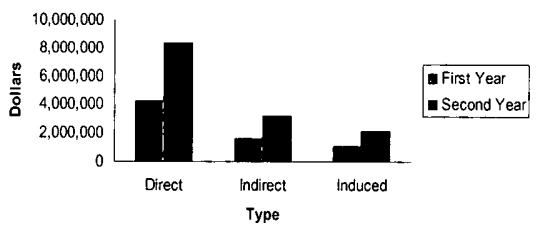
HQ, Mgmt. & Admin. Operations Employment Compensation



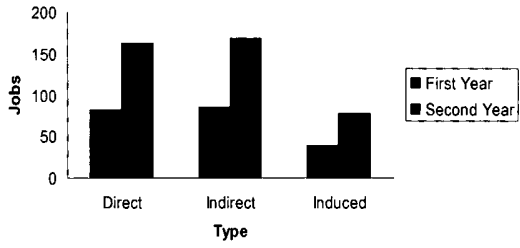
Food Manufacturing Employment Compensation



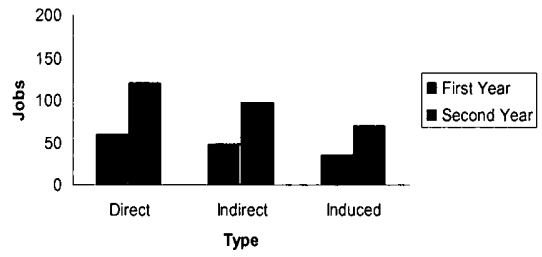
Advanced Building Components and Systems Employment Compensation



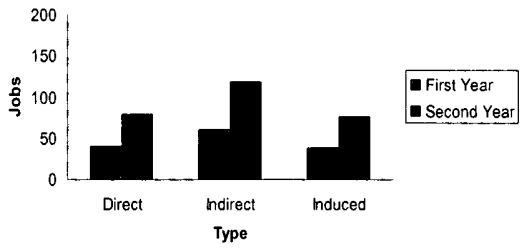
All Target Industries Portfolio Employment



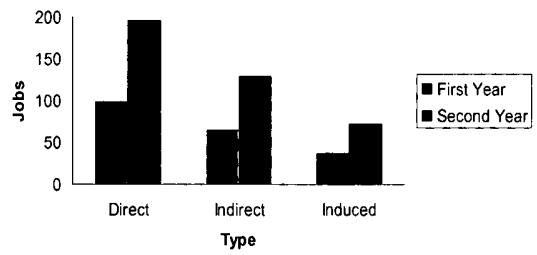
Transportation Equip. Manufacturing Employment



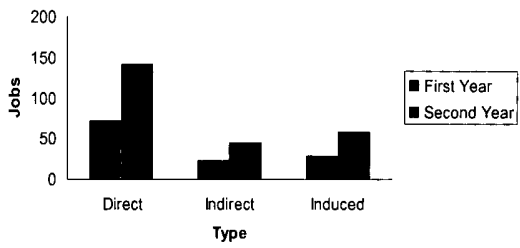
Telecommunications Employment



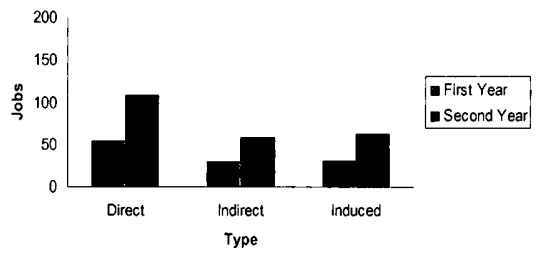
Media Employment



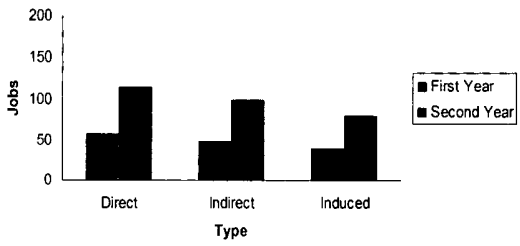
Logistics Employment



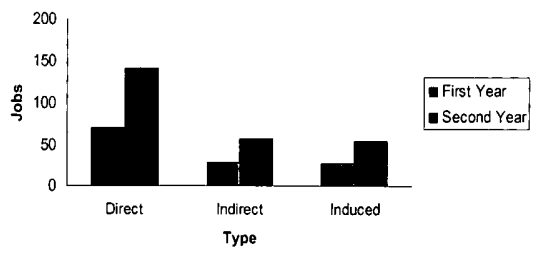
Information Technology Services Employment



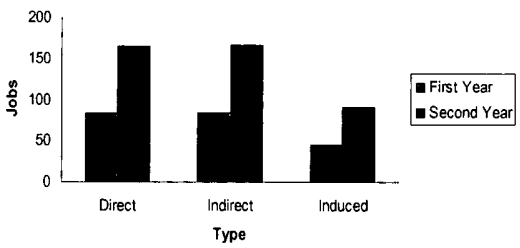
Instrument Manufacturing Employment



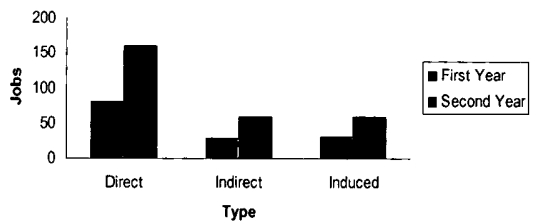
HQ, Mgmt. & Admin. Operations Employment

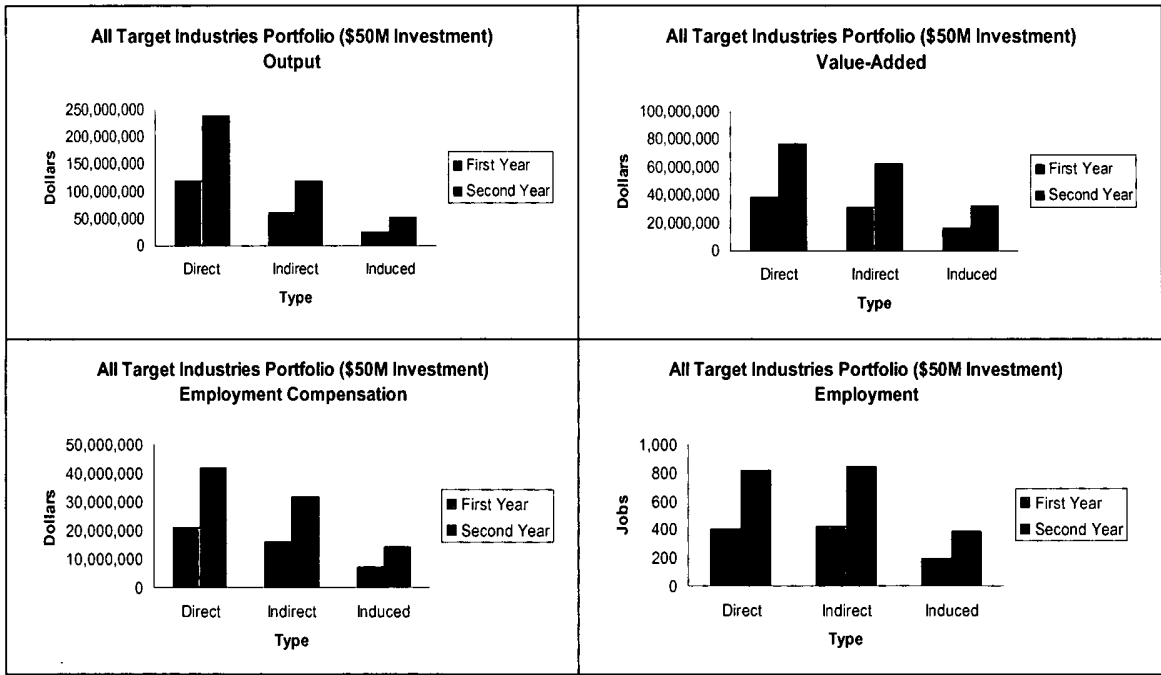


Food Manufacturing Employment



Advanced Building Components and Systems Employment





VII. Documentation to Establish that Southern Dallas is a Targeted Employment Area

In 1994, Texas Governor Ann Richards formally notified Immigration & Naturalization Service Associate Commissioner Michael Aytes that pursuant to 8 CFR 204.6(i), authority to certify high unemployment areas in the State of Texas had been delegated to the mayors of cities and localities¹⁷. Pursuant to that authority, the Mayor of the City of Dallas, Tom Leppert, has certified to USCIS that Southern Dallas, as defined in the SMSA map attached at Appendix S, is a Targeted Employment Area. Based upon the Bureau of Labor Statistics analysis of unemployment levels in Southern Dallas zip codes, reproduced in Appendix S, Mayor Leppert has certified that Southern Dallas' unemployment rate exceeds 150% of the current national average rate of 6.1%. The City of Dallas OED therefore proposes that the CDRC be approved to accept capital contributions from EB-5 investors at the lower minimum amount of \$500,000 for portfolio companies located in the Southern Dallas zip codes documented herein.

¹⁷ See copy of Governor Richards' letter at Appendix S.

APPENDIX

- A Strategic Engagement: Dallas' Economic Development Plan
- B Dallas MSA and related maps
- C International Inland Port of Dallas (IIPOD)
- D 18 Month Status Report on Strategic Engagement (March 2007)
- E City of Dallas Office of Economic Development Organization Chart and Professional Biographies
- F City of Dallas Income, Expenditure and Employment Distribution Maps
- G OED Targeted Industries and Supporting Evidence
- H *Realizing Potential: Framework for Enhancing the Southern Portion of Dallas* (February 2008)
- I OED Economic Incentive Programs
- J Dallas: From International Crossroads to Global Destination (March 2008)
- K Pinnacle Park: Business and Residential development on former brownfield
- L UNT Dallas Academic Plan
- M RFP for City of Dallas Regional Center Investment Manager
- N OED International Business Development programs
- O IMPLAN model report, Total Value Added Impact
- P IMPLAN model report, Output Impact
- Q IMPLAN model report, Employment Impact
- R IMPLAN model report, Employee Compensation Impact
- S Targeted Employment Area (TEA) Request and Documentation
- T IMPLAN spreadsheets reflecting data for individual clusters

Strategic Engagement: Dallas' Economic Development Plan



The Plan (Adopted 2005)

Objectives: Growth, Economic Opportunities for Residents, Stable City Revenue

Vision: Dallas will become a diverse, vibrant, urban City that works and builds on its core strengths. It will be a City:

- Strategically engaged,
- Business friendly,
- With a dynamic, expanded center-city economy,
- With balanced growth and development opportunities, and
- With great neighborhoods

Research shows that Dallas has changed:

- We're not a Sunbelt boomtown; we are a maturing central city.
- Small and expanding businesses drive growth, not big business relocations.
- Real estate development opportunities are located mainly in Southern Dallas.
- Our population is young, diverse and we're becoming an immigrant destination.
- Global cycles, competition and technology change determine business success.
- DFW needs Dallas' leadership on regional issues but Dallas must compete to secure its share of regional growth and development.

To succeed in light of new realities, the development process must change:

- A shared economic vision will maintain focus.
- Interdepartmental teams will coordinate the economic development process.
- Performance reporting will improve accountability.
- Focusing on catalyst projects will create noticeable, sustainable successes.
- Actively engaging businesses will reduce development obstacles.
- Working with partners and raising awareness of public safety, housing and education as economic enablers will improve development opportunities.

Plan Status Report (2007)

- Expanded department services for our development partners. Downtown, southern Dallas and international teams emphasize geographic priorities.
- Over 70% of 2005 Plan goals are on target or complete:
 - Creating a strategic, branded, process-driven development policy
 - Working proactively with businesses, large and small
 - Supporting an expanded downtown connected to in-town neighborhoods
 - Supporting catalyst projects including transit-oriented development, International Inland Port of Dallas and UNT Dallas.
 - Continuing business park development
 - Supporting Dallas' capital bond program, comprehensive plan and Trinity River Corridor Project

Dallas at a Glance

Dallas is the largest city in the DFW MSA, the 4th largest MSA in the U.S. (6M population.) Statistics below refer to the City alone.

Economics

- Gross City Product: \$97B
- Businesses: 65,000
- Jobs: 1,044,205
- Industry Share
 - Prof. Serv./Mgmt./Info: 22.6%
 - Trade/Distribution: 19.0%
 - Education/Health: 12.0%
 - Financial Activities: 11.3%
 - Leisure/Hospitality: 9.5%
 - Manufacturing: 9.0%
 - Other: 16.6%
- Commercial buildings: 378M sq. ft.
- Cost of Living: 92% of U.S. average

Demographics

- Population: 1,280,500
- Median Age: 31.9
- White non-Hispanic: 31%
- Black non-Hispanic: 24%
- Hispanic (of any race): 43%
- Bachelor Degree or Higher: 28%

Infrastructure

- Interstates 20, 30, 35, 45, & loop 635, multiple state highways
- Three national freight railroads
- Extensive rail & bus transit system
- D/FW International Airport (1,917 daily operations); Love Field (682 daily operations); Dallas Executive (general aviation)

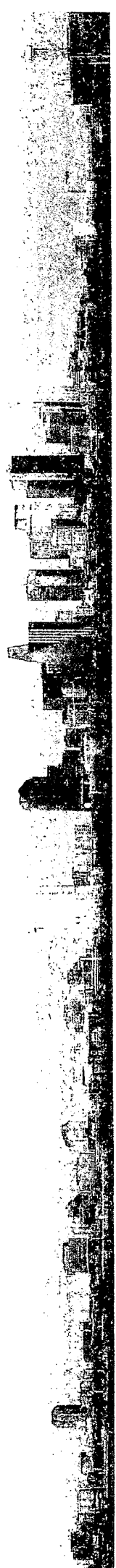
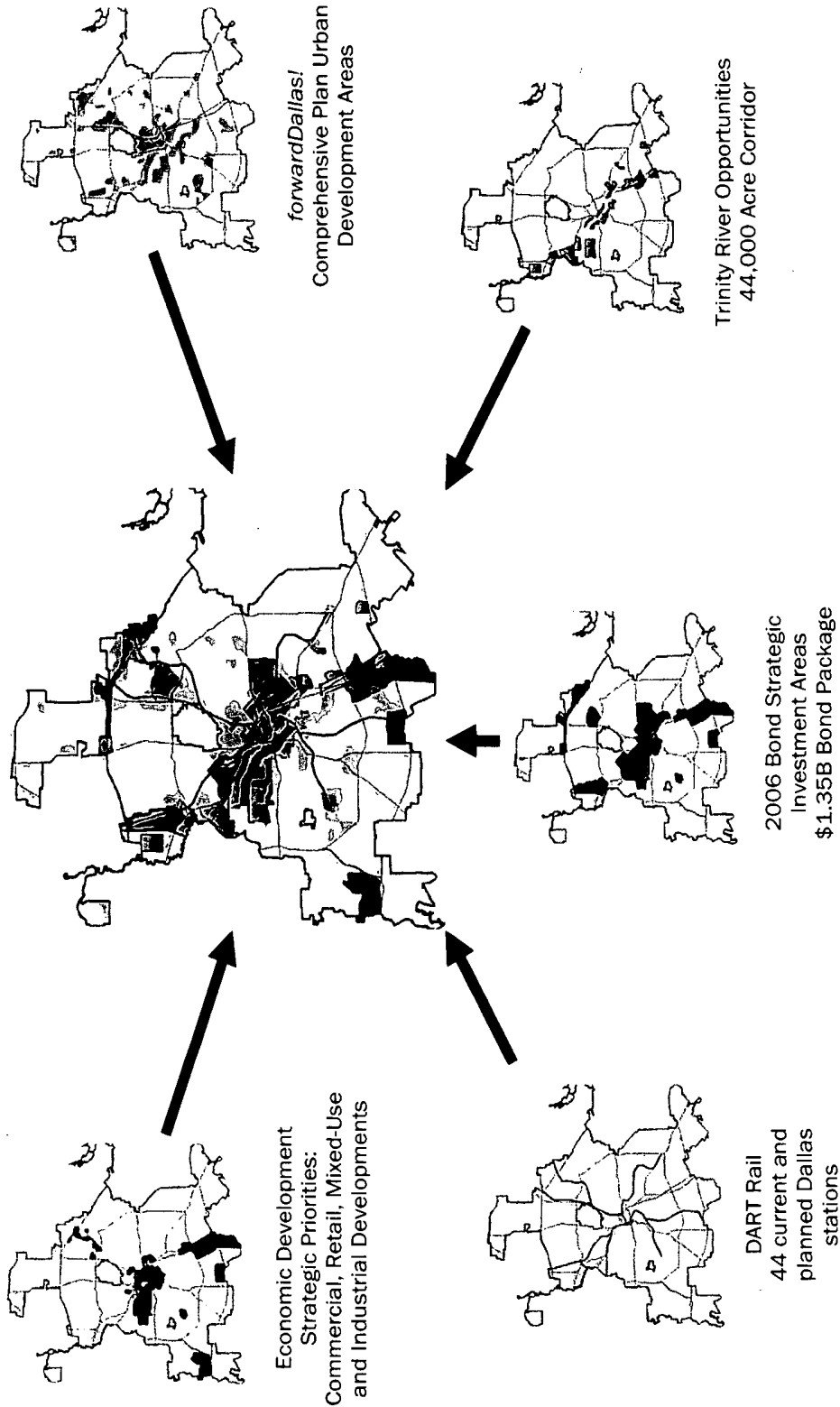
Incentives

- Tax Abatement
- Infrastructure Participation
- Development Fee Rebates
- Right-of-Way/Abandonment Rebates and Credits
- Historic Tax Incentives
- Foreign Trade Zones
- Freeport Tax Exemption
- Tax Increment Financing Districts
- Public Improvement Districts
- Loan and Grant Programs



Strategic Engagement

Dallas' development strategy coordinates major catalyst programs that together constitute a wholesale redevelopment of the city, especially of central and southern Dallas.



*Strategic Engagement:
Dallas' Economic
Development Plan*



www.dallas-edd.org/



City of Dallas

*The City of Dallas
Office of Economic Development
1500 Marilla, Room 5CS
Dallas, Texas 75201-6300
U.S.A.*

*Phone: 214-670-1685
Fax: 214-670-0158
WWW.Dallas-EDD.org*

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Dallas will become a diverse, vibrant, urban City that works and builds on its core strengths. It will be:

A City that is ***Strategically Engaged*** in economic development, that works effectively with the business community to overcome obstacles to growth and that markets itself locally, nationally and globally.

A ***Business-Friendly City*** that effectively leverages its strengths in technology, medicine and logistics and becomes a destination of choice for entrepreneurial activity.

A City with a ***Dynamic and Expanded Center-City Economy*** with a revived, dense residential downtown connected to thriving urban housing, office and retail developments throughout Central Dallas.

A City of ***Balanced Growth and Development Opportunities*** where past neglect of the Southern Sector is overcome and the full economic potential of this vast land area and the entire City is realized.

A ***City of Great Neighborhoods*** serving a spectrum of household types and needs and supporting urban and suburban centers, parks, transit and libraries.

I. Background

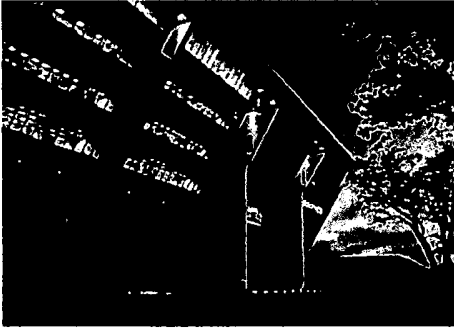
Economic development raises the standard of living and quality of life for the citizens of the community. The Dallas City Council reaffirmed, in its 2005 retreat, that economic development is one of its top priorities. This reaffirmation follows an assessment of the City's economic development programs by outside consultants and the creation of an Economic Stakeholder Task Force to recommend changes to the program. The Task Force, meeting from February to May, reiterated the need for Dallas to organize its efforts around a widely accepted vision for economic development, to create a rational, transparent and proactive process and to focus on Downtown Dallas and Southern Dallas.

The City has five broad roles in promoting economic development. The City maintains a regulatory process that reflects democratic input and does not needlessly hinder development. It enforces public safety so that businesses and households feel safe about their investments and participation in the community. It provides infrastructure and other services to ensure business efficiency and investment. It establishes policies that align business and community goals. Finally, the City improves the flow of information about economic conditions and investment opportunities and helps business navigate the regulatory process.

Dallas' primary objectives include promoting economic growth, increasing economic opportunities for residents and maintaining a stable revenue base to support city services. The result is a cycle where effective public investment and support increases corporate and household investment in the community. These private investments, in turn, create the wealth needed to support local government services.

This economic development plan builds on the recommendations of the Stakeholder Task Force by adopting a vision for the City's future that reflects Council and community priorities. The plan emphasizes that economic development must become a process rather than a disconnected collection of activities and reactive deal making. The plan recognizes that Dallas' economy is changing; the City is maturing and global economic currents will continue to shape the local economic landscape. Finally, the plan builds on Dallas' considerable strengths to leverage new economic opportunities for its citizens and to ensure that Dallas remains the focal point of the North Texas economy and secures its potential role as a world city.





II. The New Dallas

Dallas has changed. During the past 50 years, Dallas has grown from a small servicing center for the productive North Texas prairie farms to the ninth largest city in America. It is now the cultural and economic core of the internationally important DFW Metroplex – the fifth most populous Metropolitan Statistical Area in the nation. The City is home to over 1.2 million residents and 71,000 businesses that employ over 1 million people. If viewed as a state, Dallas' gross product, \$89 billion, would place the City 33rd between Kansas (\$99.1 billion) and Utah (\$82.4 billion). Dallas would rank 61st in the world, about the same size as New Zealand. Along the way, Dallas has played many roles: agricultural service center, regional business and manufacturing hub, transportation nexus, and most recently, Sunbelt boomtown. What Dallas is becoming today will affect its development prospects tomorrow.

Dallas is maturing into a diverse urban city with a fixed land area. Dallas has no majority racial group nor is it dependent on any single industry. With continued regional housing and employment sprawl, Dallas constitutes an ever-shrinking share of the North Texas metropolitan geography. For the purposes of economic development strategy, six changes are most significant.

Old Assumption: Dallas benefits by being a low-cost Sunbelt destination that automatically out-competes the Rust Belt.

New Reality: Dallas is a maturing central city, not a Sunbelt boomtown.

Like other Sunbelt leaders, Dallas has grown into a sprawling metropolitan area that is now relatively less competitive because of: a new group of aggressive second tier cities (e.g., Austin, Las Vegas and Charlotte.), cost and educational improvements in developing countries and improved productivity in older U.S. manufacturing areas. Today, suburbs receive the benefits of sprawl growth in North Texas, leaving Dallas to cope with housing, infrastructure, crime and educational services.

Old Assumption: Economic development and Dallas' vitality are defined by "big" business announcements and corporate relocations.

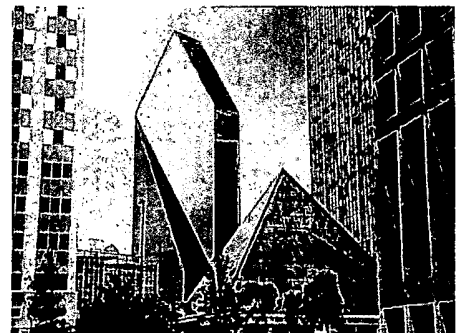
New Reality: Economic vitality is now more a function of small and existing business growth as well as a steady supply of newly founded businesses.

Existing businesses account for 85 percent of new jobs. Small businesses account for 75 percent of net new hires. Large corporate relocations make headlines but are insufficient to drive a metropolitan economy. Often, relocating corporations seek to shore up their already mature business model and do not represent large future growth prospects. Many headquarters relocations involve small administrative staffs, which bring prestige, but little economic growth. Newly founded businesses are aligned with current business processes and technology and are more likely to represent the rare, innovative firm that grows into a truly large business.

Old Assumption: Northern Dallas, as the business center, carries the City's economy while Southern Dallas plays a support and maintenance role.

New Reality: Northern Dallas development options are now limited and redevelopment is needed in many areas. Southern Dallas has the majority of developable land, but is not yet positioned to carry a larger share of the economic burden.

High-end office, retail and residential development flourished in northern areas, while support facilities (landfills, water treatment plants) and low-end industries gravitated south. This historic land use pattern left a legacy of development road blocks that must now be overcome. Positioning the multiple Southern communities for growth is essential since 79 percent of the City's developable vacant land remains in Southern Dallas. Figure 1 reveals the imbalance of development opportunities in North and South.



Old Assumption: Corporate Dallas' prosperity depends on local growth and development.

New Reality: Corporate Dallas' livelihood depends on global cycles, competition and technology change.

Once, the leading corporations in the City owed their prosperity to local growth and development. These businesses included banks, grocers, utilities, media and real estate firms. Today, the leading firms in Dallas, large and small, are multinational and compete with other global companies for market share and must respond to their shareholders when they make investment and employment decisions. Future success depends on Dallas' ability to create an environment for higher value-added business processes and jobs.

Old Assumption: What is good for North Texas is good for Dallas. (Dallas gets a share of regional growth because of its business legacy and because it is the largest business center.)

New Reality: What is good for some North Texas cities is not necessarily good for Dallas, but what is good for Dallas also benefits the North Texas Region.



Newly competitive suburbs with state-approved development finance tools and modern business parks complicate the regional site selection process. A business investment in North Texas is not necessarily a win for Dallas. Yet, the long-term health and vitality of North Texas depends on a healthy Dallas. Metropolitan areas with growing central cities grow faster than metropolitan areas with depressed central cities.

Dallas matters to the region because it is the image of the region in the minds of most outside investors. More practically, it is the nexus of major infrastructure networks that supply many suburban businesses (highway, rail, water, electricity).

Old Assumption: Dallas is a homogeneous city.

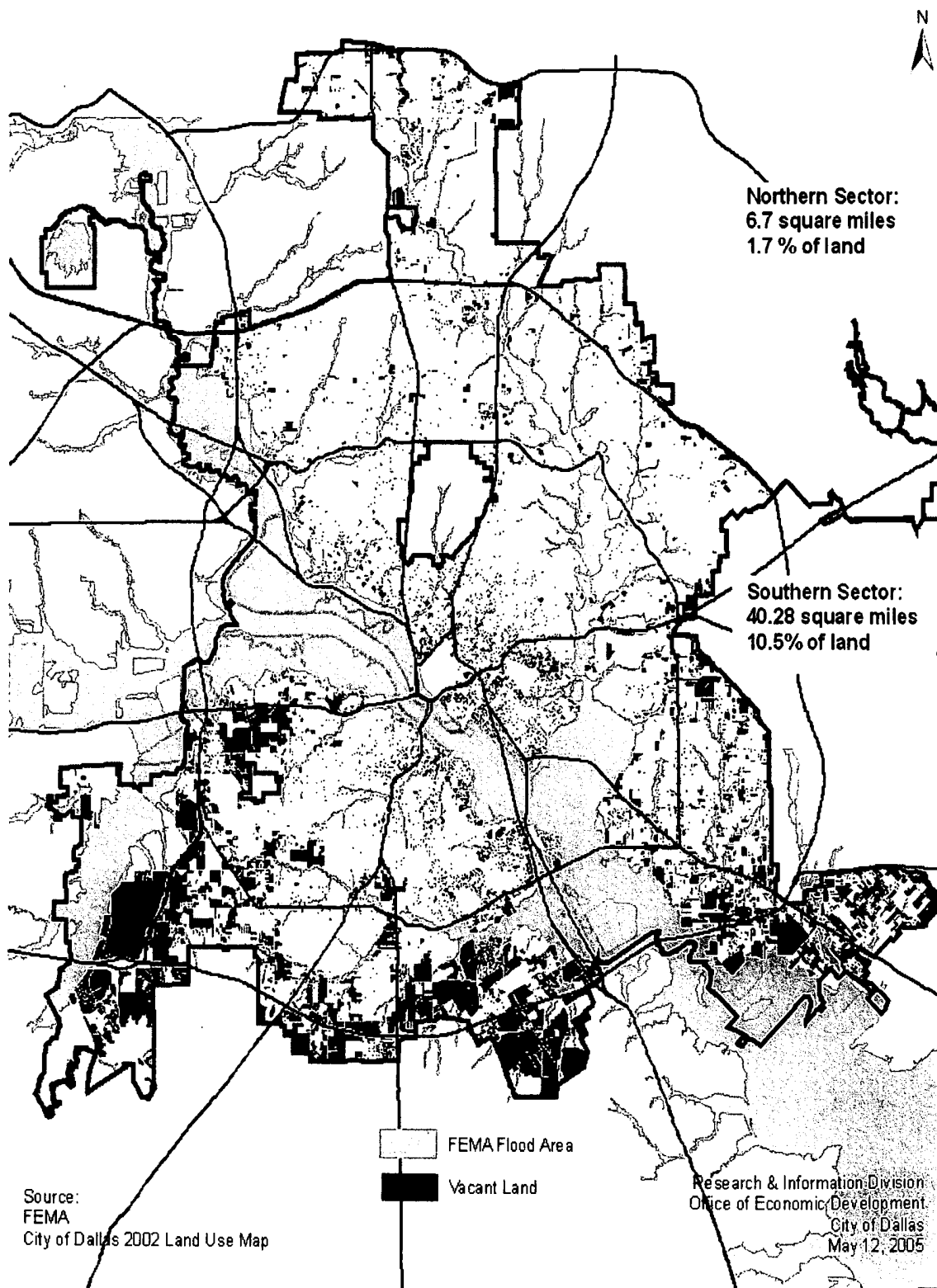
New Reality: Dallas is a non-majority city and is becoming a Latino-majority city with a younger population less prepared for middle class participation.

In the past, decisions about economic development were made as if the City were homogeneous. Today, Dallas' diversity makes governance more complicated. It is home to an increasingly younger population with a higher percentage of immigrants. Lack of well-paying, entry-level jobs hinders upward mobility and a reinvigoration of the middle class by these new citizens. Recent out-migrants have been replaced by in-migrants that are generally younger and less affluent than the residents they replaced.

Figure 1.

Vacant Developable Land

City of Dallas



III. A New Development Policy

Beyond these long-term, historical changes in Dallas' economy, the City faces a legacy of development policy that is no longer capable of promoting long-term growth. It is completely within the power of the City to address many of these challenges. Others are more difficult to correct and require strengthened relationships with development stakeholders outside City Hall. These challenges include:

Legacy Development Policies and Solutions

Legacy Policy

Strategic Engagement Approach

No unifying vision

Common vision for City and development stakeholders

Departments fail to coordinate development process

City organizes development teams to coordinate the process

Multiple agendas and ad-hoc strategy - fire drills and deals

Long-term strategy with scorecard for community and Council review

Lack of focus, too many low-impact projects

Focus on catalyst projects and creating working development models and stimulating sustainable markets

Lack of follow-up, monitoring or tracking permits Council and community attentions to drift over time.

Written strategy, performance tracking and a semiannual scorecard review

Ad-hoc alignment of budget resources across City departments

Prioritize resources according to economic development goals

Dallas leaves economic development responsibility to chance or to outside interests

Dallas assumes responsibility for its development future and uses its political clout to achieve objectives

Lack of land use planning

Comprehensive Land Use Plan (Forward Dallas!) as a guide to development strategy

Benign neglect of the business community

Ongoing engagement with the business community and partnerships to reduce barriers to success

Legacy Development Policies and Solutions (continued)

Legacy Policy

Strategic Engagement Approach

Failure to explicitly address crime as an economic development deterrent

Work actively with the Police Department to maintain steady improvements in public safety

Failure to explicitly address public education as an enabler of economic development

Develop process to involve educators in economic development activities

Failure to address imbalance of employment and housing

Housing Department and private sector increase housing stock quality to retain middle class families

Southern Dallas efforts lacked focus and coordination; ignored the vast scale and diversity of the area

Focus on catalyst projects. Hire Assistant Director to spearhead initiative

Downtown efforts were unfocused

Create Downtown team headed by an Assistant Director. Focus on building housing critical mass and retaining business base

By being strategically engaged, Dallas can craft a development policy that builds on its considerable strengths.



Dallas' Core Strengths

Development success in Dallas will come from building on the City's strengths and by specializing in the things Dallas does best. This means playing our unique role in the region and nation. These strengths are concentrated in three primary areas.

Dallas Can Build on Its Urban Character:



In the last 15 years there has been a revitalization of neighborhoods surrounding the Central Business District (CBD) through both new construction and rehabilitation of historic districts. Dallas is a leader in reestablishing rail transit. Dallas can build on its growing Center City and growing transit system to create thriving, interconnected urban neighborhoods that complement its suburban communities. It will also build the tax base for citywide services. Dallas' urban core strategy will build on these strengths: Dallas Area Rapid Transit (DART), four Dallas County Community College District (DCCCD) campuses, the University of North Texas-Dallas (UNT-Dallas), five major hospital campuses, the courts, county, state and federal offices, the Trinity River project, regional (NorthPark Center and Galleria) and urban neighborhood (West Village, Main Street, Bishop Arts) retail, the Arts District, performing arts organizations, parks and library system master plans.

Dallas Can Build on Its Role As a City of Professionals:

Dallas' business base is very strong in professional fields. These include finance (43,000 jobs), business and professional services (109,000 jobs), media (19,000 jobs), and information technology and telecommunications (34,000 jobs). These industries are all future growth industries, and Dallas stands as one of the existing leading business centers of North America. New possibilities will be achieved by leveraging the clustering advantages of urban centers in Downtown and transportation corridors to grow existing strengths and encourage small professional services firms that grow into large global suppliers. Dallas may have particular advantage in media and other industries where technology and content are combined in novel ways.

Dallas Can Build on Its Legacy As a City of Trade and Manufacturing:

Dallas is home to 77,000 jobs in supply chain industries, including transportation, warehousing and wholesale trade. These distribution industries are complementary to the even larger manufacturing base of 107,000 jobs. By building on Dallas' labor strengths and its geographic and distribution advantages, new opportunities will be realized. Globalization is driving tremendous efficiencies in the supply chain. Dallas' development strategy focuses on increasing ownership in all parts of the supply chain from design and manufacturing, to logistics and warehousing, to wholesale and the numerous supply chain services that support the modern creation and distribution of goods.

Economic Implication

To achieve the three desired outcomes of economic growth, increasing economic opportunities for residents and maintaining a stable revenue base to support city services, it is essential to act from a perspective of strategic engagement. Policies that leave success to chance and result in chasing "deals of the moment" will undermine the long-term viability of the City and the region.



IV. The Vision for Dallas' Economic Future

Dallas must have a clear and compelling vision that is shared by the City and the community. Building on the suggested vision statement proposed by the Economic Development Stakeholder Taskforce, the Office of Economic Development (OED) has adopted the following vision that will guide future economic strategy.

Dallas will become a diverse, vibrant, urban City that works and builds on its core strengths. It will be:

A City that is **Strategically Engaged** in economic development, that works effectively with the business community to overcome obstacles to growth and that markets itself locally, nationally and globally.

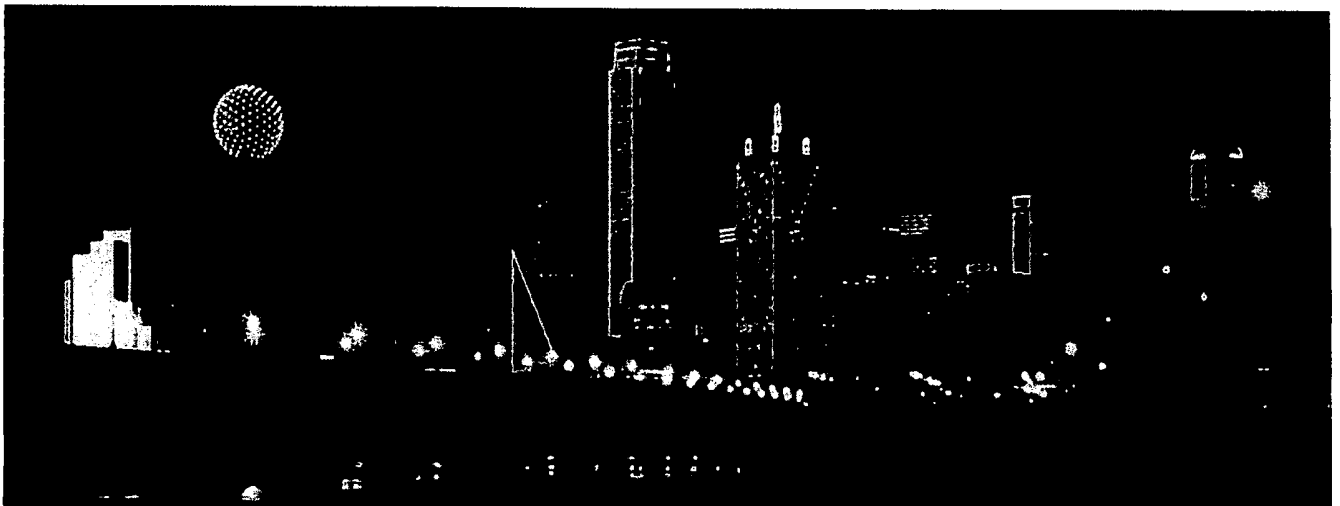
A **Business-Friendly City** that effectively leverages its strengths in technology, medicine and logistics and becomes a destination of choice for entrepreneurial activity.

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A City of **Balanced Growth and Development Opportunities** where past neglect of the Southern Sector is overcome and the full economic potential of this vast land area and the entire City is realized.

A **City of Great Neighborhoods** serving a spectrum of household types and needs and supporting urban and suburban centers, parks, transit and libraries.

To realize this vision, OED will focus on a limited number of goals listed on pages 13 to 17 and detailed in chapters VI to X, see figure 2 on page 25.



Strategic Engagement Goals



Align the Office of Economic Development with Strategic Priorities.

Align OED staff and other economic development resources with strategic priorities by forming geographic teams supported by service specialists within OED and from other City departments. Focus on three priority geographies: Downtown, Southern Dallas and International Markets. (See page 26)

Create an Economic Development Process Based on Research and Planning, and Maintain Access to Databases Required to Support These Efforts.

Create a fact-based process to review strategic initiatives that have a significant development impact, and incorporate appropriate input from interdepartmental work teams. Maintain access to databases and software necessary for research and planning. (See page 27)

Drive Measurement and Accountability through Effective Database Use.

Develop a project tracking database to account for staff and other resources applied to projects. Develop an OED accountability system and semiannual scorecard that is consistent with the City's new accountability process. Develop a client relationship management database to track company history with the OED. (See page 28)

Create a Communications Program.

Refine the City's economic development branding message and communicate a clear, consistent and professional image, both domestically and internationally, using available technology and multiple media. Develop, in conjunction with the Public Information Office, a public relations campaign to raise the level of awareness of OED and to distribute good news. Celebrate and share successes about our City to the global community. (See page 29)

Leverage Community and Business Partnerships to Accomplish Economic Development Goals.

Identify opportunities to partner with other organizations and businesses to improve the flow of information and leverage resources. (See page 30)

Business-Friendly Goals

Create and Maintain an Aggressive Business Expansion and Retention (BEAR) Program.

Support and encourage a systematic effort to call on key Dallas companies. Conduct site visits to execute a business climate survey. Respond to business community feedback and foster open channels of communication. Foster a customer-friendly regulatory function and development process within the City. (See page 31)

Develop a Proactive Recruitment Process to Strategically Attract Domestic and International Business.

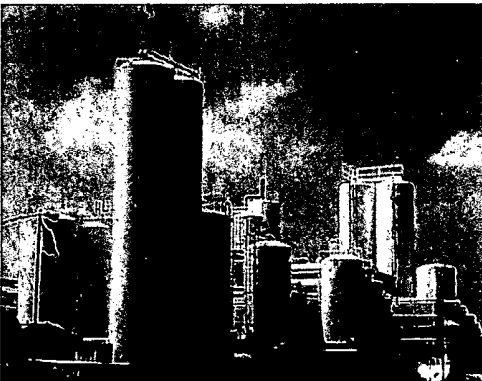
Refine the target market for the City's focused recruitment efforts. Develop marketing materials and research publications geared to customer needs. Take full advantage of technology to deliver the business message. Work collaboratively with the chambers of commerce. (See page 32)

Form an International Team to Strengthen Trade and Investment from Asia, Latin America and Canada.

Form a team, led by an Assistant Director, that focuses on international markets with an initial concentration on China and NAFTA partners. (See page 33)

Establish a Uniform Prospect Handling Process.

Establish a prospect handling process for domestic and international leads that: articulates standard procedures and messages to be expressed; uses a consistent and predictable record-keeping system; has built-in follow-up; documents best practices/lessons learned; and measures success. (See page 34)



Improve Integration of Economic Development and Public Safety.

Incorporate a public safety component in our communications message. Network routinely with public safety officials so they are aware of OED priority projects. Invite senior police officials to participate in BEAR calls where crime and security are competitive issues. (See page 35)

Promote the Importance of Education/Work Force Training to Economic Development.

Improve communication between OED and the education and work force training community and find ways to increase cooperation in business development activities. (See page 36)

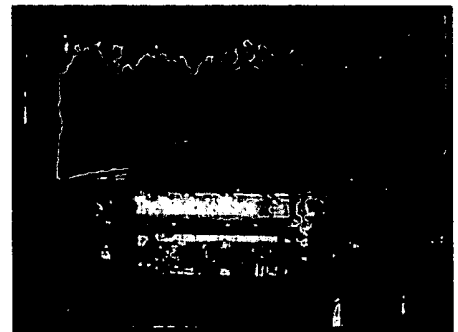
Dynamic and Expanded Center-City Economy Goals

Form a Team Dedicated to Downtown Priorities.

An Assistant Director leads a team dedicated to building on existing successes in creating in-town residential, retail, transit and cultural assets. Brand and market an expanded Downtown Dallas as an urban city. Create a unique retail identity and enhance Main Street initiatives. Encourage development of art galleries, fashion and destination retail. Improve access to existing parking and incorporate an ambient lighting strategy for the comfort of pedestrians after dark. (See page 37)

Promote Transit-Oriented-Development (TOD) to Improve Connectivity.

Coordinate TOD planning in concert with DART standards to promote desirable development along transit corridors: residential, retail, office and cultural uses. Develop a mixed-use development program to maximize Center-City and Southern Sector TOD at the most appropriate DART stations. (See page 38)



Generate a Focused Center-City Business Expansion and Retention Effort.

Work with the Central Dallas Association to identify businesses at risk for leaving Downtown and implement priority BEAR strategies. Establish informal business roundtables to address barriers to business success identified by the business climate survey. (See page 39)

Increase Urban Housing.

Convert vacant class B and C office space to residences. Grow housing to 10,000 units in the CBD and an additional 20,000 units within one mile of the Central Business District (CBD) loop (outer ring neighborhoods) by 2015. (See page 40)

Create Linkages That Connect Center-City Neighborhoods.

Improve connectivity within the CBD loop by accelerating implementation of Downtown commuter and pedestrian mobility plans, parks master plan and north-south streetscape. Increase the number of pedestrian links between the CBD and surrounding neighborhoods, including the proposed park over Woodall Rodgers that would connect Uptown and the Arts District. Explore expanded trolley service to key City locations. (See page 41)

Balanced Growth and Development Opportunities Goals

Form a Team Dedicated to Southern Dallas Priorities.

Hire an Assistant Director to lead a team dedicated to Southern Sector initiatives. Focus specifically on supporting small business development and entrepreneurial activity and implementing projects that fill retail gaps and revitalize neighborhoods. (See page 42)

Enhance Dallas' Position As a National Leader in Supply Chain Management/Logistics and Leverage Its Strategic Geographic Location.

Maintain a multidisciplinary team to continue pursuing NAFTA Corridor objectives and strengthen existing partnerships with port cities, neighboring municipalities and federal/state agencies. Complete an in-depth assessment of Dallas' role in the global supply chain management/logistics sector. (See page 43)

Revitalize Dallas' Small Businesses and Support Entrepreneurs.

Identify best practices in business assistance and incubator operations and create an information guide for start-up businesses on the OED Web site. Review the South Dallas/Fair Park Trust Fund's mission and programs to more effectively serve the community. Monitor and implement Community Development Block Grant programs to encourage economic development in low-to-moderate income areas (i.e., Neighborhood Improvement Programs). Promote entrepreneurship throughout the community. Help small businesses find access to capital. Create a small business advisory council to obtain regular feedback from the small business community. (See page 46)



Embrace a Holistic Approach to Retail Development That Encourages Responsible TOD and Focuses on Southern Sector Community Needs.

Create a multidisciplinary team to address retail and TOD issues. Identify qualified developers capable of developing/redeveloping Southern Dallas retail sites and identify potential sites. Establish action plans to promote public private partnerships at retail sites in Southern Dallas communities. (See page 48)

Use Existing Tools to More Effectively Redevelop Southern Sector Neighborhoods.

Expand existing Dallas Brownfields Program, establish a Brownfields redevelopment process and identify an initial pilot redevelopment project. Evaluate and identify neighborhoods in Southern Dallas that would benefit from TIF and PID programs. (See page 49)

Great Neighborhoods Goals

Support the Frazier Revitalization Initiative As a Model for Other Southern Sector Neighborhoods.

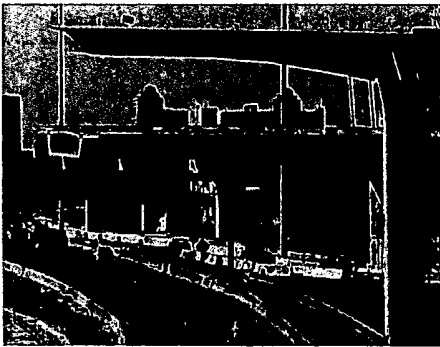
Use City resources to support Frazier Revitalization, Inc.'s efforts to assemble key land and assure planning and usage are in keeping with community desires. Establish a multidisciplinary team, led by the Housing Department, to address Frazier Development initiatives (See page 50)

Evaluate Opportunities to Stimulate Economic Development in the Trinity Corridor and UNT-Dallas Campus Neighborhoods.

Use the Trinity/Forward Dallas! land use plans for guidance. Establish multidisciplinary teams, led by OED, to evaluate opportunities and establish priorities. Develop action plans around key opportunities. (See page 51)



V. IMPLEMENTATION



To be effective, this economic strategy needs to be embraced by City government and also belong to the entire Dallas community. Each strategic goal includes specific tactics that the City should pursue. But all sectors and institutions and many leaders have a role in ensuring a strong economic future for Dallas. Executing Dallas' economic strategy will require mobilizing the talents, resources and passions of the entire Dallas community and beyond.

Execution of the strategy should have four steps:

Set City Priorities and Make Commitments:

Once approved by the City Council, City elected leaders and senior staff should commit to the goals in this plan. City staff, community stakeholders and City Council should pledge their commitment to this strategy.

Build Implementation Partnerships with the Community:

Take this strategy into the business and residential communities and engage key economic development partners in how to champion the vision and align efforts to move forward on the strategic goals.

Work the Plan:

Institute policies and procedures that keep the City's focus from being diluted or drifting from strategic goals.

Track Performance and Progress:

Track and publish performance on desired economic outcomes, community success factors and project milestones.

IMPLEMENTATION PRINCIPLES

When implementing and refining this strategy, City leadership and staff should remember the following principles:

- *Economic development is a citywide program.*
- *Development and quality of life can be compatible goals.*
- *Focus on a few priority actions, and accomplish goals.*
- *Partnerships leverage resources and multiply economic impact.*
- *Internal consistency is required from the City to keep from drifting off course.*
- *Businesses and investors are customers just like residents and should be treated equitably.*
- *Each City staff member has a role to play.*
- *The objective is to support efforts of private sector employers to increase their productivity.*
- *Stakeholders have an important role to play in strategy and accountability.*
- *Monitoring and feedback improve the process.*
- *Assigning responsibility promotes accountability.*



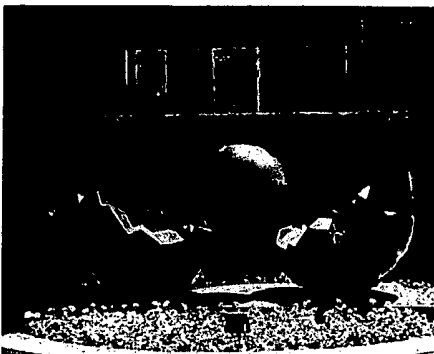
OED Operations

The City is organizing its economic development function along both geographic and service lines. There are three geographic focus areas: Southern Dallas, Central Dallas and International Markets. Seven service functions within the Office of Economic Development provide support to the geographic teams and drive project/program development. These service areas include: area redevelopment, new business development, business expansion and retention, small business and entrepreneurship, marketing, retail and industrial development, and research and information. Other service areas within the City that interact closely with OED are: Housing, Public Works and Transportation, Water Utilities, Development Services, Park and Recreation, Police, and Convention and Event Services.

Each geographic area will be staffed by project managers that coordinate development projects and act as the primary contact and problem solver for the client. These project managers can draw upon the specialized skills and tools available in the service areas.

Southern Dallas is generally defined as being the part of the City, south of a line (moving from West to East) that includes the Trinity River until it passes beneath I-30 and that follows I-30 to the eastern border of the City. It includes a 196 square miles and is home to 500,000 residents - roughly four in ten Dallasites.

Central Dallas, for the purposes of the strategic plan implementation process, includes the neighborhoods within approximately 1.5 miles of the freeway loop surrounding the CBD. Once the Comprehensive Land Use Plan is adopted by Council, the definition of the urban center provided by that plan will be adopted. Most activity of OED will focus on the traditional downtown within the loop and the immediately surrounding neighborhoods.



The international market includes jurisdictions outside the U.S., with an initial primary focus on Asia, Latin America and Canada.

Area Redevelopment: This division uses Tax Increment Financing Districts (TIFs) and Public Improvement Districts (PIDs) to enhance infrastructure and services for neighborhoods. Financial contributions available through TIFs and PIDs make development projects financially feasible, enhance basic infrastructure and services and encourage developers to invest in neighborhoods. The result is increased property values for residential and commercial properties.

Business Development: The business development division includes four service areas: BEAR, new business development, marketing and retail/industrial.

BEAR focuses its efforts on maintaining channels of communication with existing Dallas firms to identify barriers to business growth before they lead to employment losses and disinvestment. BEAR also works to help firms expand their Dallas operations.

New business development responds to requests for information by firms considering a Dallas operation and facilitates new businesses through the site selection and development process. The City's Public/Private Partnership Program provides business incentives in the form of tax abatement, infrastructure cost participation, development fee rebates, right-of-way abandonment rebates/credits and grant/loan programs.

Retail and industrial development focuses on identifying sites for development or redevelopment and works to secure private sector partners to develop those sites.

Marketing supports efforts to promote Dallas' economic development vision through branding and promotional efforts and supports targeted marketing recruitment of priority industry clusters domestically and internationally.

Small Business and Entrepreneurship: This division works with entrepreneurs, neighborhood associations and community-based organizations to improve economic conditions and neighborhoods around the City. Entrepreneurs and small businesses can obtain referrals to appropriate technical assistance providers, lending institutions and other small business programs. The division also oversees: service contracts funded by Community Development Block Grant (CDBG) funds with Dallas' seven Business Assistance Centers, a revolving loan program administered by the Southern Dallas Development Corporation and neighborhood development projects.

The South Dallas/Fair Park Trust Fund targets community and neighborhood development in the 25 square mile area surrounding Fair Park and provides commercial loans for businesses and grants to community-based nonprofit organizations, neighborhood groups and associations. The strategic plan places major emphasis on enhancing the City's small business programs.



Research & Information: The Research & Information Division provides internal and external decision-makers with accurate and pertinent information through the systematic assembly, recording, analysis and presentation of fact-based data. The division focuses on economic and fiscal impact analysis, marketing, retail and industrial development and performance evaluation research. It also maintains GIS-based datasets on development activity, economic statistics and real estate.

Accountability

The new economic development process will include a systematic performance measurement and accountability component. The Stakeholder Task Force identified this component as an important tool to inform City Council on the use of City resources and to evaluate progress toward strategic goals. The accountability system will rely on a combination of monthly indicators that are reported by the City's management accountability systems and a semiannual scorecard that will be produced for review by the Stakeholder Task Force and the Economic Development and Housing Committee.

To implement this accountability system, OED will develop databases to track development and project activity and resource allocation. The process will include periodic review of performance results by a core group of the Stakeholder Task Force (the Stakeholder Advisory Group). The Stakeholder Advisory Group will provide feedback to City staff. This feedback will be reported to the Economic Development and Housing Committee.

The performance reporting system will include three sets of measures. These are economic outcomes, community success factors and strategic plan milestones. Measures for economic outcomes and community success factors will be proposed by City staff to the Stakeholder Advisory Group for comment and then will be incorporated into a recommended scorecard that will be presented to the Council Committee on Economic Development and Housing.

There are three economic outcomes: economic growth, economic opportunities for residents and sustainable revenue. Each outcome is measured with a series of economic indicators. The Office will establish a baseline for each indicator and report goals for each.



Monitoring Economic Outcomes

<i>Economic Outcome</i>	<i>Possible Indicators</i>
Economic Growth (City totals and by geographic sub-areas where appropriate.)	Labor Force Employment (Dallas Residents Working) Payroll Employment (Jobs in Dallas) Real Estate Construction by Type Building Permits and Value
Economic Opportunities (City totals and by geographic sub-areas where appropriate.)	Unemployment Rates Estimated Underemployment Rates Per Capita Personal Income New Business Starts by Industry Commercial Occupancy Rates Median Home Values
Sustainable Revenue (City totals and by geographic sub-areas where appropriate.)	Total City Revenue City revenue by Source (commercial: sales, property; residential property; other: fees, etc.)

The second series of performance measures are community success factors. These are qualities that must be present as prerequisites for economic development. The OED will monitor these success factors with a set of indicators. Maintaining and promoting an awareness of the importance of these success factors will highlight important policy decisions that fall outside the normal economic development area. The four development enablers include: public safety, workforce preparedness, public education and housing.

Indicators of Community Success (Development Enablers)

<i>Development Depends on:</i>	<i>Possible Indicators</i>
A Safe City	Total Indexed Crime (compared to other cities) Crime Rates by Type of Offense
A Well Trained Work Force	Educational Attainment Community College Training Activity Levels Texas Worksource Activity Levels
Strong Public Schools	Exemplary/Recognized Schools Neighborhood Participation in Local Schools (Percent of Children Attending)
A Diverse, Quality Housing Stock	Housing Affordability Home Ownership Rate



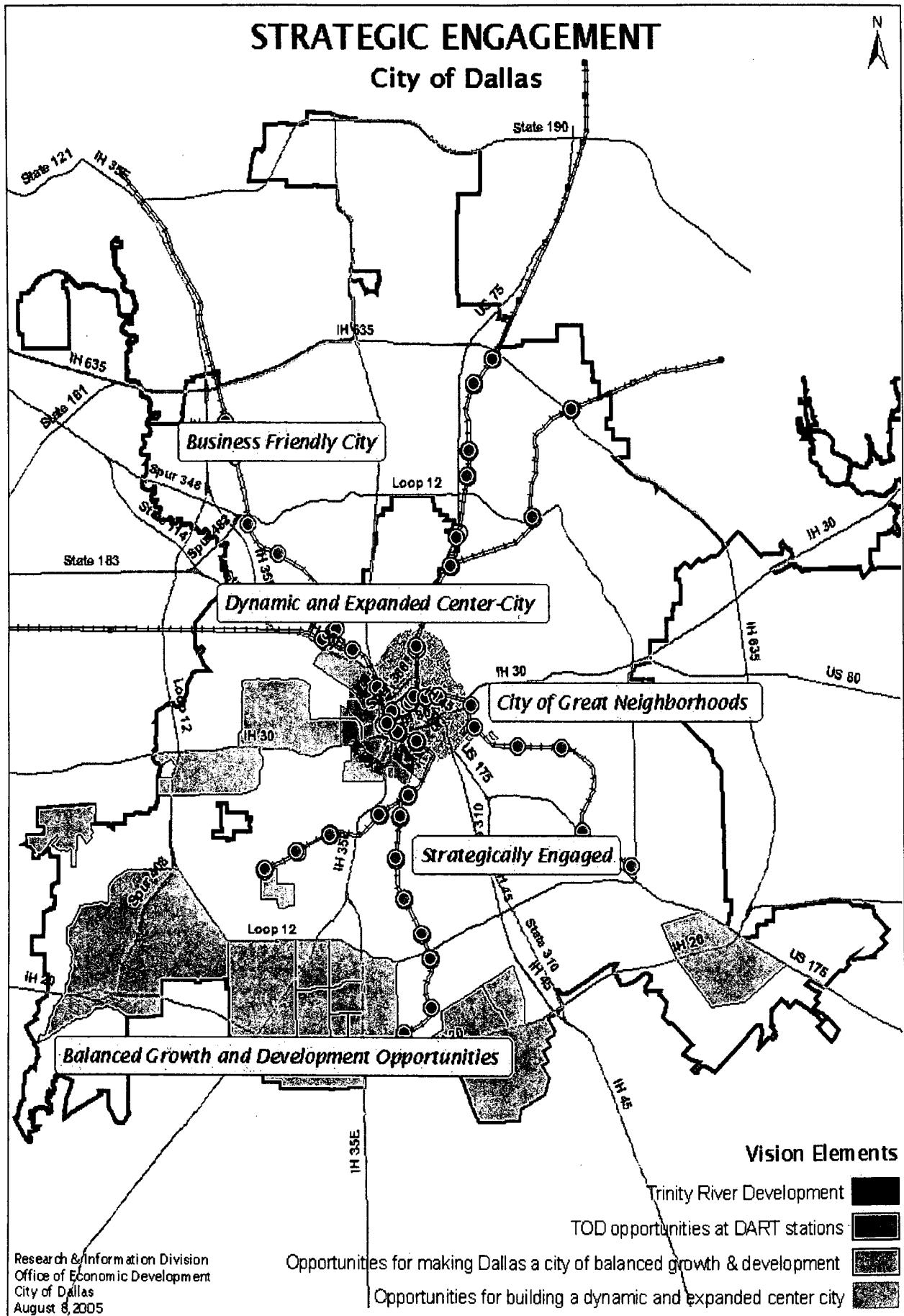
Strategic Plan Milestones and Performance Measures

The final performance tracking component includes milestone tracking of strategic plan goals. These milestones will permit policy makers to monitor progress toward strategic plan goals. These milestones and measures are documented in the implementation plans beginning on page 26.

All three sets of performance measures will be monitored and maintained in a manner that is consistent with and supports the City's ongoing staff accountability efforts such as Citywide performance measures and individual performance plans.

Goals identified in this plan are, in many cases, long-term. In most cases, however, performance measures are based on first year objectives. During the first year of implementation, OED staff will identify appropriate five year targets for these long-term goals. These five-year targets will be incorporated into the revised strategic plan to be presented to the Council in 2006 (see goal 2 on page 27.)

Figure 2



VI. Implementation Plan:

Make Dallas a City Strategically Engaged in Economic Development

Goal 1: Align the Office of Economic Development with Strategic Priorities.

Align OED staff and other economic development resources with strategic priorities by forming geographic teams supported by service specialists within OED and from other City departments. Focus on three priority geographies: Downtown, Southern Dallas and International Markets.

Desired Outcome

OED is properly staffed to drive strategic development priorities, effectively mobilize City resources, and partner with the private sector and the community to achieve plan goals.

Milestones/Timeframes

- OED Director hired and Assistant Directors in place to manage key geographic and service teams: Third Quarter 2005.
- Project managers and multidisciplinary teams are named to drive priority programs and projects (NAFTA Corridor, Retail/TOD, Frazier Courts, Trinity Corridor, UNT-Dallas Southern Campus): Fourth Quarter 2005.
- Stakeholder Advisory Group is organized and meets with OED management team: Fourth Quarter 2005.
- Draft individual workplans based on strategic plan goals: December 2005.

Results/Measures

- Achieve full staffing level: March 2006.
- Strategic priority-based individual workplans in place: 0 to 3 months.
- Percent of staff time dedicated to strategic priorities (Target measure to be developed.): 0 to 12 months.

Accountability

OED

Partner

Stakeholder Advisory Group



Goal 2: Create an Economic Development Process Based on Research and Planning, and Maintain Access to Databases Required to Support These Efforts.

Create a fact-based process to review strategic initiatives that have a significant development impact, and incorporate appropriate input from interdepartmental work teams. Maintain access to databases and software necessary for research and planning.

Desired Outcomes

Keep the strategic plan a current document that reflects changing economic conditions and policy needs. Staff incorporates work of the research division and the multidisciplinary team to provide periodic briefings. The plan incorporates oversight and feedback from the Committee on Economic Development and Housing and the Stakeholder Advisory Group. OED is capable of responding to ad hoc requests by internal and external clients and completing research needed for project evaluation, reporting and strategic planning.

Milestones/Timeframes

- OED presents strategic plan to Council: Immediate.
- Regular briefings held with Economic Development and Housing Committee and Stakeholder Advisory Group: Committee meets twice a month, and Advisory Group meets Quarterly.
- Research and Information Division's budget allocation supports maintenance of necessary database subscriptions and analysis software: Included in 2005 - 2006 budget.
- Annual research workplan meets the needs of OED service teams, long-term tracking and the strategic planning process: Research projects completed according to workplan timeline.

Results/Measures

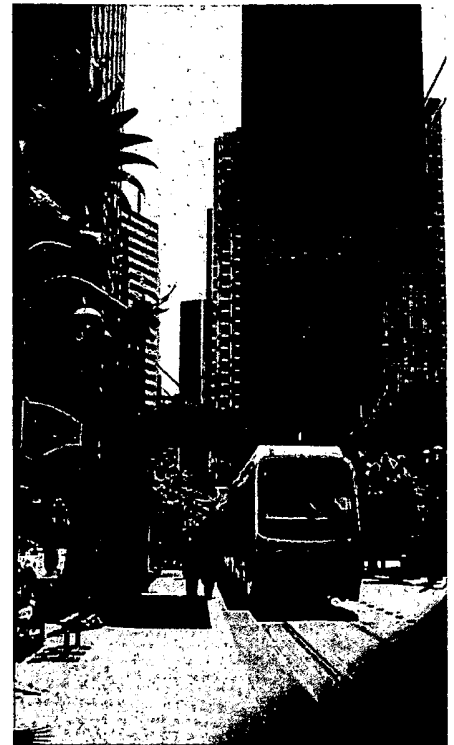
- Updated strategic plan submitted to Economic Development and Housing Committee in August/September 2006 for approval.
- Publish semiannual scorecard on OED plan: 6 months.
- Economic indicators and community success factors accurately collected and routinely reported: 3 months.

Accountability

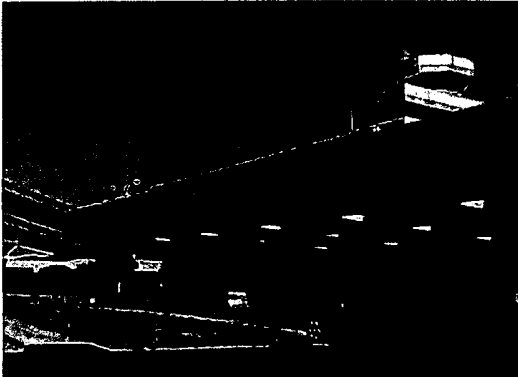
OED

Partners

Development Services Department, Housing Department Infrastructure Management/GIS Division, North Central Texas Council of Government (NCTCOG), Dallas Central Appraisal District (DCAD) and Dallas County



Goal 3: Drive Measurement and Accountability through Effective Database Use.



Develop a project tracking database to account for staff and other resources applied to projects. Develop an OED accountability system and semiannual scorecard that is consistent with the City's new accountability process. Develop a client relationship management database to track company history with the OED.

Desired Outcomes

OED can monitor the strategic plan progress and adjust resource allocations to match project scope and priority. Performance tracking systems are developed to link strategic plan goals and individual performance plans. OED can document by client and project all customer services delivered. The database can also help document the impact of OED services.

Milestones/Timeframes

- Complete an inventory of OED projects/tasks, strategic goals and identify the data requirements: 0 to 6 months.
- Develop, deploy and maintain a system capable of documenting resource allocation and producing performance-tracking outputs that link the strategic plan with City accountability and individual performance plan systems: 6 to 12 months.
- Identify client relationship management data requirements, select and license an application for maintaining the database system and deploy it: 6 to 12 months.

Results/Measures

- Deploy project tracking, scorecard and client relation management databases: October 2006.

Accountability

OED

Partners

Computer and Information Systems and the E-Team

Goal 4: Create a Communications Program.

Refine the City's economic development branding message and communicate a clear, consistent and professional image, both domestically and internationally, using available technology and multiple media. Develop, in conjunction with the Public Information Office, a public relations campaign to raise the level of awareness of OED and to distribute "Good News." Celebrate and share successes about our City to the global community.

Desired Outcome

Increased visibility and a clear message articulating the benefits of doing business in Dallas increases "Top of the Mind" awareness of the City as a site location and boosts demand for OED services.

Milestones/Timeframes

- Production of monthly press releases and periodic reports at media breakfasts: 3 to 6 months.
- OED's participation in conferences, seminars and community events is clearly branded with a pro-business message: 3 to 6 months.

Results/Measures

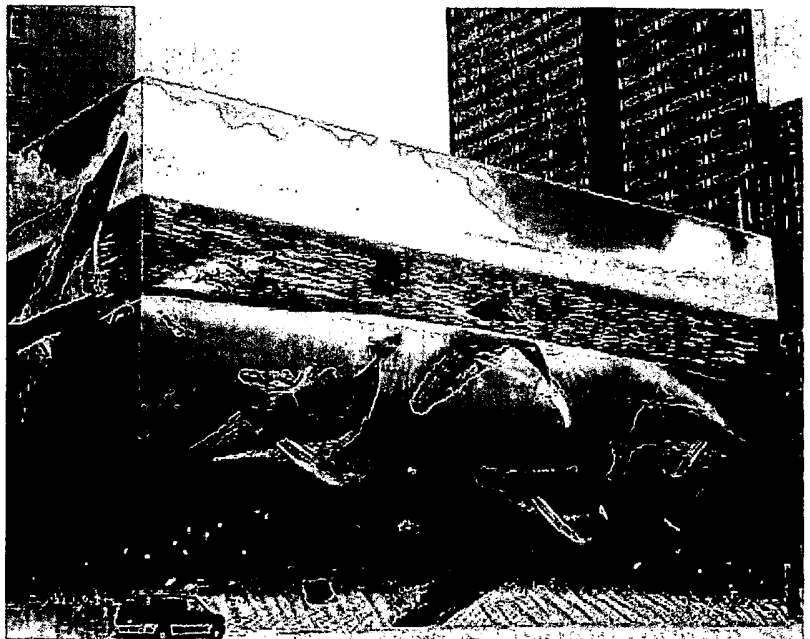
- Develop branding program and use consistently in three publications distributed by OED: 0 to 12 months.

Accountability

OED

Partner

Public Information Office





Goal 5: Leverage Community and Business Partnerships to Accomplish Economic Development Goals.

Identify opportunities to partner with other organizations and businesses to improve the flow of information and leverage resources.

Desired Outcome

Improve information flow and leverage resources applied to Dallas' economic development vision.

Milestones/Timeframes

- Partners identified/engaged for key economic development initiatives: 0 to 12 months.

Results/Measures

- Participate with ten community partners on economic development programs and/or events: 0 to 12 months.

Accountability

OED

Partners

Private sector business and investors, non-profits and professional organizations

VII. Implementation Plan:
Make Dallas a Business-Friendly City

Goal 6: Create and Maintain an Aggressive Business Expansion and Retention (BEAR) Program.

Support and encourage a systematic effort to call on key Dallas companies. Conduct site visits to execute a business climate survey. Respond to business community feedback and foster open channels of communication. Foster a customer-friendly regulatory function and development process within the City.

Desired Outcomes

Dallas generates more job growth and investment as a consequence of better communication between City government leadership and local employers. Stronger relationships lead to increasingly collaborative approaches to problem-solving and the identification of new opportunities.



Milestones/Timeframes

- Visit top 125 companies: 0 to 9 months.
- Complete business climate survey: 6 to 12 months.
- Continue to align the City's development review and permitting process with industry expectations (OED to assist Development Services Department efforts.): ongoing.

Results/Measures

- Present business climate survey results to Economic Development and Housing Committee: September 2006.
- Create or retain at least 800 jobs citywide at existing companies annually.
- Increase commercial real property tax base by 1 percent annually.

Accountability

OED and Development Services (review development process only)

Partners

City Managers Office, Public Works and Transportation and Dallas Water Utilities

Goal 7: Develop a Proactive Recruitment Process to Strategically Attract Domestic and International Business.

Refine the target market for the City's focused recruitment efforts. Develop marketing materials and research publications geared to customer needs. Take full advantage of technology to deliver the business message. Work collaboratively with the chambers of commerce.

Desired Outcome

Increase investment and employment in Dallas from out-of-town firms in priority industries (including foreign direct investment prospects).

Milestones/Timeframes

- Complete priority industry cluster study: 0 to 3 months.
- Select target industries: 3 to 6 months.
- Complete profiles of prospect firms: 3 to 9 months.
- Contact prospect firms, including site visits when feasible: 3 to 12 months.

Results/Measures

- Secure two relocations or expansion operations to Dallas annually.

Accountability

OED

Partners

Stakeholder Advisory Group and area chambers of commerce



Goal 8: Form an International Team to Strengthen Trade and Investment from Asia, Latin America and Canada.

Form a team, led by an Assistant Director, that focuses on international markets with an initial concentration on China and NAFTA partners.

Desired Outcome

Increase investment and employment in Dallas from international firms in priority industries.

Milestones/Timeframes

- Develop list of international companies in Dallas: 0 to 3 months.
- Complete research on level of imports and exports: 0 to 3 months.
- Work with existing international companies and state and local partners to identify potential leads: 3 to 6 months.
- Develop list of best prospect companies: 6 to 9 months.
- Contact prospect firms: 9 to 12 months.

Results/Measures

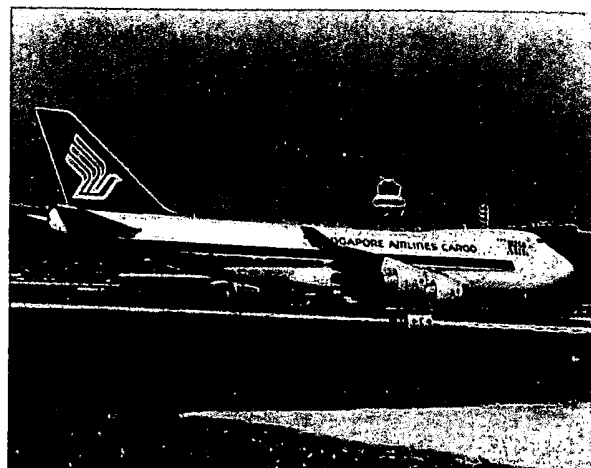
- Team in place: 0 to 3 months.
- Complete first year workplan: 0 to 3 months.

Accountability

OED

Partners

International companies, chambers of commerce, foreign consulates and the State of Texas



Goal 9: Establish a Uniform Prospect Handling Process.



Establish a prospect handling process for domestic and international leads that: articulates standard procedures and messages to be expressed; uses a consistent and predictable record-keeping system; has built-in follow-up; documents best practices/lessons learned; and measures success.

Desired Outcome

A more effective business prospect response system increases retention and recruitment efforts and improves Dallas' image within the business community.

Milestones/Timeframes

- Review prospect response process: 0 to 3 months.
- Identify measures to reduce response time, including methods to provide automated initial responses: 9 to 12 months.
- Develop and deploy a system for tracking follow-up and cataloging lessons-learned: 9 to 12 months.
- Document lessons-learned so that they may be incorporated into the next Public Private Partnership review: December 2006.

Results/Measures

- Provide same day delivery of "first response information" to all prospect calls: 0 to 3 months.
- Implement procedures to ensure all prospect calls receive a follow-up inquiry within two weeks of final request delivery: 0 to 12 months.

Accountability

OED

Goal 10: Improve Integration of Economic Development and Public Safety.

Incorporate a public safety component in our communications message. Network routinely with public safety officials so they are aware of OED priority projects. Invite senior police officials to participate in BEAR calls where crime and security are competitive issues.

Desired Outcome

Local businesses and prospects are better informed of the City's efforts to address public safety concerns. Public safety leadership is better informed of business needs, and the business community has growing confidence in the City's public safety efforts.

Milestones/Timeframes

- Implement a process to inform public safety partners of public safety issues identified by OED clients: 0 to 3 months.
- Schedule joint customer calls with public safety partners when crime and security are competitive issues: ongoing.

Results/Measures

- Complete 15 BEAR calls to businesses in high incident areas annually: 0 to 12 months.

Accountability

OED

Partner

Police Department



Goal 11: Promote the Importance of Education/Work Force Training in Economic Development.

Improve communication between OED and the education and work force training community and find ways to increase cooperation in business development activities.

Desired Outcome

Educational and work force training leaders are better aware of City activities and business needs, and coordination between education/work force training capabilities and OED projects is improved. The business community has growing confidence in the potential of the local work force.

Milestones/Timeframes

- Identify and secure major education and work force development partners willing to make site visits: 0 to 9 months.
- Develop information exchange process (meetings, communications, etc.): 6 to 12 months.
- Schedule joint calling efforts when appropriate: ongoing.

Results/Measures

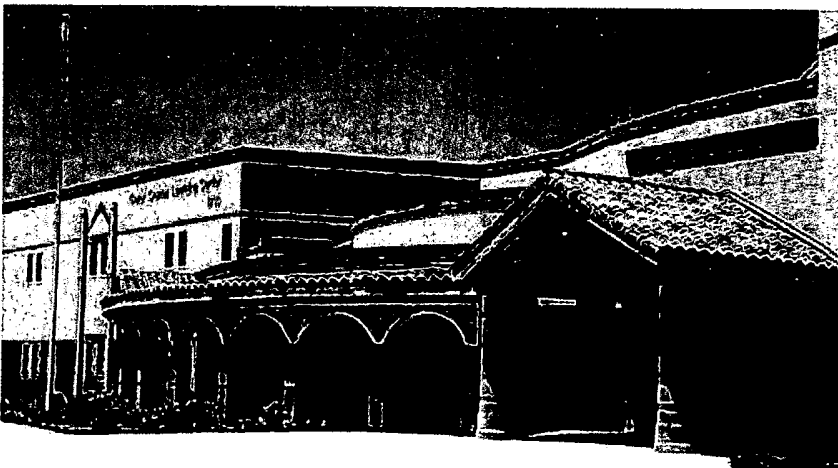
- Complete 15 BEAR calls with work force training and public education partners annually: 0 to 12 months.

Accountability

OED

Partners

WorkSource, DCCCD, Independent School Districts and area universities



VIII. Implementation Plan:

Build a Dynamic and Expanded Center-City Economy

Goal 12: Form a Team Dedicated to Downtown Priorities.

An Assistant Director leads a team dedicated to building on existing successes in creating in-town residential, retail, transit and cultural assets. Brand and market an expanded Downtown Dallas as an urban city. Create a unique retail identity and enhance Main Street initiatives. Encourage development of art galleries, fashion and destination retail. Improve access to existing parking and incorporate an ambient lighting strategy that increases the perception of safety after dark.

Desired Outcomes

Downtown projects are supported by full-time professional staff that can identify opportunities, coordinate the City's regulatory process and facilitate development activity. Maintain focus on achieving residential critical mass and creating an expanded downtown. Branding and marketing a thriving Center-City economy of distinct neighborhoods improves downtown's image in the region and nationally. This results in stronger retail, office and residential markets and increases tourism. Dallas City-Center TIF district retailers have improved business, and market growth promotes retail sustainability and expansion.

Milestones/Timeframes

- Downtown Assistant Director in place: accomplished.
- Complete hiring of key staff: 0 to 3 months.
- Complete Center-City workplan: 0 to 3 months.
- Develop brand for downtown: 6 to 12 months.

Results/Measures

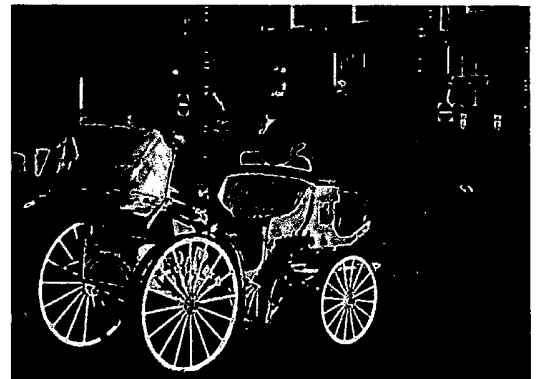
- Full staff in place and Center-City workplan completed: 0 to 3 months.
- Maintain existing 267,000 square feet of retail space (including 129,000 square foot flagship Neiman Marcus: ongoing.
- Add 40,000 square feet of retail space: 12 months. Three-year goal is a net increase of 120,000 square feet.

Accountability

OED

Partners

Central Dallas Association, Dallas Convention and Visitors Bureau, Preservation Dallas, Dallas Downtown Partnership, PIDs, TIF boards and associations



Goal 13: Promote Transit-Oriented-Development (TOD) to Improve Connectivity.

Coordinate TOD planning in concert with DART standards to promote desirable development along transit corridors: residential, retail, office and cultural uses. Develop a mixed-use development program to maximize Center-City and Southern Sector TOD at the most appropriate DART stations.

Desired Outcome

Center-City DART stations become neighborhood focal points and centers of urban amenities (shopping, living, employment, culture).

Milestones/Timeframes

- Identify Central Dallas stations that have the greatest short-term potential for TOD and develop action plans to work with developer proposals: ongoing.
- Identify best practice development incentives used in other cities for TOD and examine Dallas' existing incentive package to ensure the City maximizes TOD investment: 0 to 6 months.
- Develop a marketing package to target new TOD opportunities available in Dallas: 9 to 12 months.
- Work with the Planning Department and DART to develop a TOD overlay template to facilitate development / redevelopment of land within 1/4 mile of DART stations: upon presentation of Forward Dallas! to City Council.

Results/Measures

- One Central-City TOD commitment: 12 months.
- Secure an average of 5,000 square feet of cultural and artistic facilities at each completed TOD project: ongoing.

Accountability/Partners

OED

Partners

Development Services Department, Public Works and Transportation Department, Dallas Water Utilities, Office of Cultural Affairs, DART and developers



Goal 14: Generate a Focused Center-City Business Expansion and Retention Effort.

Work with the Central Dallas Association to identify businesses at risk for leaving Downtown and implement priority BEAR strategies. Establish informal business roundtables to address barriers to business success identified by the business climate survey.

Desired Outcome

Fewer downtown business defections and strengthened relationships between businesses and the City.

Milestones/Timeframes

- Develop early warning system to identify at-risk businesses two to three years in advance of lease termination to begin working with tenant on retention strategy: 0 to 3 months.
- Establish informal business roundtables to discuss barriers to business success identified in the business survey: 6 to 12 months.

Results/Measures

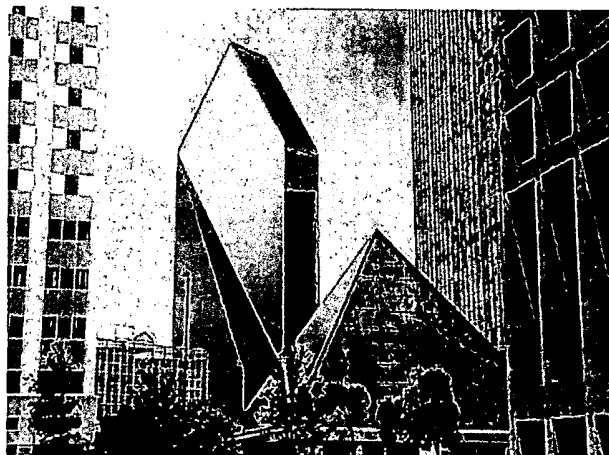
- Create or retain at least 400 jobs at existing companies annually.
- Reduce vacancy rate in CBD office market by 2 percent annually.

Accountability

OED

Partners

Stakeholder Advisory Group and Central Dallas Association



Goal 15: Increase Urban Housing.

Convert vacant class B and C office space to residences. Grow housing to 10,000 units in the CBD and an additional 20,000 units within one mile of the CBD loop (outer ring neighborhoods) by 2015.

Desired Outcome

Downtown Dallas housing market reaches critical mass so that market forces begin to drive sustainability and expansion. OED identifies best practices in other cities for creating urban housing markets, including location-efficient mortgages, civil servant housing incentives, etc.

Milestones/Timeframes

- Define expanded Downtown in conjunction with Central Dallas Association and the Planning Division: 0 to 3 months.
- Convert obsolete office space to residential: ongoing.
- Complete housing best practices white paper: 12 months.

Results/Measures

- Open 600 converted residential units in CBD: 12 months. (Reach 10,000 residential units in the CBD by 2015.)
- Open 2,500 residential units within one mile of the CBD loop: 12 months. (Reach 20,000 units in these outer ring neighborhoods by 2015.)
- Form Downtown Connection TIF District: 12 months.
- Execute development agreement to redevelop the Mercantile block, Continental and Atmos buildings: 0 to 3 months.

Accountability

OED

Partner

Housing Department



Goal 16: Create Linkages That Connect Center-City Neighborhoods.

Improve connectivity within the CBD loop by accelerating implementation of Downtown commuter and pedestrian mobility plans, parks master plan and north-south streetscape. Increase the number of pedestrian links between the CBD and surrounding neighborhoods, including the proposed park over Woodall Rodgers that would connect Uptown and the Arts District. Explore expanded trolley service to key City locations.

Desired Outcome

Downtown becomes a better pedestrian environment, improving quality of life of downtown residents and workers and improving visitor experience. Central Dallas neighborhoods become better connected, promoting critical pedestrian mass, supporting retail and enlivening the area.

Milestones/Timeframes

- Acquire land for Main Street Garden and Live Oak Garden Parks: 12 months.
- Complete north-south streetscape improvement project: 18 months.
- Continue installation of wayfinding signage program: ongoing.
- Encourage cosmetic improvements to private garages participating in the CityPark program: 0 to 6 months.
- Identify priority corridors/connections: 9 to 12 months.

Results/Measures

- Purchase two park sites: 12 months.
- Design one park site: 18 months.
- Complete 2003 bond program streetscape projects, including new sidewalks, landscaping and pedestrian lighting: 18 months.
- Install first wayfinding signage phase: 12 months.
- Identify two new priority corridors between successful Central City neighborhoods and begin planning with partners for development, landscaping and trolley service: 0 to 12 months.
- Identify City matching funds for the proposed Woodall Rodgers connection park: 12 months.



Accountability

Park and Recreation Department (parks); Public Works and Transportation (streetscape); and Development Services Department (wayfinding signage)

Partners

OED, DART, developers and parking garage owners and operators.



IX. Implementation Plan:

Make Dallas a City of Balanced Growth and Development Opportunities

Goal 17: Form a Team Dedicated to Southern Dallas Priorities.

Hire an Assistant Director to lead a team dedicated to Southern Sector initiatives. Focus specifically on supporting small business development and entrepreneurial activity and implementing projects that fill retail gaps and revitalize neighborhoods.

Desired Outcome

Southern Dallas projects are supported by full-time professional staff that can identify opportunities, coordinate the City's regulatory process and reduce development obstacles. Maintain focus on developing neighborhoods, providing retail opportunities and maximizing supply chain opportunities/initiatives.

Milestones/Timeframes

- Hire Southern Dallas assistant director: 0 to 3 months.
- Hire team staff: 0 to 3 months.
- Complete Southern Dallas workplan: 0 to 3 months.

Results/Measures

- Professional team named and in place: 0 to 3 months.
- First year workplan complete: 0 to 3 months.

Accountability

OED

Goal 18: Enhance Dallas' Position As a National Leader in Supply Chain Management/Logistics and Leverage Its Strategic Geographic Location. (See figure 3, page 45)

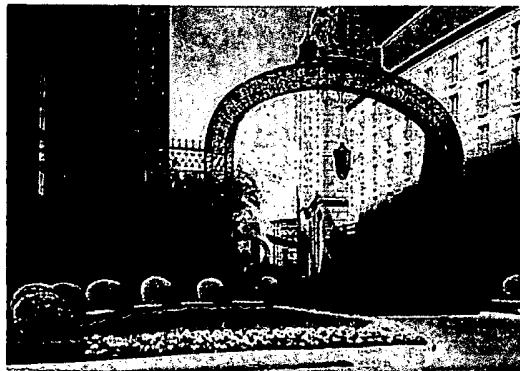
Maintain a multidisciplinary team to continue pursuing NAFTA Corridor objectives and strengthen existing partnerships with port cities, neighboring municipalities and federal/state agencies. Complete an in-depth assessment of Dallas' role in the global supply chain management/logistics sector.

Desired Outcome

A quantifiable and achievable plan is developed to attract global logistics and supply chain management companies to Dallas. Create quality jobs for Southern Sector communities in related businesses such as e-commerce, third party logistics (3PL) firms, trucking and warehousing, manufacturing and assembly, inventory tracking (e.g., RFID, GPS), and physical and information.

Milestones/Timeframes

- Form a multidisciplinary team, led by a project manager and including consultants Dean International, to meet regularly with City Manager's Office to address NAFTA Trade Corridor Project initiatives: ongoing.
- Complete a comprehensive assessment of Dallas' ownership and role in global logistics/supply chain management: 0 to 9 months.
- Organize an international conference that focuses on developing Dallas' Southern Sector into a logistics hub: 9 to 12 months.
- Project manager, OED and Convention and Visitors Bureau work with railroads to define markets and explore collaboration on advertising campaigns: 6 to 12 months.



Results/Measures

- Identify funding alternatives for NAFTA Trade Corridor Project: 0 to 12 months.
- Achieve a 1,000 percent return on public infrastructure investments in client-specific industrial projects: ongoing.
- Publish report on opportunities/impact of increasing Dallas' role in global logistics/supply chain management: 9 months.
- Hold logistics/supply chain summit: 12 months.

Accountability

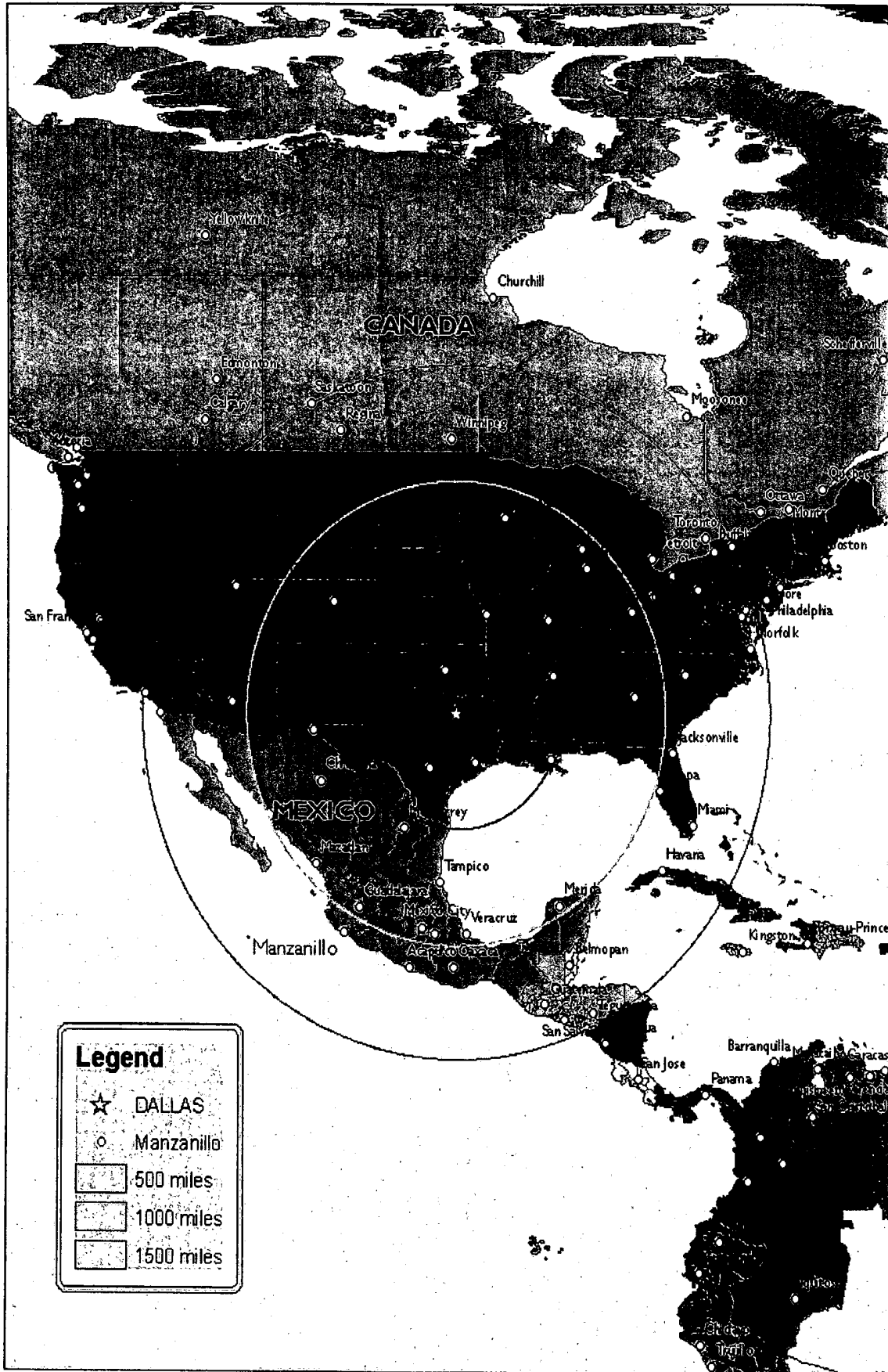
Intergovernmental Services and consultants Dean International

Partners

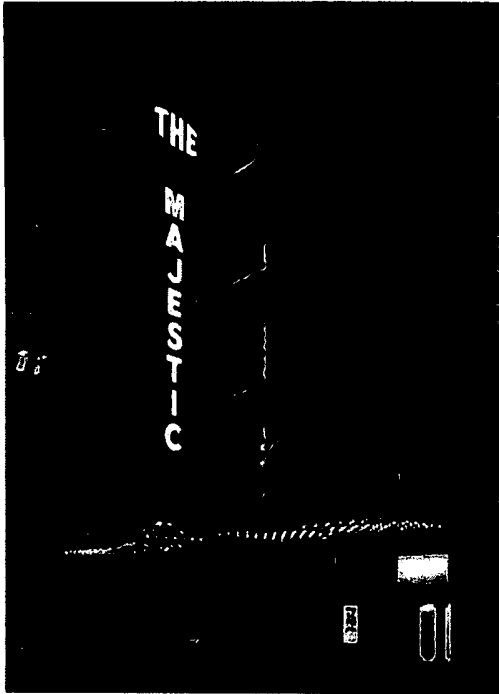
OED, Police Department, Public Works and Transportation Department, Development Services Department, Convention and Visitors Bureau, U.S. Maritime Administration, Port of Houston, Port of Manzanillo, cities of Mesquite, Desoto, Ducanville, Lancaster, Wilmer and Hutchins, Dallas County, World Affairs Council, UNT and UTD.



Figure 3 NAFTA Market Access Map



Goal 19: Revitalize Dallas' Small Businesses and Support Entrepreneurs.



Identify best practices in business assistance and incubator operations and create an information guide for start-up businesses on the OED Web site. Review the South Dallas/Fair Park Trust Fund's mission and programs to more effectively serve the community. Monitor and implement Community Development Block Grant programs to encourage economic development in low-to-moderate income areas. Promote entrepreneurship throughout the community. Help small businesses find access to capital. Create a small business advisory council to obtain regular feedback from the small business community.

Desired Outcome

OED assists businesses in accessing capital through non-traditional debt and equity sources. Overall capital availability to the small business community is increased. Job growth is stimulated in low-to-moderate income areas, and entrepreneurial activity receives the visible support and encouragement of the City.

Milestones/Timeframes

- Review business assistance center / incubator best practices that increase graduation and survival rates: 6 to 9 months.
- Implement entrepreneurship / small business recognition program: 9 to 12 months.
- Conduct business plan competition to identify viable businesses/potential employers: 0 to 12 months.
- Identify measures of capital access by Dallas small businesses: 6 to 9 months.
- Identify alternate small business financing sources: 9 to 12 months.
- Create a small business advisory council: 0 to 12 months.

Results/Measures

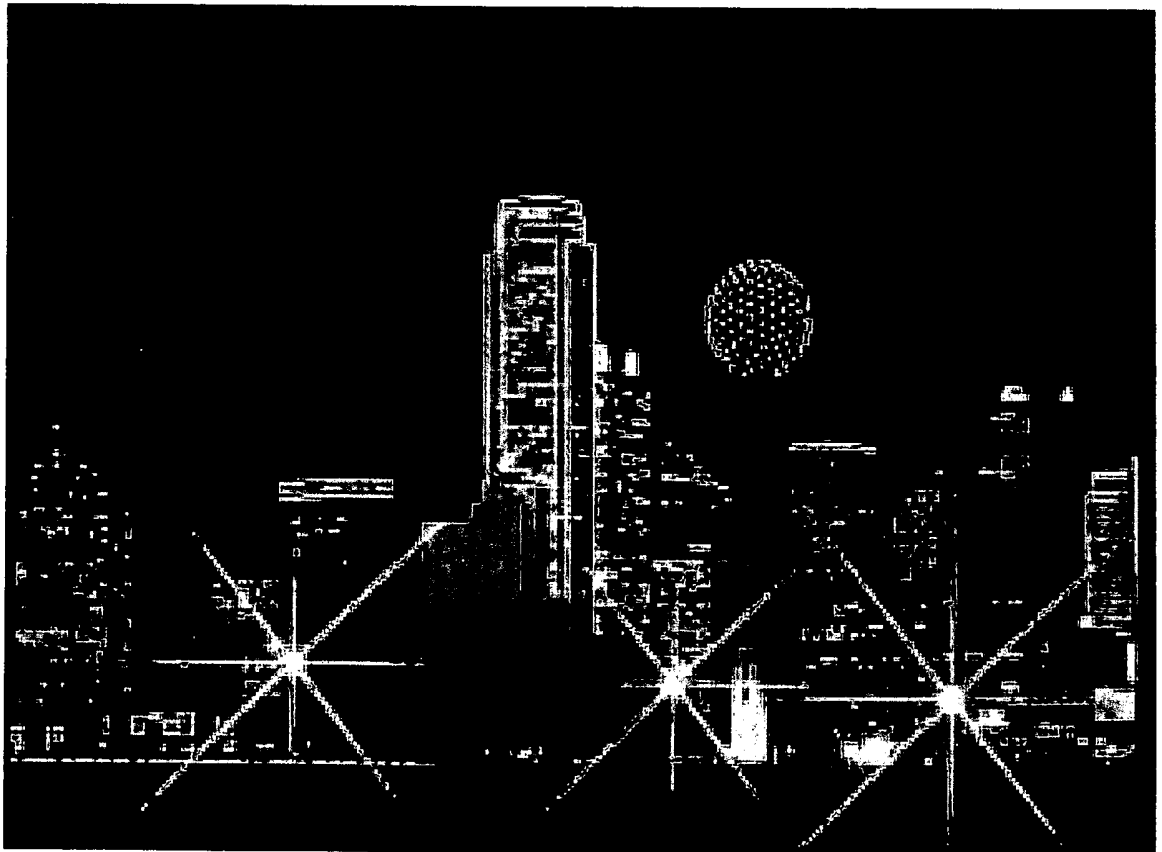
- Present business assistance center/incubator best practices review with recommended process to increase graduation and survival rates to City Council: 9 months.
- Complete business plan competition with winning firms producing 10 jobs within 2 years.
- Small Business Advisory Council created and workplan in place: 0 to 12 months.
- Increase new business formation (metric to be developed): 0 to 12 months.

Accountability

OED

Partners

City Council, CMO, chambers of commerce, sponsoring firms (pro bono), universities and Technical Assistance providers



Goal 20: Embrace a Holistic Approach to Retail Development That Encourages Responsible TOD and Focuses on Southern Sector Community Needs.

Create a multidisciplinary team to address retail and TOD issues. Identify qualified developers capable of developing/redeveloping Southern Dallas retail sites and identify potential sites. Establish action plans to promote public private partnerships at retail sites in Southern Dallas communities.

Desired Outcome

Developer and retailer perception of Southern Sector communities becomes more positive. Key shopping centers are successfully redeveloped, and Southern Dallas DART stations become focal points of urban amenities (shopping, living, employment, culture). Service gaps in underserved communities and leakages of retail dollars to surrounding cities are reduced.

Milestones/Timeframes

- Assign multidisciplinary team, led by OED, to identify and prioritize retail and TOD issues: ongoing.
- Identify qualified developers interested in developing/redeveloping retail sites in Southern Dallas: 6 to 9 months.

Results/Measures

- Secure commitment on one new and one priority redevelopment project totaling at least 100,000 square feet: 0 to 12 months.
- Identify two Southern Dallas DART stations for TOD and develop action plans: 0 to 12 months.

Accountability

OED

Partners

Dallas Water Utilities, Development Services Department, Public Works and Transportation Department, DART, NCTCOG and private developers



Goal 21: Use Existing Tools to More Effectively Redevelop Southern Sector Neighborhoods.

Expand existing Dallas Brownfields Program, establish a brownfields redevelopment process and identify an initial pilot redevelopment project. Evaluate and identify neighborhoods in Southern Dallas that would benefit from TIF and PID programs.



Desired Outcome

Redevelop Southern Dallas neighborhoods using TIF districts and other available financing tools. Redevelop underutilized and environmentally-challenged commercial and industrial sites in Southern Dallas using the Brownfields Program.

Milestones/Timeframes

- Create a five-year brownfields redevelopment plan with flow-chart: 12 months.
- Identify two target neighborhoods and two potential brownfields redevelopment sites for each neighborhood: 12 months.
- Identify Southern Dallas areas with highest viability for TIF and PID use: 12 months.

Results/Measures

- Present recommendations to City Council on most viable Southern Dallas areas for short-term TIF district or PID approach: 0 to 12 months.
- Establish one new TIF district in the Southern Sector: 0 to 12 months.
- Establish one new PID in Southern Dallas: 0 to 12 months.
- Identify one viable project site following the completion of the brownfields redevelopment process five-year plan: 0 to 12 months.

Accountability

OED

Partners

Development Services Department, Public Works and Transportation Department, developers, non-profits, Environmental Protection Agency and Housing and Urban Development

X. Implementation Plan:

Make Dallas a City of Great Neighborhoods

Goal 22: Support the Frazier Revitalization Initiative As a Model for Other Southern Sector Neighborhoods.

Use City resources to support Frazier Revitalization, Inc.'s efforts to assemble key land and assure planning and usage are in keeping with community desires. Establish a multidisciplinary team, led by the Housing Department, to address Frazier Development Initiatives.



Desired Outcome

The Frazier Court project reaches its potential as a national demonstration method for redeveloping low-income areas through community participation, planning, housing and educational components. Apply principles of the Frazier redevelopment program to other Southern Dallas communities.

Milestones/Timeframes

- Establish a multidisciplinary team, led by the Housing Department, to support the Frazier Redevelopment Initiative: 0 to 3 months.
- Develop a template for neighborhood redevelopment based on the lessons learned from the Frazier Redevelopment Initiative: 0 to 12 months.

Results/Measures

- Engage (along with other partners) Frazier Redevelopment, Inc. to assist financing and development: 12 months.
- Assemble key land: ongoing.
- Initiate HOPE VI public housing redevelopment: 12 months.
- Complete template of the Frazier Redevelopment Initiative to be used as a model for neighborhood redevelopment: 12 months.

Accountability

Housing Department

Partners

Development Services Department, OED, Park and Recreation Department, Public Works and Transportation Department, Dallas Housing Authority, Foundation for Community Empowerment and Frazier Court Revitalization, Inc.

Goal 23: Evaluate Opportunities to Stimulate Economic Development in the Trinity Corridor and UNT-Dallas Campus Neighborhoods.

Use the Trinity/Forward Dallas! land use plans for guidance. Establish multidisciplinary teams, led by OED, to evaluate opportunities and establish priorities. Develop action plans around key opportunities.

Desired Outcomes

Trinity River Corridor development opportunity zones generate new residential and commercial opportunities that strengthen Central Dallas neighborhoods and bridge the gap between Northern and Southern Dallas. Development of the new UNT campus presents opportunities for balanced commercial and residential growth that ties the campus to the larger community.

Milestones/Timeframes

- Establish multidisciplinary teams, led by OED, to evaluate Trinity opportunities and establish priorities: 0 to 3 months.
- Top priority Trinity development sites identified/action plans developed: 6 to 12 months.
- City Council approves Comprehensive Plan, which will include an implementation plan for the UNT-Dallas campus area.

Results/Measures

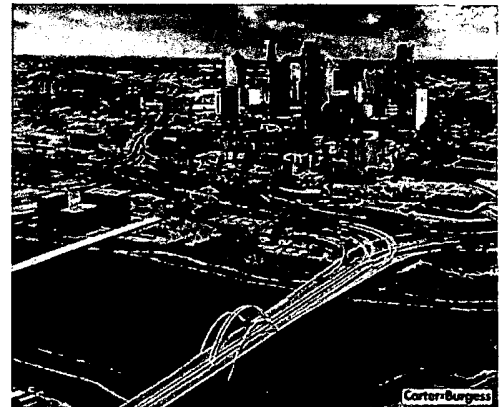
- Two public private partnerships formed to develop Trinity Corridor and/or UNT-Dallas campus area properties: 0 to 12 months.
- UNT-Dallas campus community stakeholders are actively engaged and neighborhood redevelopment program is initiated (Frazier model): 0 to 12 months.

Accountability

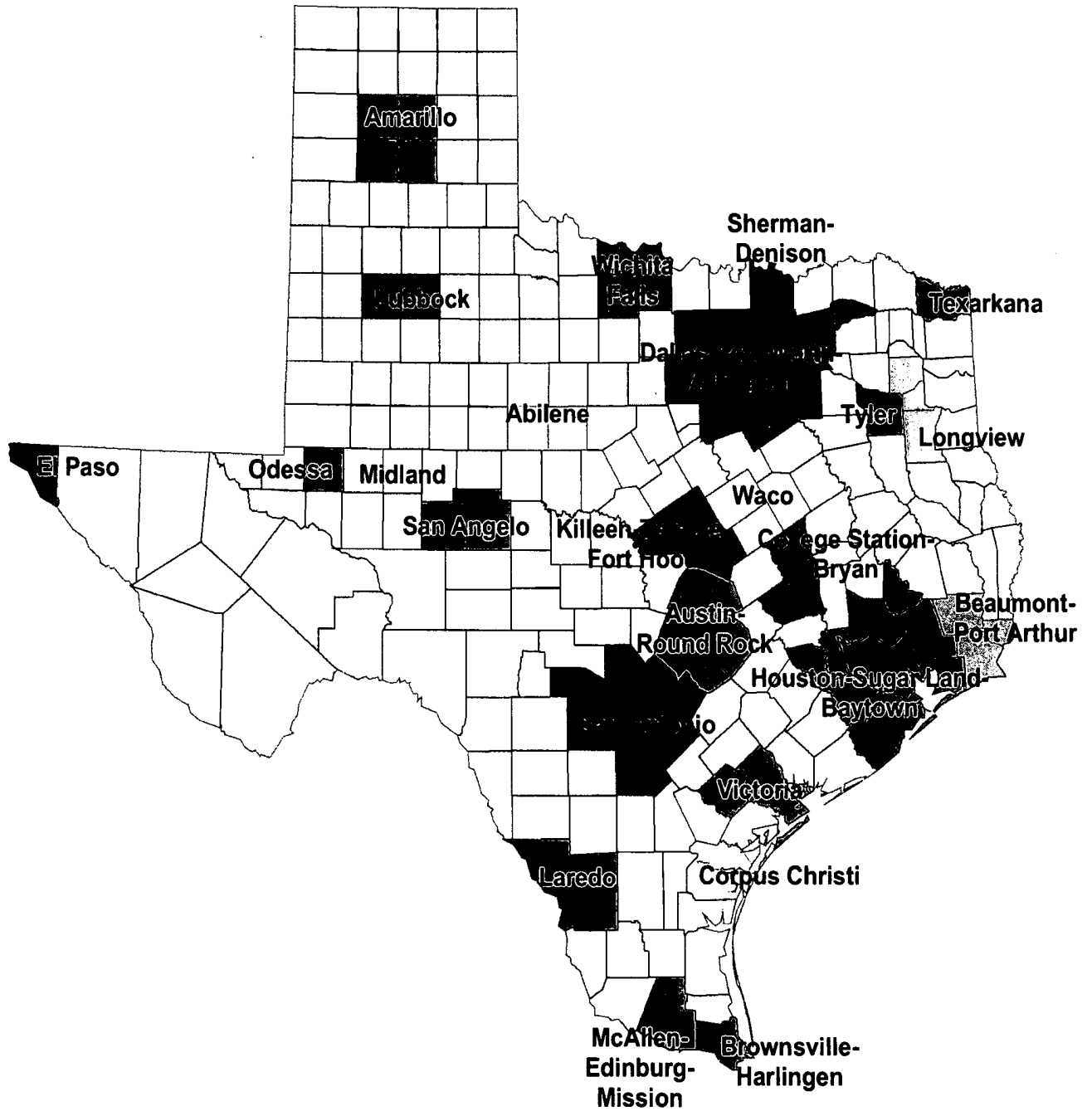
OED

Partners

Dallas Water Utilities, Development Services Department, Housing Department, Office of Environmental Quality, Park and Recreation Department, Police Department, Public Works and Transportation Department, Corps of Engineers, Texas Department of Transportation and UNT

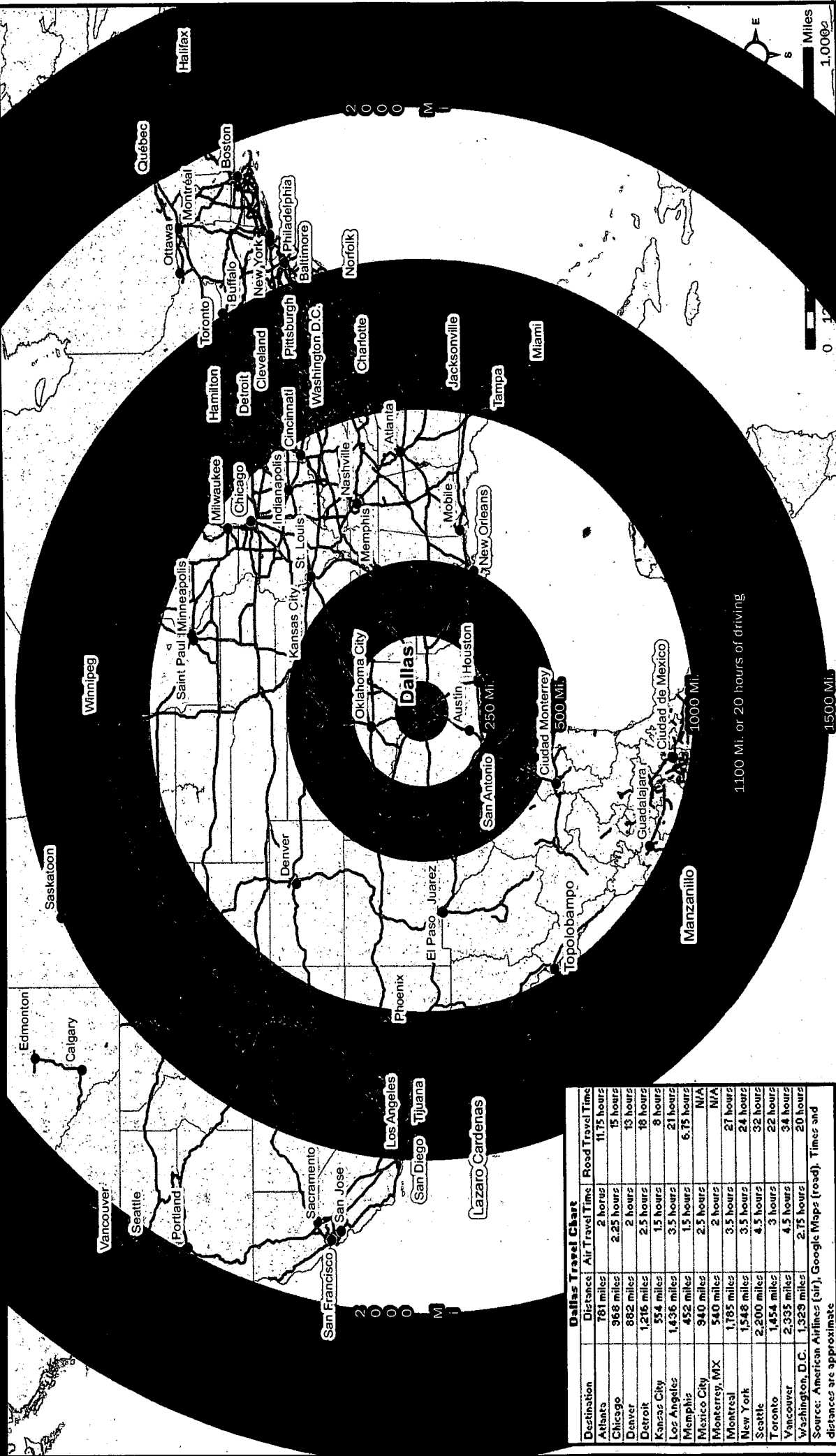


Metropolitan Statistical Areas, 2004



Source: Texas State Data Center

Dallas' Strategic Location



1,100 Mi. or 20 hours of driving

1,500 Mi.

Dallas Travel Chart			
Destination	Distance	Air Travel Time	Road Travel Time
Atlanta	781 miles	2 hours	11.75 hours
Chicago	968 miles	2.25 hours	15 hours
Denver	882 miles	2 hours	13 hours
Detroit	1,216 miles	2.5 hours	18 hours
Kansas City	554 miles	1.5 hours	8 hours
Los Angeles	1,436 miles	3.5 hours	21 hours
Memphis	452 miles	1.5 hours	6.75 hours
Mexico City	940 miles	2.5 hours	N/A
Montreal, MX	540 miles	2 hours	N/A
Montreal	1,785 miles	3.5 hours	27 hours
New York	1,548 miles	3.5 hours	24 hours
Seattle	2,200 miles	4.5 hours	32 hours
Toronto	1,454 miles	3 hours	22 hours
Vancouver	2,335 miles	4.5 hours	34 hours
Washington, D.C.	1,325 miles	2.75 hours	20 hours

Source: American Airlines (air). Google Maps (road). Times and distances are approximate

City of Dallas - Office of Economic Development

Research & Information Division

(214) 670-1685

<http://www.Dallas-EcoDev.org>



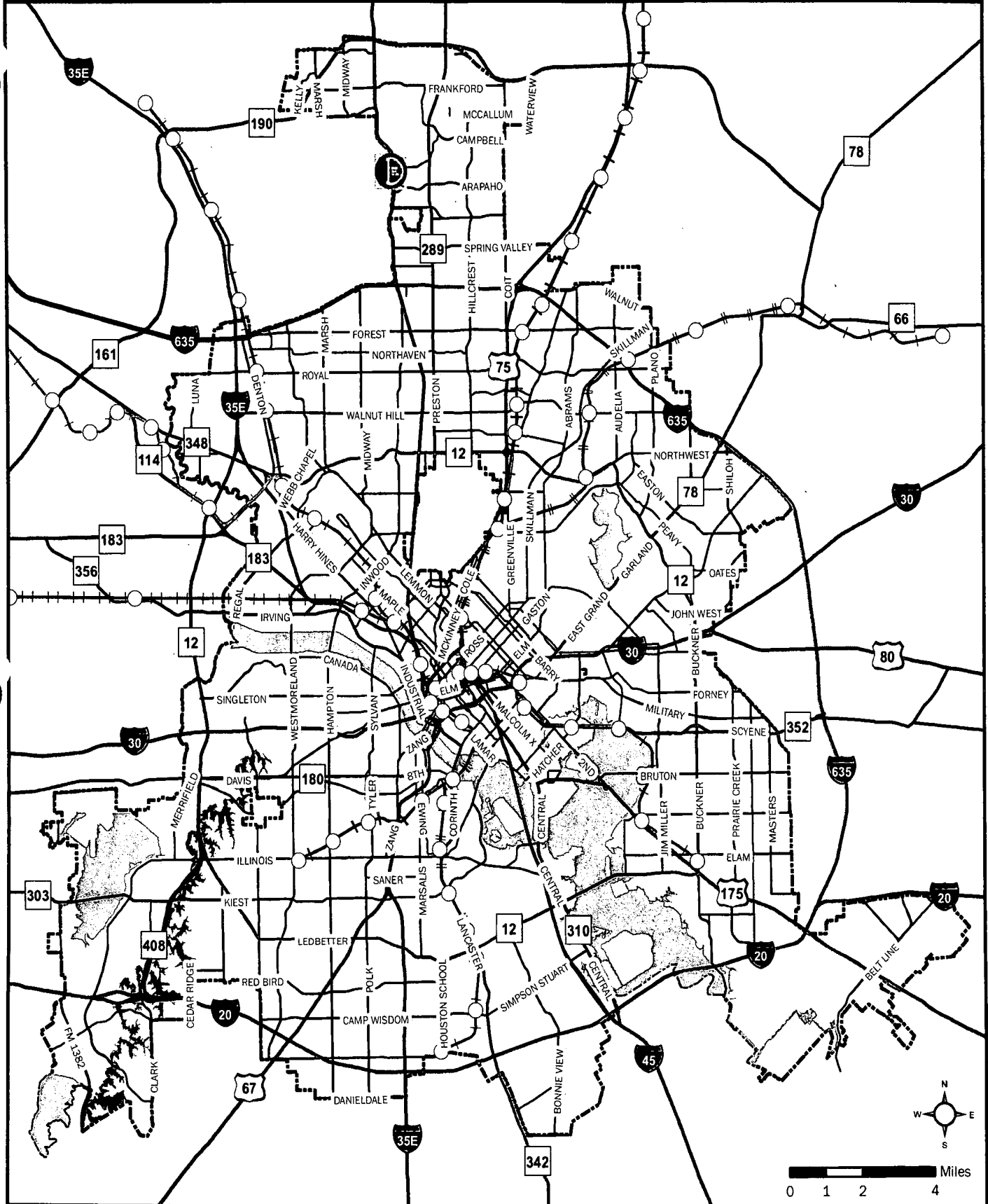
Created 11/5/2007. Updated 11/8/2007. - region.TCG

Legend

Freeway System

Sources: ESRI, City of Dallas

City of Dallas



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Created 9/8/08 - City_Map.TCG

Legend

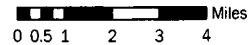
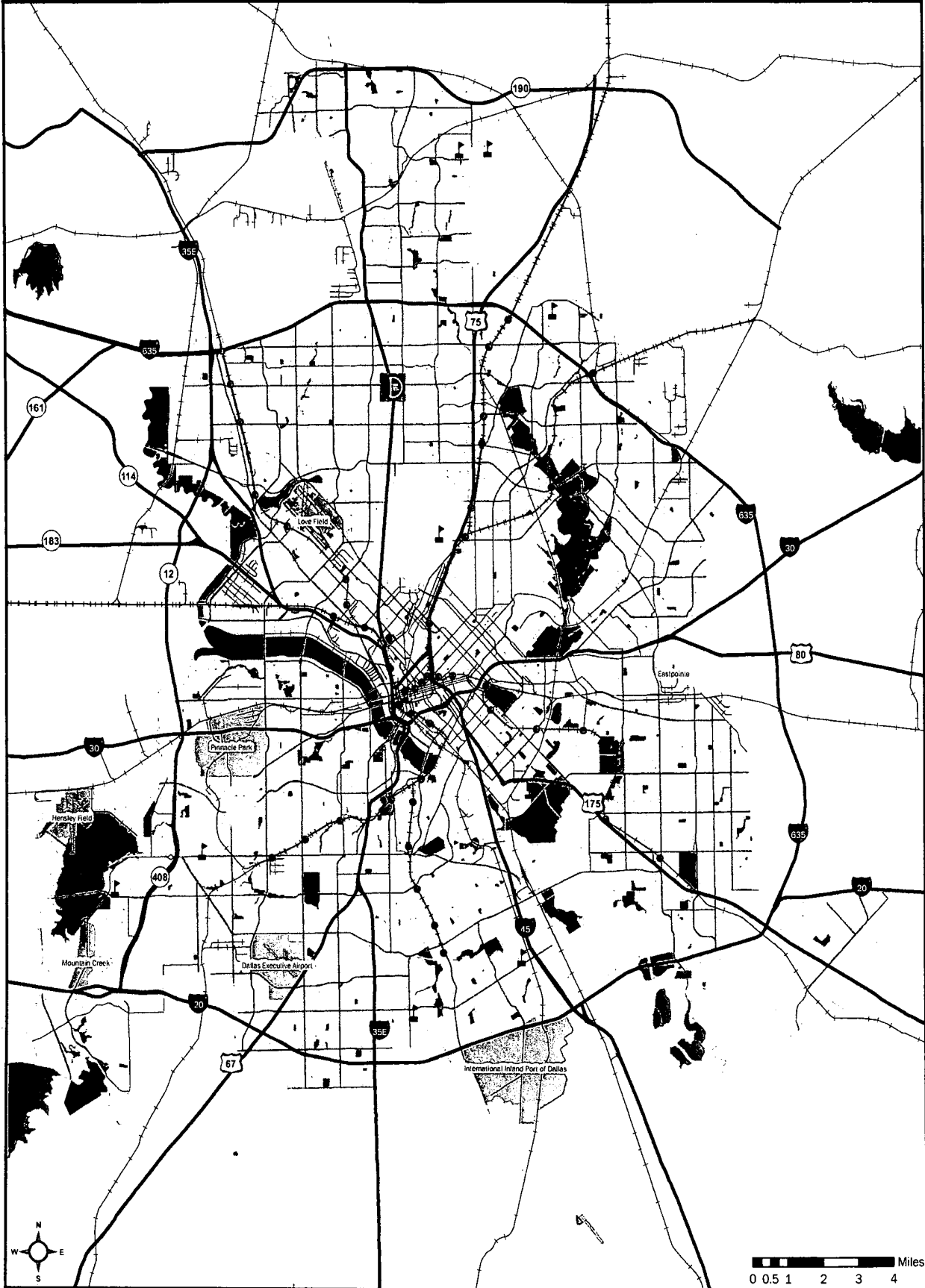
- Escarpment
- Flood Plain
- Lake
- City of Dallas

- Freeway
- Tollway
- Highway
- Secondary Highway
- Major Arterial

- DART Rail Stations
- DART Orange Line (Planned)
- DART Blue Line (With Extensions)
- DART Red Line
- DART Green Line (Open 2009-11)
- Trinity Rail Express

Source: Rail Lines - DART, 2008; Freeways - NCTCOG, 2008; All Other Data - City of Dallas, 2008

City of Dallas Strategic Development



Legend

- | | | |
|---------------------------|--------------------------------------|----------------|
| Dallas Universities | Freight Rail | Lakes |
| Dallas Community Colleges | DART Red Line | Business Parks |
| Freeways | Trinity Rail Express | Parks |
| Major Arterials | DART Blue Line | City Limits |
| DART Station | DART Green Line (Under Construction) | Airports |

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International Inland Port of Dallas

Dallas' Global Gateway

The IIPOD is a public-private partnership, serving as a third phase of regional intermodal development (building off of DFW Airport and AllianceTexas). It is a key driver in making Dallas the nation's premier logistics and distribution center. IIPOD is a catalyst for Southern Sector investment, job growth and development of sustainable communities, with a goal of increasing the local tax base and employment.

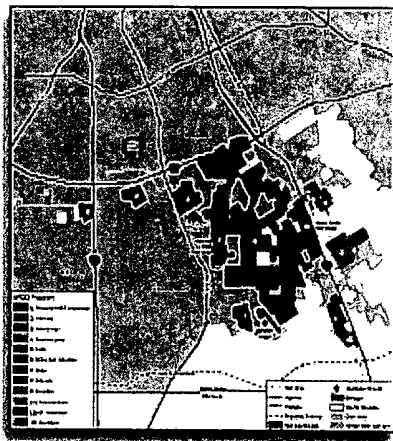
Located in Southern Dallas County, the entire project's impact area covers 234,000 acres and encompasses 12 municipalities. The project takes advantage of the region's superior transportation infrastructure, which includes five interstate highways and two Class I railroads (Union Pacific and Burlington Northern Santa Fe), and is focused at the confluence of Interstates 35, 45, 20 and the future Loop 9.

As envisioned, when completed, the project will utilize an Agile Port System to speed processing from deep-water port locations inland, enhanced security (through technology) to facilitate the customs process, and expanded Foreign Trade Zone acreage. The total project is estimated to take 30 plus years to complete.

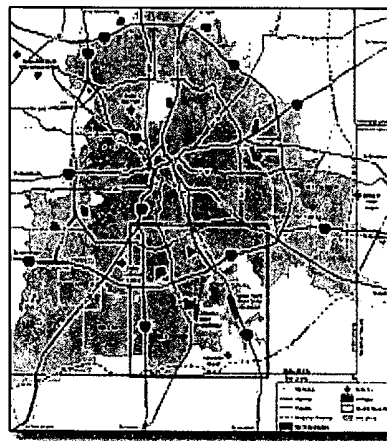
For more information, please see the official IIPOD website at: www.IIPOD-Texas.org.

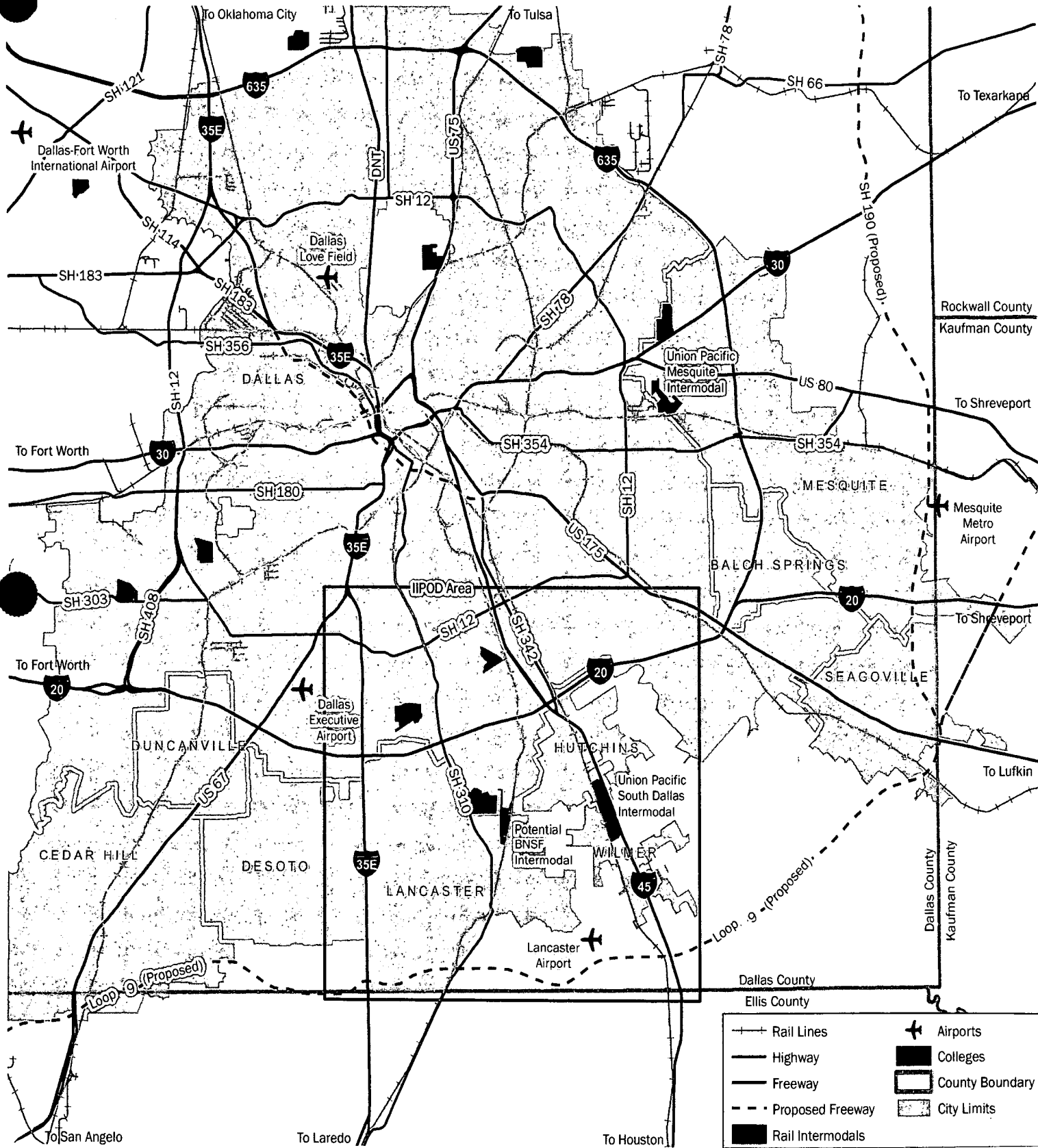
IIPOD Area Maps

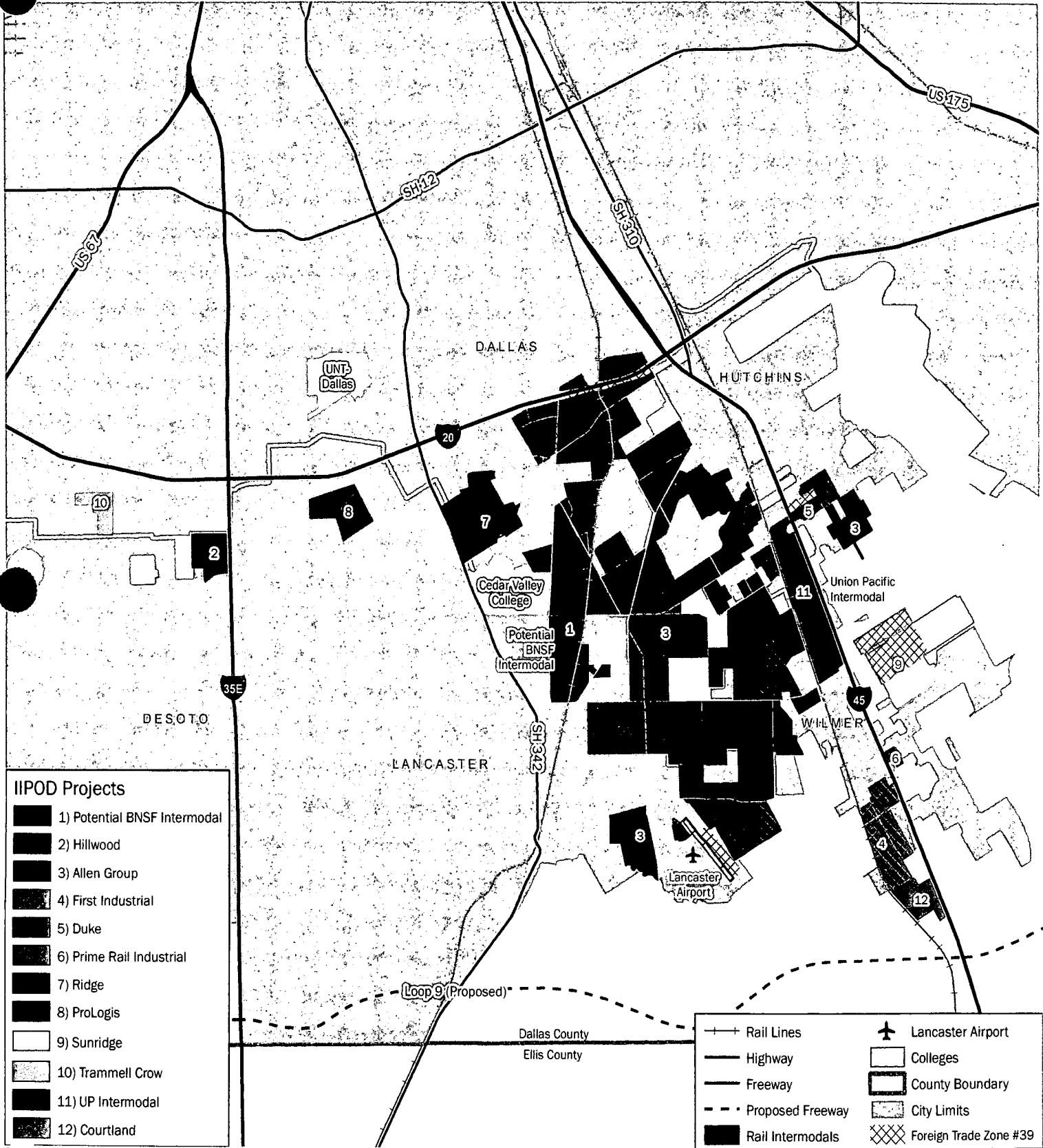
IIPOD Impact Area Map



Greater Dallas Logistics Map







Strategic Engagement: Dallas' Economic Development Plan

Adopted September 2005

18 Month Status Report—Through March 2007



WWW.BigD-ED.org



City of Dallas

*The City of Dallas
Office of Economic Development
1500 Marilla, Room 5CS
Dallas, Texas 75201-6300
U.S.A.*

*Phone: 214-670-1685
Fax: 214-670-0158
WWW.BigD-ED.org*

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Dallas Economic Development Vision:

Dallas will become a diverse, vibrant, urban City that works and builds on its core strengths. It will be:

A City that is ***Strategically Engaged*** in economic development, that works effectively with the business community to overcome obstacles to growth and that markets itself locally, nationally and globally.

A ***Business-Friendly City*** that effectively leverages its strengths in technology, medicine and logistics and becomes a destination of choice for entrepreneurial activity.

A City with a ***Dynamic and Expanded Center-City Economy*** with a revived, dense residential downtown connected to thriving urban housing, office and retail developments throughout Central Dallas.

A City of ***Balanced Growth and Development Opportunities*** where past neglect of the Southern Sector is overcome and the full economic potential of this vast land area and the entire City is realized.

A ***City of Great Neighborhoods*** serving a spectrum of household types and needs and supporting urban and suburban centers, parks, transit and libraries.

I. Background

In December 2004, the City Manager's Office convened a taskforce of economic development stakeholders. This group of business, education and community leaders were charged with evaluating the City's efforts to rebuild its economic development programs. The task force was also charged with advising the staff of the newly constituted Office of Economic Development in drafting an economic development strategic plan. The resulting document, *Strategic Engagement: Dallas Economic Development Plan*, was adopted by the City Council for implementation in September 2005. This document summarizes the plan, and reports on the progress implementing the 23 goals stated in the plan in its first year.

The stakeholders and OED staff identified three objectives for the renewed economic development effort: economic growth, increasing economic opportunities for residents and maintaining a stable revenue base to support City services.

Given these objectives, the strategic planning process involved an evaluation of the current state of the City. This review concluded that Dallas has changed. The once Sunbelt boomtown had become a maturing central city. This new city is becoming more diverse, must rely more on start-ups and small businesses for job growth and prepare its southern sector to assume a greater role in economic development.

Because of this new reality, Dallas must adopt a new economic development process characterized by: a shared economic vision to maintain focus, Interdepartmental teams to coordinate the economic development process, performance reporting to improve accountability, focusing on catalyst projects to create sustainable successes, actively engaging businesses to reduce development obstacles, working with partners, and raising awareness of public safety, housing and education as economic enablers to improve development opportunities.

The plan recognized that development success in Dallas will come from building on the City's strengths and by specializing in the things Dallas does best. This means playing our unique role in the region and nation. These strengths are concentrated in three primary areas: Dallas can build on its urban character, Dallas can build on its role as a city of professionals, Dallas can build on its legacy as a city of trade.

The performance reporting system to monitor this plan includes three sets of measures. These are economic outcomes, community success factors and strategic plan milestones.

The remainder of this report documents performance on each of these performance measurement components.

Summary Milestone Performance

March 2007

Of 126 items:

✓ **Complete/ On Target** 81.0%

✓ **In Progress** 13.5%

✓ **Delayed / Not Started** 5.5%

Ongoing Goal Issues

Status of some goals are elaborated in these Gap / Solution boxes throughout the document:

Ongoing Gap:

OED Solution:

Economic Outcomes Performance

Performance on economic outcomes is the ultimate indicator of progress for Dallas' economic health. While many of these macroeconomic indicators are beyond the City's direct control, Dallas' economic development strategy is designed to make the greatest possible impact on these outcomes.

Economic Growth		
Indicator	Change	Period Reported
Jobs in Dallas (1)	Up 4.5 %	March 2006 to March 2007
Commercial Construction (2)	Up 9.1 %	March 2006 to March 2007
Building Permit Value (2)	Up 7.0 %	March 2006 to March 2007
Economic Output (3)	Up 5.3 %	2006 Q1 to 2007 Q1
Economic Opportunities		
	Change	Period Reported
Work force in Dallas (4)	Down 0.5 %	March 2006 to March 2007
Unemployment Rate (4)	Down 1.0 points	March 2006 to March 2007
Per Capita Personal Income (5)	Up 5.5 %	2004 to 2005
Commercial Occupancy Rates (6)	Up 0.4 %	2006 Q1 to 2007 Q1
Median Home Values (7)	Up 0.2 %	2006 to 2007
Sustainable Revenue		
	Change	Period Reported
Property Tax Revenue (8)	Up 8.0 %	FY 05 to FY 06
Sales Tax Revenue (8)	Up 9.5 %	FY 05 to FY 06
Hotel Occupancy Tax Revenue (8)	Up 21.4%	FY 05 to FY 06

(1) City of Dallas, Office of Economic Development analysis of U.S. Bureau of Labor Statistics data.

(2) City of Dallas, Development Services Department.

(3) City of Dallas, Office of Economic Development analysis of U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis data.

(4) U.S. Bureau of Labor Statistics.

(5) City of Dallas, Office of Economic Development analysis of U.S. Bureau of Economic Analysis and U.S. Census Bureau data.

(6) Costar.

(7) Texas A&M Real Estate Center, MLS.

(8) City of Dallas, Office of Financial Services.

Indicators of Community Success (Development Enablers)

These community success factors are qualities that must be present as prerequisites for economic development. Similar to macroeconomic indicators, the City cannot directly control most of these indicators, yet monitoring these indicators helps maintain and promote an awareness of their importance to economic development.

A Safe City		
	Change	Period Reported
Murder (1)	Down 7.4 %	2005 to 2006
Violent Crime (1)	Down 2.4 %	2005 to 2006
Property Crime (1)	Down 3.8 %	2005 to 2006
A Well Trained Work force		
	Change	Period Reported
High School Graduates (2)	Up 4.3 %	2004 to 2005
Associates Degrees Awarded (3)	Up 11.0 %	2004-05 to 2005-06
DCCCD Students Transferring to 4-Year Colleges or Universities (3)	Up 2.3 %	2004-05 to 2005-06
Strong Public Schools		
	Change	Period Reported
Exemplary/Recognized Schools (2)	Up 10.1 %	SY 2004-05 to SY 2005-06
School Rated Acceptable or Better (2)	Down 6.9 %	SY 2004-05 to SY 2005-06
A Diverse Quality Housing Stock		
	Change	Period Reported
Housing Opportunity Index (5)	Up 3.0 %	2005Q4 to 2006Q4
Home Ownership Rate (6)	Down 3.8 %	2005 to 2006

(1) U.S. Federal Bureau of Investigation, Uniform Crime Report.

(2) Texas Education Agency

(3) Dallas County Community College District.

(4) Texas Education Agency.

(5) National Association of Homebuilders, Wells Fargo Housing Opportunity Index. Data applies to Dallas Metropolitan Division.

(6) Demographics Now.

Performance on Strategic Engagement Goals
Vision Element One: Make Dallas a City Strategically
Engaged in Economic
Development

Goal 1: Align the Office of Economic Development with Strategic Priorities.

Align OED staff and other economic development resources with strategic priorities by forming geographic teams supported by service specialists within OED and from other City departments. Focus on three priority geographies: Downtown, Southern Dallas and International Markets.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
OED Director hired and Assistant Directors in place to manage key geographic and service teams: Third Quarter 2005.	✓	Karl Zavitkovsky hired as OED Director, ADs for geographic areas are Lee McKinney (Southern Dallas), Jennifer Li (International) Hammond Perot (Business Development), Vernae Martin hired 4/07 (Downtown)
Stakeholder Advisory Group is organized and meets with OED management team: Fourth Quarter 2005.	✓	Stakeholder and International Business advisory groups formed.
Draft individual work plans based on strategic plan goals: December 2005.	✓	All individual work plans are drafted and in place.
Percent of staff time dedicated to strategic priorities (Target measure to be developed.): 0 to 12 months.	✓	Performance plans are used to track strategic priority resource allocation.
Project managers and multidisciplinary teams are named to drive priority programs and projects (International Inland Port of Dallas (IIPOD), Retail/TOD, Frazier Courts, Trinity Corridor, UNT-Dallas Southern Campus): Fourth Quarter 2005.	✓	International Inland Port of Dallas (IIPOD), retail / TOD and Frazier teams in place; UNT-Dallas supporting UNT small area plan group. Trinity team responsibility assumed by Trinity River Corridor Planning Group.
Achieve full staffing level: March 2006.	✓	Downtown, Southern Sector and international teams fully staffed by end of summer. Attrition has created some openings on Area Redevelopment and Business Development teams.

Key: ✓ on target / complete, ✓ in progress but behind schedule, ✓ delayed / not started.

Performance on Strategic Engagement Goals

Goal 2: Create an Economic Development Process Based on Research and Planning, and Maintain Access to Databases Required to Support These Efforts.

Create a fact-based process to review strategic initiatives that have a significant development impact, and incorporate appropriate input from interdepartmental work teams. Maintain access to databases and software necessary for research and planning.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
OED presents strategic plan to Council: Immediate.	✓	Plan presented and approved by Council in August 2005.
Research and Information Division's budget allocation supports maintenance of necessary database subscriptions and analysis software.	✓	Budget meets data and software needs. Acquisitions in process.
Annual research workplan meets the needs of OED service teams, long-term tracking and the strategic planning process: Research projects completed according to workplan timeline.	✓	Achieved 100% satisfaction rating from OED service teams and other customers; Over 90% of projects completed on time.
Updated strategic plan submitted to Economic Development and Housing Committee in August/September 2006 for approval.	✓	'05-'06 Plan remained in place during '06-07. Will be updated and presented to ED&H Committee in 3rd Qtr '07.
Publish semiannual scorecard on OED plan: 6 months.	✓	First six-month scorecard published May 2006 and put on an annual cycle. 18 month score card published June 2007.
Economic indicators and community success factors accurately collected and routinely reported: 3 months.	✓	Economic indicators developed and published. Put on semiannual cycle.
Regular briefings held with Economic Development and Housing Committee and Stakeholder Advisory Group: Committee meets twice a month, and Advisory Group meets Quarterly.	✓	Economic Development and Housing Committee meets a minimum of twice per month; Stakeholder Advisory Board meets quarterly.

Performance on Strategic Engagement Goals

Goal 3: Drive Measurement and Accountability through Effective Database Use.

Develop a project tracking database to account for staff and other resources applied to projects. Develop an OED accountability system and semiannual scorecard that is consistent with the City's new accountability process. Develop a client relationship management database to track company history with the OED.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Complete an inventory of OED projects/tasks, strategic goals and identify the data requirements: 0 to 6 months.	✓	Master OED performance responsibilities spreadsheet completed. Research workplans based on these projects.
Develop, deploy and maintain a system capable of documenting resource allocation and producing performance-tracking outputs that link the strategic plan with City accountability and individual performance plan systems: 6 to 12 months.	✓	Application selected and installed. Will serve as CRM system as well (see below).
Identify client relationship management (CRM) data requirements, select and license an application for maintaining the database system and deploy it: 6 to 12 months.	✓	Application selected and installed begun in October.
Deploy project tracking, scorecard and client relationship management databases: October 2006.	✓	Software installed. Training is being scheduled.

Ongoing Gap: Proactive customer management and project tracking system has not been fully deployed.

OED Solution: The final research position has been filled and will have primary responsibility for completing the roll-out of the database, completing training and creating a reporting schedule. OED will complete software installation and develop a reporting framework to monitor system use by mid July .

Performance on Strategic Engagement Goals

Goal 4: Create a Communications Program.

Refine the City's economic development branding message and communicate a clear, consistent and professional image, both domestically and internationally, using available technology and multiple media. Develop, in conjunction with the Public Information Office, a public relations campaign to raise the level of awareness of OED and to distribute "Good News." Celebrate and share successes about our City to the global community.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Production of monthly press releases and periodic reports at media breakfasts: 3 to 6 months.	✓	Change in PIO processes. PIO assuming responsibility for publishing OED stories.
OED's participation in conferences, seminars and community events is clearly branded with a pro-business message: 3 to 6 months.	✓	OED branding initiative has begun and includes new conference booths and pamphlets. Conference participation includes state and national commercial and retail areas.
Develop branding program and use consistently in three publications distributed by OED: 0 to 12 months.	✓	OED has produced a general pamphlet, an image brochure and a small business pamphlet under the brand "Dallas—Big D — Everything you want and more!"

Ongoing Gap: OED marketing program has evolved to focus on targeted industry campaigns. Changes in PIO procedures are altering the way the City communicates with the public. OED will continue D Economy publication and has devoted page 4 of the publication to profile local corporate success stories. PIO will provide some publicity through the New Dallas Delivers publication.

OED Solution: OED is enhancing its marketing and branding with new publication standards and custom designs to present a uniform look with clients. Additional opportunities are available to package information for the new OED website. Regular press releases may be a website option.

Performance on Strategic Engagement Goals

Goal 5: Leverage Community and Business Partnerships to Accomplish Economic Development Goals.







<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Partners identified/engaged for key economic development initiatives: 0 to 12 months.	✓	OED staff have identified external partners to support small business initiatives, target industry projects and high technology.
Participate with ten community partners on economic development programs and/or events: 0 to 12 months.	✓	OED staff have entered into partnerships with eight regional chambers of commerce, UT-Dallas, the University of Dallas, the Foundation for Community Empowerment, Urban Land Institute, and has multiple other partnerships

Performance on Strategic Engagement Goals

Vision Element Two: Make Dallas a Business Friendly City

Goal 6: Create and Maintain an Aggressive Business Expansion and Retention (BEAR) Program.

Support and encourage a systematic effort to call on key Dallas companies. Conduct site visits to execute a business climate survey. Respond to business community feedback and foster open channels of communication. Foster a customer-friendly regulatory function and development process within the City.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Visit top 125 companies: 0 to 9 months.		OED continues to call on top employers, chambers and property owners. Project has been modified to focus on target industry segments as well as largest employers.
Complete business climate survey: 6 to 12 months.		Completed. Analysis in final stages.
Continue to align the City's development review and permitting process with industry expectations (OED to assist Development Services Department efforts.): ongoing.		OED staff is participating in development code revision through Development Services RFP. This RFP is part of <i>forwardDallas!</i> implementation.
Present business climate survey results to Economic Development and Housing Committee: September 2006.		Delayed due to busy ED&H Committee schedule.
Create or retain at least 800 jobs citywide at existing companies annually.		BEAR program has secured the retention of 7-Eleven and Hunt Consolidated headquarters retaining 1,200 jobs for the CBD, Unitrin Insurance 400 jobs, Blockbuster 800 jobs and Dallas Morning News printing operation 80 jobs.
Increase commercial real property tax base by 1 percent annually.		DCAD certified value summary report indicates 12.9 percent increase.

Ongoing Gap: Extensive project work addressing retention emergencies has diverted a sizeable share of BEAR program time that was originally planned for proactive campaigns.

OED Solution: BEAR program has developed a more focused strategy that concentrates retention efforts on major business centers: CBD, Stemmons, LBJ and Central corridors as well as the top 25 at risk firms in Southern Dallas. This strategy informed by the results of the Business Climate Survey and Image Survey will be incorporated into the strategic plan update.

Performance on Business Friendly Goals

Goal 7: Develop a Proactive Recruitment Process to Strategically Attract Domestic and International Business.

Refine the target market for the City's focused recruitment efforts. Develop marketing materials and research publications geared to customer needs. Take full advantage of technology to deliver the business message. Work collaboratively with the chambers of commerce.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Complete priority industry cluster study: 0 to 3 months.	✓	Completed.
Select target industries: 3 to 6 months.	✓	Completed and presented to Economic Development and Housing Committee in March 2006.
Complete profiles of prospect firms: 3 to 9 months.	✓	Two marketing programs completed and being implemented for IT business services and composite building materials.
Contact prospect firms, including site visits when feasible: 3 to 12 months.	✓	Proactive recruitment has been initiated and four site visits have been completed.
Secure two relocations or expansion operations to Dallas annually.	✓	The International Division has supported the relocation of two Chinese firms to the Asian Trade District: Goldenvale, Inc. and Parsun, Inc.

Ongoing Gap: Domestic and, especially international recruitment involves a lag between development and launch of a program and relocation results.

OED Solution: OED is increasing its international campaign focus by pursuing opportunities in relatively un-tapped second tier Chinese, Korean and Mexican cities that have the greatest likelihood of taking advantage of Dallas' trade assets in the short term. Establishing a distribution presence is often a prerequisite for attracting substantial investment at a later date.

Performance on Business Friendly Goals

Goal 8: Form an International Team to Strengthen Trade and Investment from Asia, Latin America and Canada.

Form a team, led by an Assistant Director, that focuses on international markets with an initial concentration on China and NAFTA partners.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Develop list of international companies in Dallas: 0 to 3 months.	✓	List of largest Dallas and Dallas area foreign owned firms developed. Working with GDC to develop comprehensive list.
Complete research on level of imports and exports: 0 to 3 months.	✓	Foreign trade statistics are published at U.S. Customs district levels, essentially for the DFW area. IIPOD-related container lifts identified as key indicator.
Work with existing international companies and state and local partners to identify potential leads: 3 to 6 months.	✓	Formed international business advisory group in September. Three Chinese companies/government entities announced opening of new offices in Dallas (26 jobs in 2006, 100 target in 2007)
Develop list of best prospect companies: 6 to 9 months.	✓	Database of top exporting Chinese companies procured.
Contact prospect firms: 9 to 12 months.	✓	First trip to China in November 2005; trips completed to China/Korea. Mexico trips to Pacific port cities, Mexico City, Monterrey and Guanajuato.
Team in place: 0 to 3 months.	✓	Team in place under Assistant Director Jennifer Li.
Complete first year workplan: 0 to 3 months.	✓	Workplan presented to Economic Development and Housing Committee in May 2006.

Ongoing Gap: International program experiences a variety of challenges not faced in domestic economic development. These include a lack of standard business and city-level trade statistics, and obstacles to adequately hosting foreign delegations.

OED Solution: OED is working with Mexican and Asian advisors to develop additional contact information. Protocol and OED International Business divisions have consolidated into new shared office space to better coordinate work and increase business development focus of Protocol office.

Performance on Business Friendly Goals

Goal 9: Establish a Uniform Prospect Handling Process.

Establish a prospect handling process for domestic and international leads that: articulates standard procedures and messages to be expressed; uses a consistent and predictable record-keeping system; has built-in follow-up; documents best practices/lessons learned; and measures success.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Review prospect response process: 0 to 3 months.	✓	Completed.
Identify measures to reduce response time, including methods to provide automated initial responses: 9 to 12 months.	✓	OED Business Development staff have begun providing standardized industry data. OED website provides extensive data for clients.
Develop and deploy a system for tracking follow-up and cataloging lessons-learned: 9 to 12 months.	✓	OED project tracking database will provide this capability. Anticipate installation and training complete this fiscal year.
Document lessons-learned so that they may be incorporated into the next Public Private Partnership review: December 2006.	✓	Council approved Public Private Partnership Program in April 2006. Lessons learned documentation is an ongoing process.
Provide same day delivery of "first response information" to all prospect calls: 0 to 3 months.	✓	OED staff provide standardized spreadsheets, as recommended by the International Economic Development Council, to all prospects through e-mail while additional request data is being compiled.
Implement procedures to ensure all prospect calls receive a follow-up inquiry within two weeks of final request delivery: 0 to 12 months.	✓	New OED project tracking database will provide this capability. Anticipate acquisition and training complete this calendar year.

Ongoing Gap: Economic development customer service is often complicated by clients' desire to remain anonymous. Requests for information are often rigorously controlled by professional site selectors and other "middleman" representatives. This often precludes an accurate appraisal of business development customer service.

OED Solution: OED is focusing on business process changes that have been among the most requested by the site selection community. These include: an up to date website with information on incentives, business and workforce statistics. Another sought after product is clear delineation of city development priorities to help private decision makers weigh the relative merits of particular sites.

Performance on Business Friendly Goals

Goal 10: Improve Integration of Economic Development and Public Safety.

Incorporate a public safety component in our communications message. Network routinely with public safety officials so they are aware of OED priority projects. Invite senior police officials to participate in BEAR calls where crime and security are competitive issues.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Implement a process to inform public safety partners of public safety issues identified by OED clients: 0 to 3 months.	✓	BEAR staff have met with Deputy Chiefs and are calling on businesses in areas where public safety is a concern.
Schedule joint customer calls with public safety partners when crime and security are competitive issues: ongoing.	✓	Northwest and Southwest substations have been particularly active in this initiative.
Complete 15 BEAR calls to businesses in high incident areas annually: 0 to 12 months.	✓	Underway. Ten calls made in first year. Resignation of BEAR coordinator has slower progress.

Performance on Business Friendly Goals

Goal 11: Promote the Importance of Education/Work Force Training in Economic Development.

Improve communication between OED and the education and work force training community and find ways to increase cooperation in business development activities.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Identify and secure major education and work force development partners willing to make site visits: 0 to 9 months.	✓	Contacts established with multiple higher education entities (UT-Dallas, UDallas, UNT Dallas, DCCCD, Paul Quinn and DCCCD.) In addition, a manufacturing workforce summit took place and the City of Dallas was an active collaborator with DCCCD—March 2007.
Develop information exchange process (meetings, communications, etc.): 6 to 12 months.	✓	On-going dialogue is being maintained with these institutions.
Schedule joint calling efforts when appropriate: ongoing.	✓	No calls made during fiscal year. Dialogue initiated with DCCCD and national machinists in FY 07.
Complete 15 BEAR calls with work force training and public education partners annually: 0 to 12 months.	✓	No calls made to date.

Ongoing Gap: Retention program has not secured systematic participation of independent school districts, community colleges or Dallas Worksource. The ad-hoc nature of workforce training in Texas probably detracts from efforts to systematically or proactively conduct workforce operations.

OED Solution: OED is modifying its focus to target industry workforce issues. For example, a manufacturing summit in the first quarter of 2007 has been designed to focus on training needs. Closer involvement with community colleges, the leaders in training in Dallas, by target industry related programs will improve prospects on this goal. The targeted marketing campaigns will specifically address niche training opportunities available and gaps for each target industry.

Performance on Dynamic Center-City Economy Engagement Goals

Vision Element Three: Make Dallas a City with a Dynamic and Expanded Center-City Economy

Goal 12: Form a Team Dedicated to Downtown Priorities.

An Assistant Director leads a team dedicated to building on existing successes in creating in-town residential, retail, transit and cultural assets. Brand and market an expanded Downtown Dallas as an urban city. Create a unique retail identity and enhance Main Street initiatives. Encourage development of art galleries, fashion and destination retail. Improve access to existing parking and incorporate an ambient lighting strategy that increases the perception of safety after dark.

Milestone or Performance Measure	Status	Comment
Downtown Assistant Director in place.	✓	Position vacated in fall '06 through attrition. Vernae Martin hired April '07.
Complete hiring of key staff: 0 to 3 months.	✓	Full team in place by March 2006. AD position vacated in August 2006, re-filled April 2007.
Complete Center-City workplan: 0 to 3 months.	✓	Workplan activities briefed to Council August 2005. Updated workplan scheduled for ED&H Committee in 1st Qtr. 2007.
Develop brand for downtown: 6 to 12 months.	✓	DOWNTOWNDallas (formerly CDA) has launched a branding campaign for their organization that encompasses a broader definition of downtown beyond the CBD.
Maintain existing 267,000 square feet of retail space (including 129,000 square foot flagship Neiman Marcus: ongoing.	✓	Currently at 261,850 square feet (including Neiman Marcus).
Add 40,000 square feet of retail space: 12 months. Three-year goal is a net increase of 120,000 square feet.	✓	Phase I retail additions total 47,700 square feet. Davis Lot scheduled to open 2007 includes 20,000 of this space.

Ongoing Gap: "Air in the hose" phenomenon has resulted in a quiescent period with little new housing entering the market. Currently multiple projects are under construction with several thousand units to be delivered in the next 18-24 months. This lull is straining the business models of retailers and others investing in downtown that anticipated a larger population density by now. Significant vacant 1980s vintage office space coupled with new product North of Woodall Rogers is a major issue. Lack of convention center hotel impacts convention business.

OED Solution: Gap funding for Urban Market has been provided. BEAR program is focusing on retention threats that would reduce daytime population. Residential amendment to the public private partnership program provided additional subsidy capacity for residential development inside the loop. Currently working on a downtown needs inventory and prioritization of solutions.

Performance on Dynamic Center-City Economy Goals

Goal 13: Promote Transit-Oriented-Development (TOD) to Improve Connectivity.

Coordinate TOD planning in concert with DART standards to promote desirable development along transit corridors: residential, retail, office and cultural uses. Develop a mixed-use development program to maximize Center-City and Southern Sector TOD at the most appropriate DART stations.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Identify Central Dallas stations that have the greatest short-term potential for TOD and develop action plans to work with developer proposals: ongoing.	✓	TOD RFQ process included selection of master developer who will develop and master plan a minimum of four stations, two of which will be in Southern Dallas.
Identify best practice development incentives used in other cities for TOD and examine Dallas' existing incentive package to ensure the City maximizes TOD investment: 0 to 6 months.	✓	Best practices reviewed and documented, Council briefed on program initiatives.
Develop a marketing package to target new TOD opportunities available in Dallas: 9 to 12 months.	✓	TOD RFQ process completed. Master developer selected and agreement under negotiation. Council briefed.
Work with the Planning Department and DART to develop a TOD overlay template to facilitate development / redevelopment of land within 1/4 mile of DART stations: upon presentation of Forward Dallas! to City Council.	✓	OED staff participating in development code revision RFP, focusing on market feasibility and development impact of revisions.
One Central-City TOD commitment: 12 months.	✓	First Worthing at Medical Center.
Secure an average of 10,000 square feet of cultural and artistic facilities at each completed TOD project: ongoing.	✓	Indicator needs refinement. New TOD request for qualifications and development program will provide an opportunity to revisit feasibility of this goal.

Ongoing Gap: A high strategic priority, the implementation of which is required to create a distinguishing urban advantage and jump-start development in the southern sector.

OED Solution: OED will complete negotiation of master TOD development agreement that would result in simultaneous development of sites in Southern and Northern Dallas. Development Services is completing a RFP to rewrite the development code to make it easier for mixed use and other urban developments to take place in the City, particularly around DART rail stations. New City-supported TOD developments at Park Lane Place and Lake Highlands Town Center have strong sponsorship and should be successful models for additional projects.

Performance on Dynamic Center-City Economy Goals

Goal 14: Generate a Focused Center-City Business Expansion and Retention Effort.

Work with DOWNTOWNDallas to identify businesses at risk for leaving Downtown and implement priority BEAR strategies. Establish informal business roundtables to address barriers to business success identified by the business climate survey.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Develop early warning system to identify at-risk businesses two to three years in advance of lease termination to begin working with tenant on retention strategy: 0 to 3 months.	✓	OED routinely monitors lease expiration dates for CBD and other business centers. Staff identify pressures for relocation through ongoing BEAR program.
Establish informal business roundtables to discuss barriers to business success identified in the business survey: 6 to 12 months.	✓	Initiating a program with DOWNTOWNDallas.
Create or retain at least 400 jobs at existing companies annually.	✓	7-Eleven: 700 jobs retained; Hunt Consolidated: 500 jobs retained.
Reduce vacancy rate in CBD office market by 2 percent annually.	✓	Annual improvement from 21.8 % to 21.3 %. Primarily due to redevelopment of vacant office space. Heavy pressure by new office development in Victory and Uptown.

Ongoing Gap: Downtown is moving into a new phase where most brokers believe the balance will accelerate to residential. The 1980s class A space is likely to lose tenants to newer buildings centered along Woodall Rodgers. Office vacancies will likely increase significantly in the short term

OED Solution: OED is seeking new tools to facilitate residential conversions and remove vacant space from inventory. The amended public private partnership program is one such tool. OED is also looking at ways of enhancing the rate of new business start-ups in the central city to absorb the soon to be growing inventory of relatively inexpensive office space.

Performance on Dynamic Center-City Economy Goals

Goal 15: Increase Urban Housing.

Convert vacant class B and C office space to residences. Grow housing to 10,000 units in the CBD and an additional 20,000 units within one mile of the CBD loop (outer ring neighborhoods) by 2015.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Define expanded Downtown in conjunction with DOWNTOWNDallas and the Planning Division: 0 to 3 months.	✓	DOWNTOWNDallas has identified and is branding the expanded definition.
Convert obsolete office space to residential: ongoing.	✓	Current conversion projects include: Gulf States, Metropolitan, Mosaic, Republic, Mercantile, 1414 Elm Street.
Complete housing best practices white paper: 12 months.	✓	Economic Development and Housing Committee briefed on attainable housing strategy. Research is ongoing.
Open 600 converted residential units in CBD: 12 months. (Reach 10,000 residential units in the CBD by 2015.)	✓	There are 1,510 residential units under construction of which 1,135 are anticipated to open in FY 06-07.
Open 2,500 residential units within one mile of the CBD loop: 12 months. (Reach 20,000 units in these outer ring neighborhoods by 2015.)	✓	Current estimate is 2,458 units in the CBD and 10,401 in the one mile buffer.
Form Downtown Connection TIF District: 12 months.	✓	TIF approved on June 8, 2005.
Execute development agreement to redevelop the Mercantile block, Continental and Atmos buildings: 0 to 3 months.	✓	Development agreement executed. Demolition on Mercantile block is underway.

Ongoing Gap: "Air in the hose" phenomenon has resulted in a quiescent period with little new housing entering the market. Currently several projects are under construction with several thousand units to be delivered in the next 18-24 months. This lull is straining the business models of retailers and others investing in downtown that anticipated a larger population density by now. Affordability issues; losing Section 108 units not being replaced.

OED Solution: Gap funding for Urban Market has been provided. BEAR program is focusing on retention threats that would reduce daytime population. Residential amendment to the public private partnership program creating the 2 for 1 process can increase the supply of residential.

Performance on Dynamic Center-City Economy Goals

Goal 16: Create Linkages That Connect Center-City Neighborhoods.

Improve connectivity within the CBD loop by accelerating implementation of Downtown commuter and pedestrian mobility plans, parks master plan and north-south streetscape. Increase the number of pedestrian links between the CBD and surrounding neighborhoods, including the proposed park over Woodall Rodgers that would connect Uptown and the Arts District. Explore expanded trolley service to key City locations.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Acquire land for Main Street Garden and Pacific Plaza: 12 months.	✓	Main Street Gardens, Pacific Gardens, Belo Gardens and Woodall Rodgers Deck Park in approved 2006 capital bond program.
Complete north-south streetscape improvement project: 18 months.	✓	Ongoing; additional funds in approved 2006 bond program.
Encourage cosmetic improvements to private garages participating in the CityPark program: 0 to 6 months.	✓	OED has not secured cosmetic improvements. Some improvements to surface parking areas.
Identify priority corridors/connections: 9 to 12 months.	✓	Corridors identified during development of 2006 bond package.
Purchase two park sites: 12 months.	✓	Projects included in 2006 bond program.
Design one park site: 18 months.	✓	Park and Recreation completed the RFP process for Main St. Gardens. Thomas Balsley hired as designer.
Complete 2003 bond program streetscape projects, including new sidewalks, landscaping and pedestrian lighting: 18 months.	✓	Wayfinding, lighting, streetscape and other improvements ongoing.
Install first wayfinding signage phase: 12 months.	✓	Complete. Second phase underway.
Identify two new priority corridors between successful Central City neighborhoods and begin planning with partners for development, landscaping and trolley service: 0 to 12 months.	✓	OED staff identified all priority corridors in the expanded downtown area: South Dallas/Fair Park, Victory/Uptown, Cedars, Design District.
Identify City matching funds for the proposed Woodall Rodgers connection park: 12 months.	✓	\$20 million approved in 2006 bond program.

Performance on Balanced Growth Goals

Vision Element Four: Make Dallas a City of Balanced Growth and Development Opportunities

Goal 17: Form a Team Dedicated to Southern Dallas Priorities.

Hire an Assistant Director to lead a team dedicated to Southern Sector initiatives. Focus specifically on supporting small business development and entrepreneurial activity and implementing projects that fill retail gaps and revitalize neighborhoods.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Hire Southern Dallas assistant director: 0 to 3 months.	✓	Lee McKinney, retired Bank One executive hired on September 1, 2005.
Hire team staff: 0 to 3 months.	✓	Two senior development coordinators, Erma Saracho and Ron Patterson, hired to focus on Southern Dallas neighborhoods.
Complete Southern Dallas workplan: 0 to 3 months.	✓	Southern Dallas retail/TOD initiated; Small Business and South Dallas Fair Park Development Plan presented to Economic Development and Housing Committee in April 2006.

Performance on Balanced Growth Goals

Goal 18: Enhance Dallas' Position As a National Leader in Supply Chain Management/Logistics and Leverage Its Strategic Geographic Location.

Maintain a multidisciplinary team to continue pursuing International Inland Port of Dallas (IIPOD) objectives and strengthen existing partnerships with port cites, neighboring municipalities and federal/state agencies. Complete an in-depth assessment of Dallas' role in the global supply chain management/logistics sector.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Form a multidisciplinary team, led by a project manager and including consultants Dean International, to meet regularly with City Manager's Office to address IIPOD project initiatives: ongoing.	✓	Team led by Project Manager Heather Lepeska with active involvement of OED Director. Initiative led by Economic Development and Housing Committee Chairperson Bill Blaydes.
Complete a comprehensive assessment of Dallas' ownership and role in global logistics/supply chain management: 0 to 9 months.	✓	ULI Advisory Panel (Summer 2006) was a first step. Follow-up research is underway.
Organize an international conference that focuses on developing Dallas' Southern Sector into a logistics hub: 9 to 12 months.	✓	Trips to China, Korea and Mexico focus on promoting IIPOD and southern sector logistics opportunities.
Project manager, OED and Convention and Visitors Bureau work with railroads to define markets and explore collaboration on advertising campaigns: 6 to 12 months.	✓	Objective being recast. Industry task force will support marketing effort. Marketing materials are being developed.
Identify funding alternatives for IIPOD project: 0 to 12 months.	✓	Included more than \$30 million for infrastructure in 2006 bond program. Some matching funds from Dallas County and potential additional funding from NCTCOG TxDOT.
Achieve a 10 to one return on public infrastructure investments in client-specific industrial projects: ongoing.	✓	First inland port area project received \$1.3 million in infrastructure and yielded \$100 million: a 77 to 1 return.
Publish report on opportunities/impact of increasing Dallas' role in global logistics/supply chain management: 9 months.	✓	OED staff report completed, being integrated into IIPOD 2006-2007 workplan.
Hold logistics/supply chain summit: 12 months.	✓	Urban Land Institute panel held in Summer of 2006.

Performance on Balanced Growth Goals

Goal 19: Revitalize Dallas' Small Businesses and Support Entrepreneurs.

Identify best practices in business assistance and incubator operations and create an information guide for start-up businesses on the OED Web site. Review the South Dallas/Fair Park Trust Fund's mission and programs to more effectively serve the community. Monitor and implement Community Development Block Grant programs to encourage economic development in low-to-moderate income areas. Promote entrepreneurship throughout the community. Help small businesses find access to capital. Create a small business advisory council to obtain regular feedback from the small business community.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Review business assistance center / incubator best practices that increase graduation and survival rates: 6 to 9 months.	✓	Best Practices study completed by University of Dallas. Presentation made to Economic Development and Housing Committee in April 2006.
Implement entrepreneurship / small business recognition program / business plan competition programs: 9 to 12 months.	✓	Developing program to recognize small businesses from each council district. Seeking opportunity to participate in existing business plan competition. Part of comprehensive reassessment of small business program.
Identify measures of capital access by Dallas small businesses: 6 to 9 months.	✓	Have identified sources. Have reconstituted BAC's-business coach, small business plan addresses funding issues. Indicator may need to be revised.
Identify alternate small business financing sources: 9 to 12 months.	✓	Have identified sources in small business plan presented to Council, April 2006.
Present business assistance center/incubator best practices review with recommended process to increase graduation and survival rates to City Council: 9 months.	✓	Study presented to Economic Development and Housing Committee April 2006.
Complete business plan competition with winning firms producing 10 jobs within 2 years.	✓	In planning stages.
Small Business Advisory Council created and workplan in place: 0 to 12 months.	✓	Separate micro and small business groups forming, first meeting scheduled for December.
Increase new business formation (metric to be developed): 0 to 12 months.	✓	Metric based on annual new business accounts in OED business database and state taxpayer permits.

Performance on Balanced Growth Goals

Goal 20: Embrace a Holistic Approach to Retail Development That Encourages Responsible TOD and Focuses on Southern Sector Community Needs.







Create a multidisciplinary team to address retail and TOD issues. Identify qualified developers capable of developing/redeveloping Southern Dallas retail sites and identify potential sites. Establish action plans to promote public private partnerships at retail sites in Southern Dallas communities.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Assign multidisciplinary team, led by OED, to identify and prioritize retail and TOD issues: ongoing.	✓	Formed in fourth quarter 2005; includes staff from OED, Development Services, Dallas Public Works & Transportation, and DART. Team meets regularly. Developers and NCTCOG staff frequently participate.
Identify qualified developers interested in developing/redeveloping retail sites in Southern Dallas: 6 to 9 months.	✓	RFQ process completed, lead developer identified and development program being drafted.
Secure commitment on one new and one priority re-development project totaling at least 100,000 square feet: 0 to 12 months.	✓	150,000 sq. ft. Westmoreland Station retail project anchored by Carnival grocery store open. Deal for 450,000 sq. ft. Target-anchored retail center at I-20 and Hampton development agreement anticipated in 2006.
Identify two Southern Dallas DART stations for TOD and develop action plans: 0 to 12 months.	✓	Fulfillment being coordinated through TOD RFQ process.

Performance on Balanced Growth Goals

Goal 21: Use Existing Tools to More Effectively Redevelop Southern Sector Neighborhoods.

Expand existing Dallas Brownfields Program, establish a brownfields redevelopment process and identify an initial pilot redevelopment project. Evaluate and identify neighborhoods in Southern Dallas that would benefit from TIF and PID programs.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Create a five-year brownfields redevelopment plan with flow-chart: 12 months.		Draft plan developed, under executive review. \$200,0000 assesment EPA grant.
Identify two target neighborhoods and two potential brownfields redevelopment sites for each neighborhood: 12 months.		Neighborhoods identified: South Dallas/Fair Park, West Dallas, the Cedars, and South Side PID. Sites currently being reviewed.
Present recommendations to City Council on most viable Southern Dallas areas for short-term TIF district or PID approach: 0 to 12 months.		New TIF/TOD/Retail implementation program being developed in conjunction with TOD RFQ process.
Establish one new TIF district in the Southern Sector: 0 to 12 months.		Grand Park South TIF approved on October 26, 2005. Program budget is \$16.3 million.
Establish one new PID in Southern Dallas: 0 to 12 months.		No Southern Sector PIDs created. New PID policy approved December 14, 2005 focuses on commercial areas.
Identify one viable project site following the completion of the brownfields redevelopment process five-year plan: 0 to 12 months.		Multiple project sites under evaluation.

Performance on Great Neighborhoods Goals

Vision Element Five: Make Dallas a City of Great Neighborhoods

Goal 22: Support the Frazier Revitalization Initiative As a Model for Other Southern Sector Neighborhoods.

Use City resources to support Frazier Revitalization, Inc.'s efforts to assemble key land and assure planning and usage are in keeping with community desires. Establish a multidisciplinary team, led by the Housing Department, to address Frazier Development Initiatives.

<i>Milestone or Performance Measure</i>	<i>Status</i>	<i>Comment</i>
Establish a multidisciplinary team, led by the Housing Department, to support the Frazier Redevelopment Initiative: 0 to 3 months.	✓	Team headed by City Housing Director Jerry Killingsworth established.
Develop a template for neighborhood redevelopment based on the lessons learned from the Frazier Redevelopment Initiative: 0 to 12 months.	✓	OED staff are partnering with UT-Dallas and Williams Institute to develop a monitoring program for the South Dallas / Frazier area to identify most successful development methods.
Engage (along with other partners) Frazier Redevelopment, Inc. to assist financing and development: 12 months.	✓	Infrastructure financing recommended in 2006 bond program.
Assemble key land: ongoing.	✓	Land bank program in place to assist in acquisition/development of residential lots. Additional funding identified in 2006 bond program for Economic Development and Housing Infrastructure Acquisition Opportunities.
Initiate HOPE VI public housing redevelopment: 12 months.	✓	Commenced residential redevelopment construction in September 2005.
Complete template of the Frazier Redevelopment Initiative to be used as a model for neighborhood redevelopment: 12 months.	✓	In process. Pending results of UT-Dallas / Williams Institute research program. Frazier Project is on going and will not be completed within 12 months. Recommend extending deadline an additional 24 months.

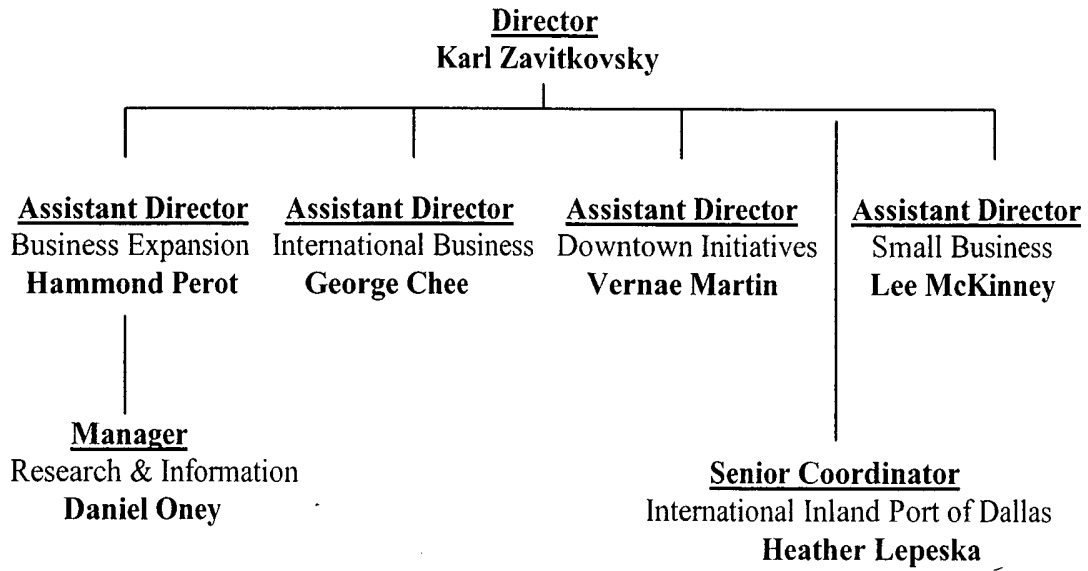
Performance on Great Neighborhood Goals

Goal 23: Evaluate Opportunities to Stimulate Economic Development in the Trinity Corridor and UNT-Dallas Campus Neighborhoods.

Use the Trinity/Forward Dallas! land use plans for guidance. Establish multidisciplinary teams, led by OED, to evaluate opportunities and establish priorities. Develop action plans around key opportunities.

Milestone or Performance Measure	Status	Comment
Establish multidisciplinary teams, led by OED, to evaluate Trinity opportunities and establish priorities: 0 to 3 months.	✓	Trinity team responsibility has been assumed by Trinity Corridor Project Planning Group. UNT Dallas Southern Campus Team informally in place under leadership of Development Services Department. Pending completion of <i>forwardDallas!</i> small area plan.
Top priority Trinity development sites identified/ action plans developed: 6 to 12 months.	✓	Trinity River Corridor Planning Group Director in place. Workplan being developed.
City Council approves Comprehensive Plan, which will include an implementation plan for the UNT-Dallas campus area.	✓	Acomplished. Small area plan scheduled.
Two public private partnerships formed to develop Trinity Corridor and/or UNT-Dallas campus area properties: 0 to 12 months.	✓	Trinity Corridor Project Planning Group has initiated conversations with several groups.
UNT-Dallas campus community stakeholders are actively engaged and neighborhood redevelopment program is initiated (Frazier model): 0 to 12 months.	✓	Long Range Planning is coordinating small area plan with participation by OED and other departments.

City of Dallas Office of Economic Development
Organization Chart





Karl Zavitkovsky

Director, Economic Development, City of Dallas

Mr. Zavitkovsky worked for Bank of America's Real Estate Group for 16 years, prior to his retirement in June, 2005. He was Managing Director and Commercial Real Estate Division Executive for the Central United States. He also supervised the Commercial Real Estate Advisory Group, where he facilitated investment banking transactions with Public Finance and the Real Estate Investment Bank.

Mr. Zavitkovsky began his banking career with the International Charter Mortgage Corporation and subsequently Citicorp in San Juan, Puerto Rico, focusing primarily on workouts. In 1978, he moved to Caracas, Venezuela where he led Citicorp's real estate lending activities in Northern South America (Venezuela, Columbia, Ecuador) and the Caribbean. In 1984 he moved to Dallas to head the Citicorp Real Estate's Southwest Region with offices in Dallas, Houston, and Denver.

Mr. Zavitkovsky graduated from William and Mary where he majored in economics. He also earned a masters degree from Georgetown's School of Foreign Service, after which he served as a Captain in the U.S. Marine Corps and a Peace Corps Director in Bolivia.

Actively involved in the real estate industry, Mr. Zavitkovsky serves as an Urban Land Institute Governor and Trustee and is a former member of the Executive Committee. He also participates on the Trust for Public Land Real Estate Advisory Council. He previously served on the boards of North Texas Affordable Housing Coalition, the South Dallas Development Corporation, and the National Multi Housing Council. He is past chairman of the Dallas Real Estate Council, the North Texas Affordable Housing Coalition, and the Dallas Ballet.



Lee McKinney

Lee McKinney is an Assistant Director in the Office of Economic Development for the City of Dallas. She is responsible for small business and economic development initiatives in Southern Dallas.

Lee was formerly a Senior Vice President and manager with Bank One (now JPMorgan Chase) in Dallas, retiring in January 2004. She was responsible for creating the Dallas Community Banking Group, a division of the bank that had responsibility for meeting the banking needs of businesses and residents in historically underserved markets in North Texas with a special focus on economic development in Southern Dallas and low to moderate income areas. Lee held several positions with the bank including District Manager for all branches in southern Dallas County. She has been a branch manager, small business loan officer, a commercial and real estate loan officer and a mortgage loan originator.

Actively involved in the Dallas community, Lee serves on the board of the YMCA of Metropolitan Dallas, St. Philips School and Community Center Foundation, Dallas Black Dance Theater and the National Urban Financial Services Coalition Foundation. She is a member of the Urban Financial Services Coalition – Dallas Chapter, and serves on the Governor's Task Force for the State Fair of Texas. She formerly served on the boards of the North Texas Housing Coalition and the Oak Cliff Chamber of Commerce, and is a former two terms Chair of the Southern Dallas Development Corporation's Board of Directors. Lee is a Leadership Dallas graduate.

McKinney attended Indiana University/Purdue University at Indianapolis and is a graduate of the Stonier Graduate School of Banking at the University of Delaware. Lee is a Trustee at her church, Chair of the Finance Committee and a member of the church's Projects Leadership Team that manages a six million dollar budget and oversaw the construction of a fifteen million dollar new facility.

Biography of J. Hammond Perot
Office of Economic Development
City of Dallas

Mr. Perot presently serves as the Assistant Director over Business Services for the Office of Economic Development for the City of Dallas. He has been with the City's economic development team since September 1997. His responsibilities include oversight of programs geared to attracting new private investment and job opportunities in the city, business expansion and retention, corporate recruitment, marketing, retail development and research/information services. During his tenure, he and his professional team has secured projects resulting in the creation of approximately 30,000 jobs and over \$3 billion in new capital investment in the city.

Prior to his employment with the City of Dallas, Mr. Perot conducted post-graduate studies at the University of Texas at Dallas where he taught courses in economics and urban management, conducted development policy research for the Bruton Center for Development Studies, and served as a research consultant for the Federal Empowerment Zone/Enterprise Community initiative. A native of Natchitoches, Louisiana, Mr. Perot formerly held positions with the Public Affairs Research Council of Louisiana in Baton Rouge, the Louisiana Department of Insurance and the Louisiana Attorney General's Office.

Mr. Perot received his B.S. from Northeast Louisiana University and has graduate degrees from Louisiana State University and the University of Texas at Dallas.

George Chee
Assistant Director
International Business

George Chee was appointed as Assistant Director of Economic Development over International Business and Protocol Services in August 2008. George has more than 12 years of consulting and industry experience in apparel and consumer products, with increasing responsibilities for strategy, operations, retail, licensing, business development, merchandising and marketing. He began his career as a consultant with China Ventures in San Francisco, California. George subsequently joined Haggar Clothing Company in 1997 and during the 9 years there, he held various positions and last served as the Director of Licensing and Business Development. Under his leadership, he successfully managed the national and global licensing program for Haggar brand and established international subsidiaries in the United Kingdom, Canada, Mexico, Greater China and Japan.

Prior to assuming his position with the City, He started his consultancy in 2006, which specialized in market and business development, dedicated to assist companies to deal with the enormous complexities of the Asia Pacific market. His substantial business success in the countries of Dallas's primary focus will help further our goal to become an international city.

A native of Singapore, George is fluent in Mandarin Chinese and proficient in other Asian languages. He graduated Cum Laude with a bachelor's degree in Economics from the University of Central Oklahoma and earned a master's degree in International Business from the University of Texas at Arlington.

Vernae Martin

Vernae Martin is an Assistant Director in the Office of Economic Development for the City of Dallas. She is responsible for Area Development and Downtown Initiatives, with supervisory responsibilities for a staff of ten members.

Vernae has over 18 years of experience in the field of urban and regional planning and public administration. She has held professional planning and management positions at the local and regional levels of government, with national non-profit organizations and in the private sector. Ms. Martin has managed Housing and Community Development programs including CDBG programs, housing and community development grant programs received from the U.S. Department of Housing and Urban Development. During the planning of the 1996 Olympic Games for Atlanta, Georgia, Ms. Martin was a loaned executive to the non-profit development organization responsible for housing and community improvement initiatives for neighborhoods located within the one mile radius of the Olympic Ring. Additionally, Vernae has held positions with the Metropolitan Washington Council of Governments and the Prince George's County Economic Development Corporation with responsibilities for affordable housing, transportation planning, public-private partnership initiatives, and intergovernmental relations.

Ms. Martin received her Bachelor's Degree from St. Olaf College in Northfield, Minnesota, completed graduate coursework in the field of Urban and Regional Planning at the University of North Carolina, Chapel Hill, and is an MBA graduate of Kennesaw State University located in the Atlanta, Georgia metropolitan area.

Daniel Oney
Research and Information Manager
Office of Economic Development
City of Dallas
1500 Marilla St., Room 5CS
Dallas, Texas 75201
phone: 214-670-3441
fax: 214-670-0158
daniel.oney@dallascityhall.com

Daniel Oney serves as the City of Dallas' economic development research manager. The City's research group is responsible for Dallas' long range economic development planning, business and economic research and performance monitoring.

Prior to joining the City, Daniel was senior economist for the Virginia General Assembly and staffed the Senate Finance Subcommittee on Economic Development and Natural Resources. His research focus is on cost benefit analysis and fiscal and economic impact modeling.

Daniel has a bachelor's degree in economics from Austin College and master's and PhD degrees in public policy and political economy from the University of Texas at Dallas. He lives in Dallas with his wife, daughter and son.

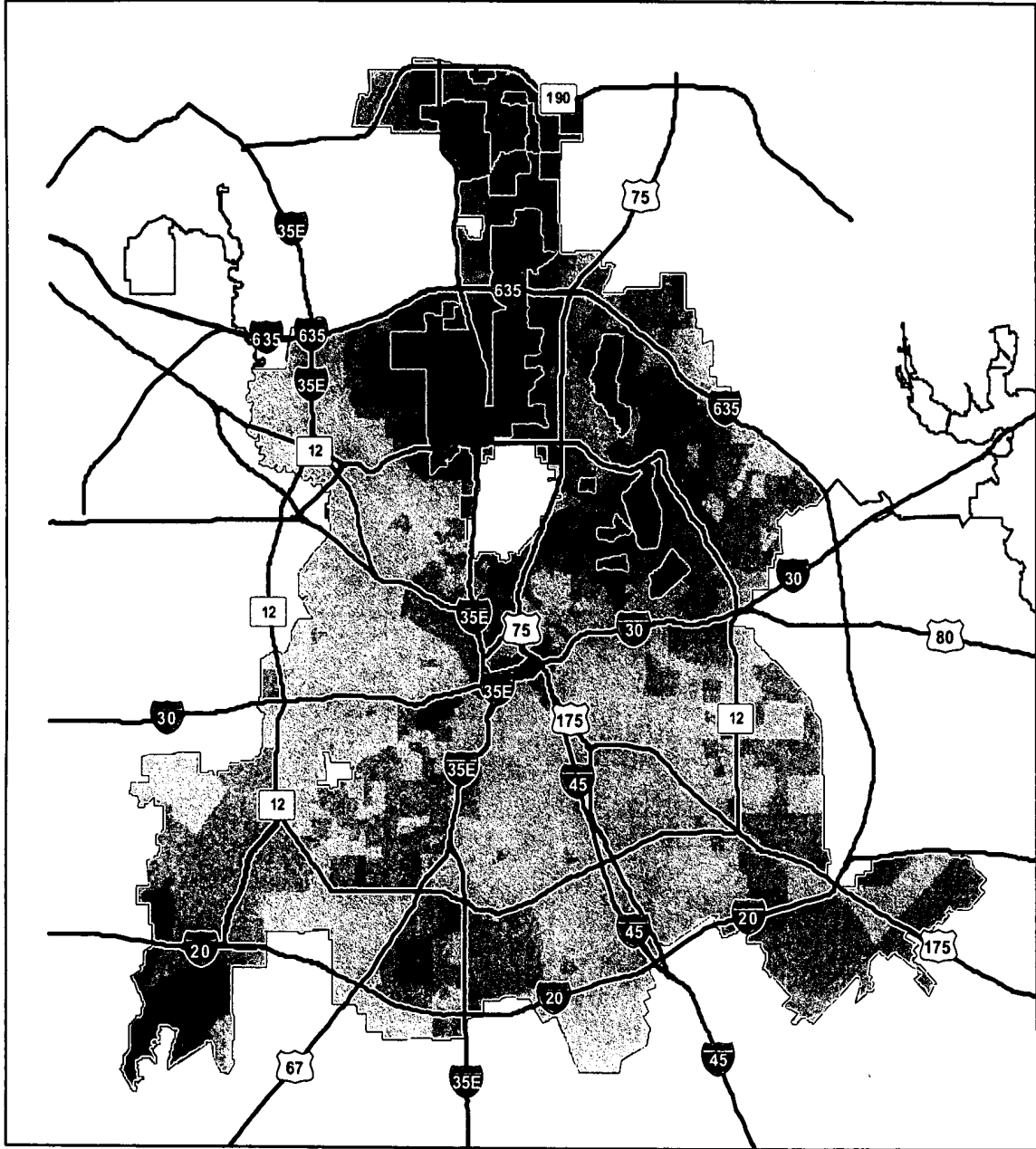


Heather Lepaska
Senior Coordinator

Heather is the program manager for the International Inland Port of Dallas. Prior to her arrival at the City of Dallas in 2005, she worked in Washington D.C. for Congressman Jerry Costello, serving as his Legislative Director. In that position, she was responsible for legislation and policy matters related to Transportation, Trade, Appropriations and Budget, among other subjects.

Heather received a M.P.P. with a focus on Public/Private Policy and Management from the George Washington University and a B.A. in American Studies from the University of Notre Dame.

City of Dallas Population Characteristics Median Household Income - 2005



Prepared by:
City of Dallas
Economic Development Department
Research and Information
2005

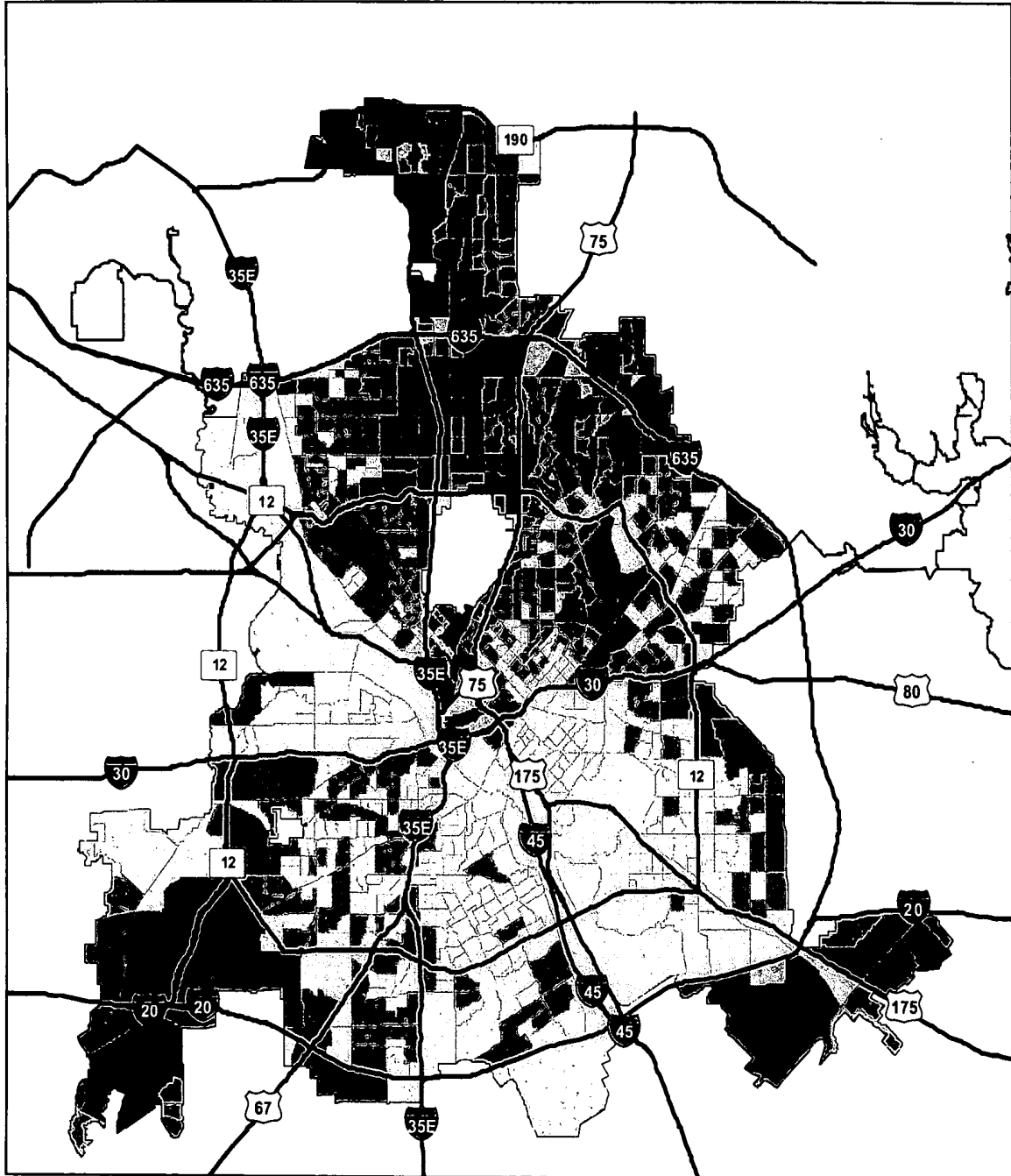
	Below \$37,000
	\$37,001 - \$66,000
	\$66,001 - \$115,000
	\$115,001 - \$300,000
	Above \$300,000

Source:
Block Group - Census 2000
2005 Estimates - Experian/Applied Geographic Solutions

Note:
U.S. Median Household Income - \$44,684
City of Dallas Median Household Income - \$38,125
Data Set: 2004 American Community Survey

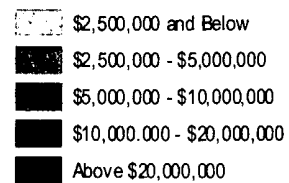
City of Dallas Consumer Expenditures-2005 GAFO

(General Merchandise, Apparel, Furniture and Home Furnishings, and Other Retail Goods)



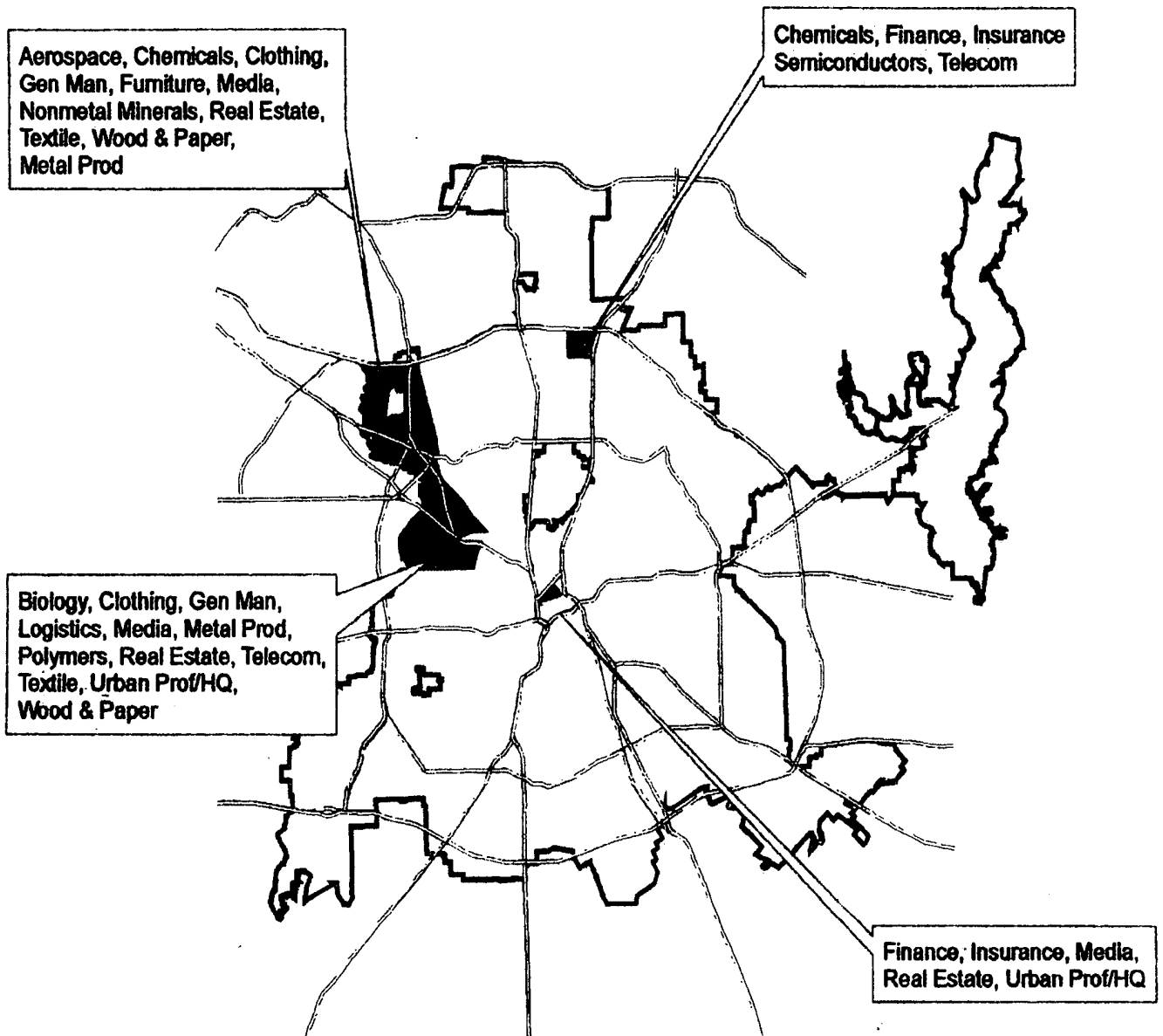
Prepared by:
City of Dallas
Economic Development Department
Research and Information
2005

GAFO CONSUMER EXPENDITURES 2005



Source:
Block Group - Census 2000
2005 Estimates - Experian/Applied Geographic Solutions

CONCENTRATION OF EMPLOYMENT ACROSS CLUSTERS

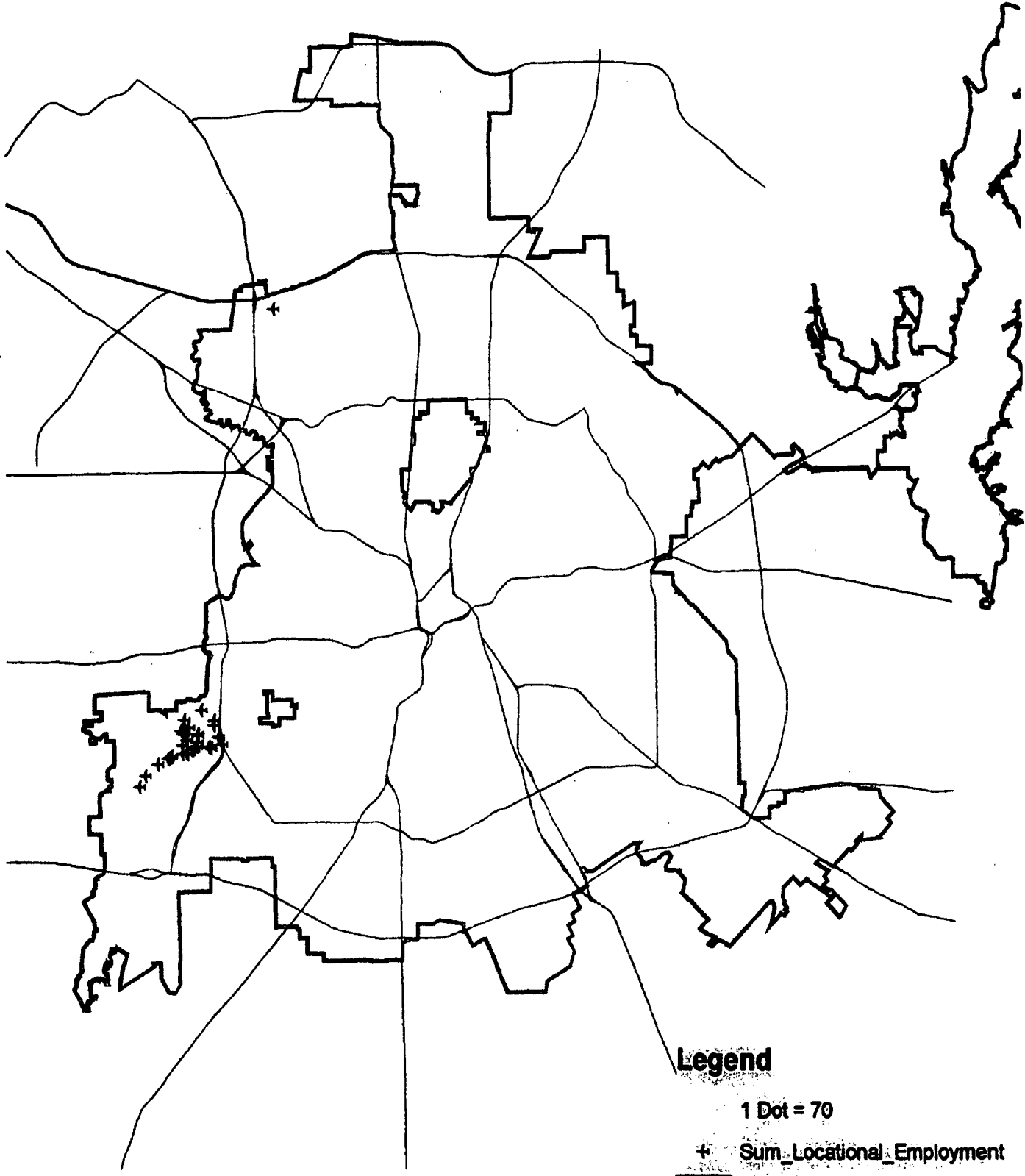


This concentration was figured by taking the top 3 employers from each cluster and identifying in which block group these employers occurred the most frequently.

Legend

-  bwy
-  Data_citylimit
-  BlkGrps_concent_emp

AEROSPACE



Legend

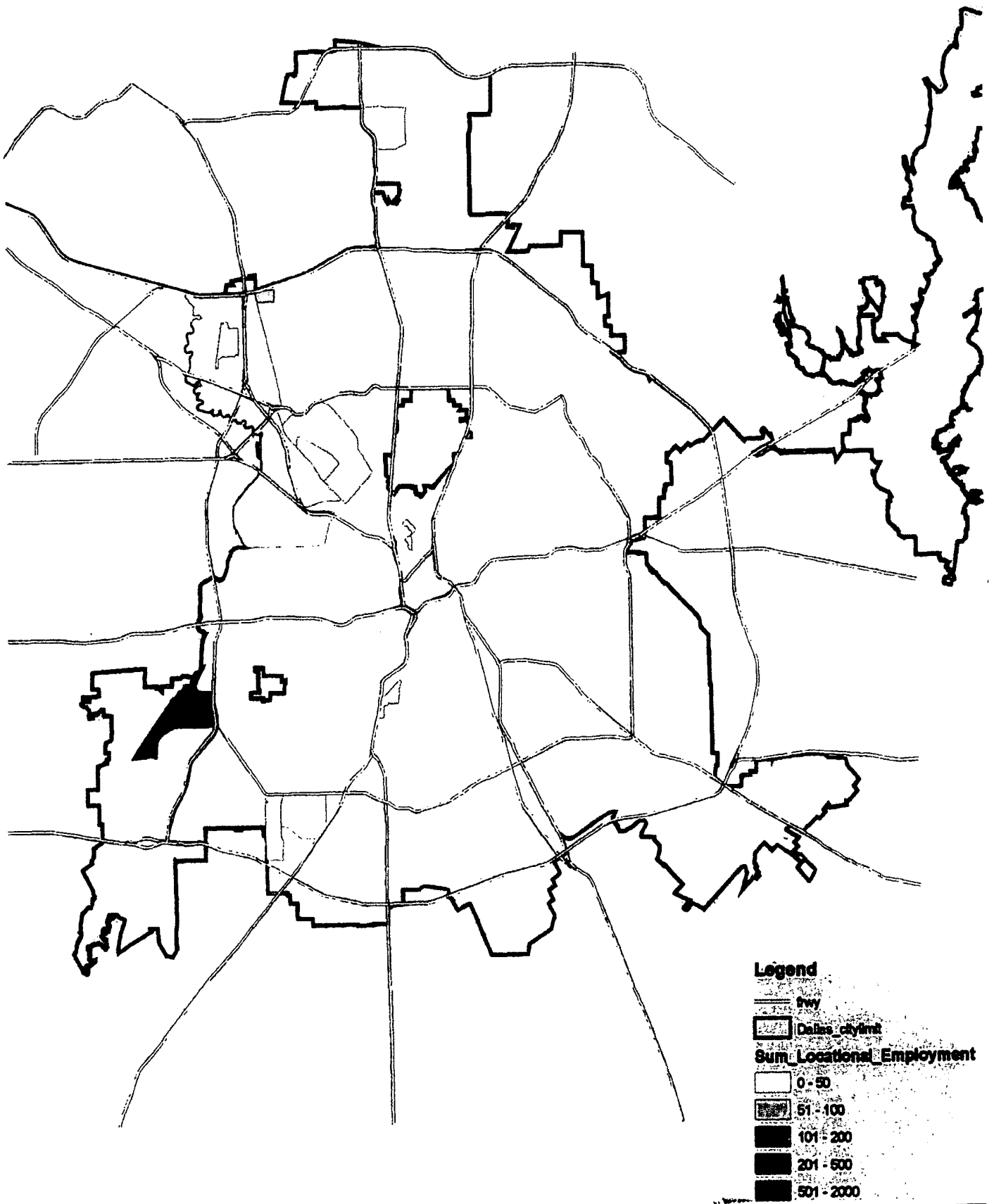
1 Dot = 70

+ Sum_Locational_Employment

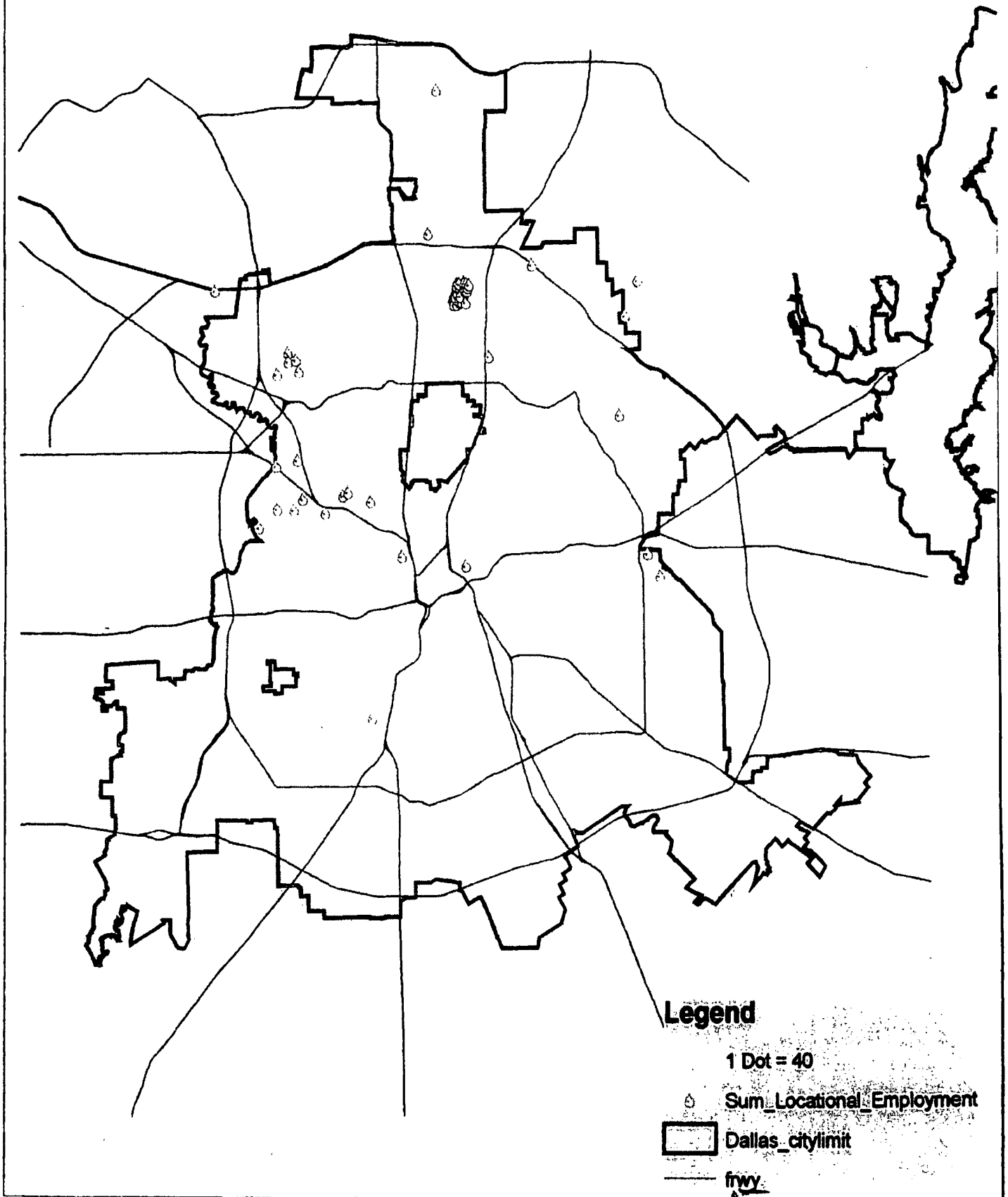
— Dallas_citylimit

— fwy

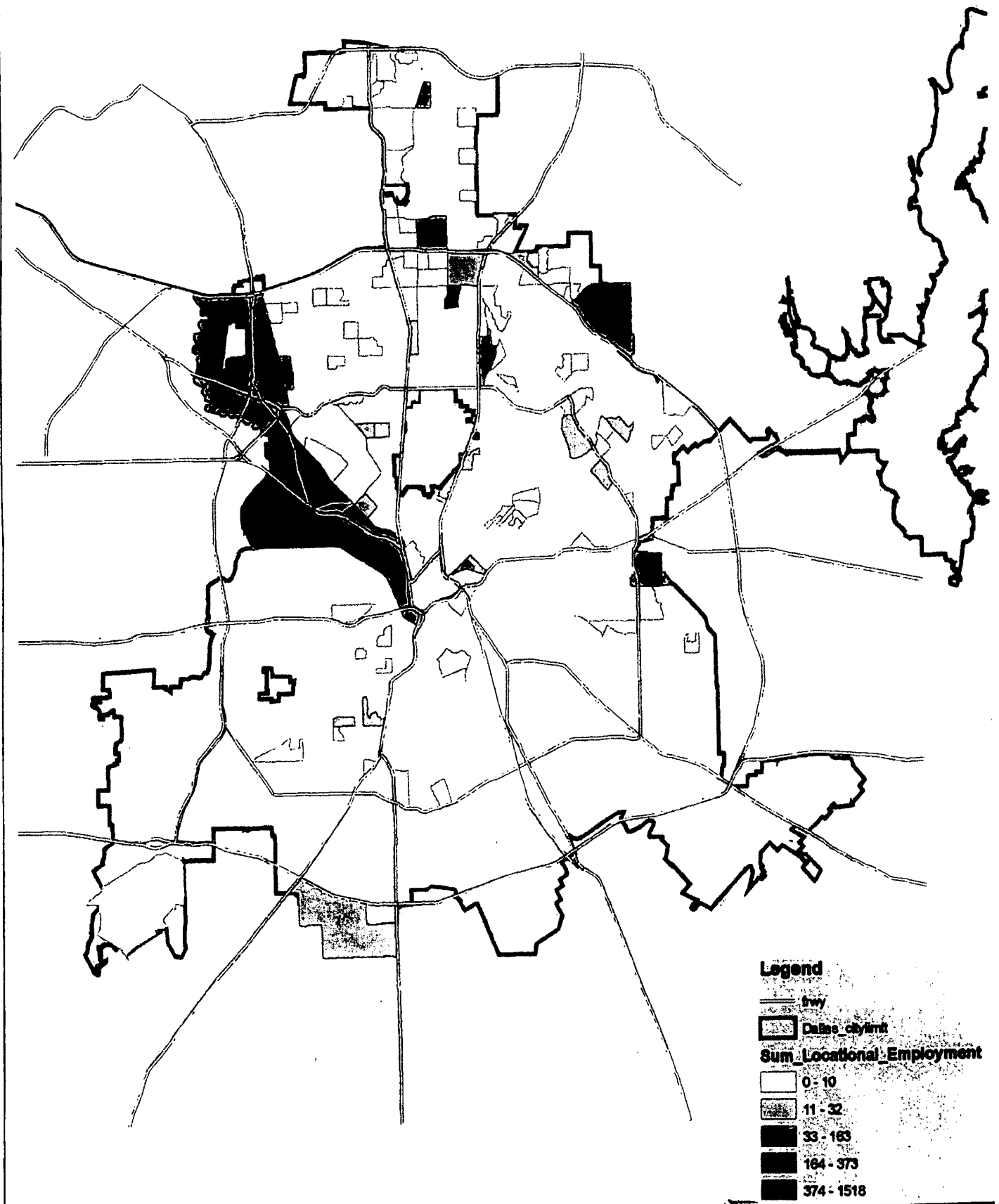
AEROSPACE



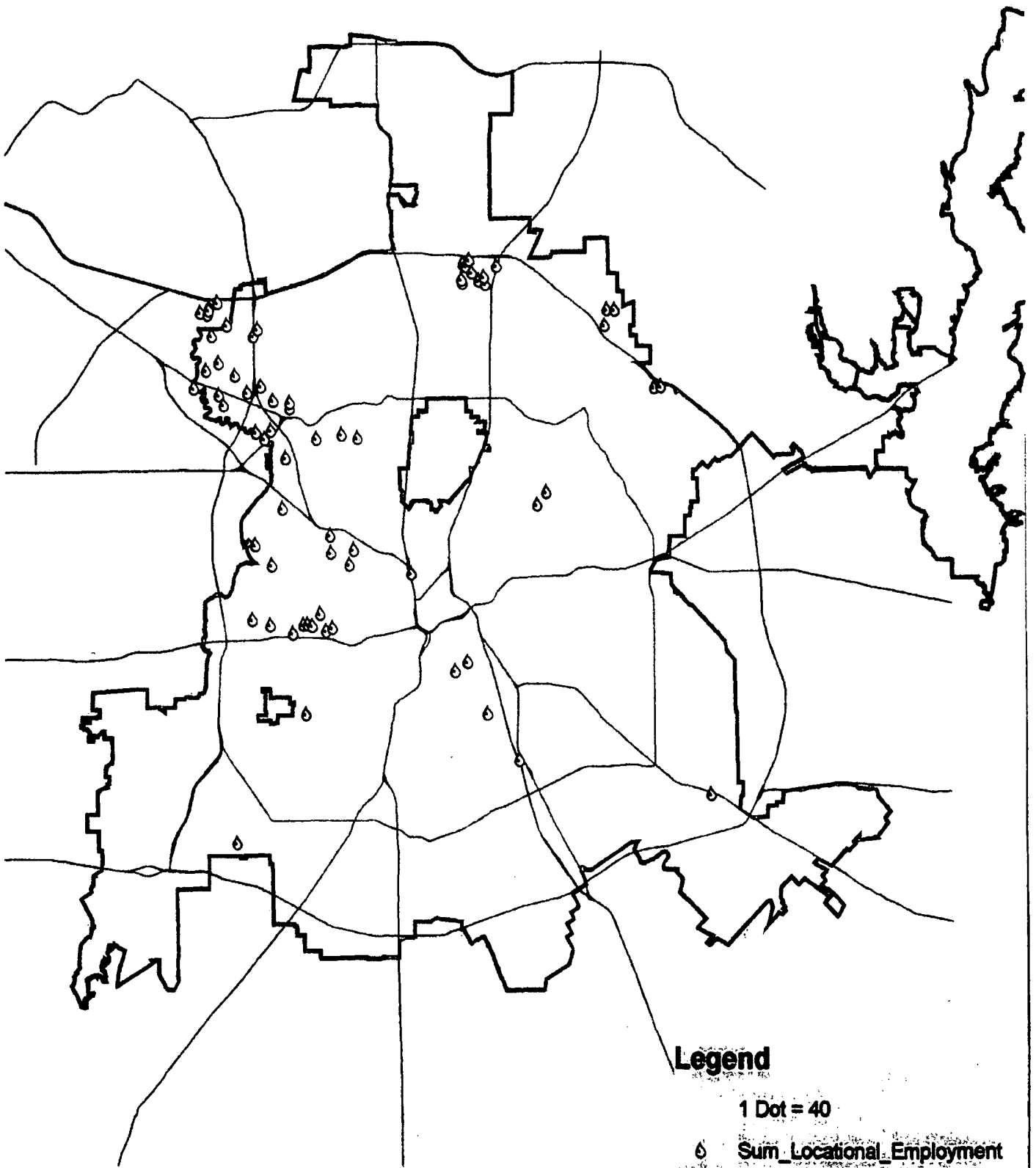
BIOLOGY



BIOLOGY



CHEMICALS



Legend

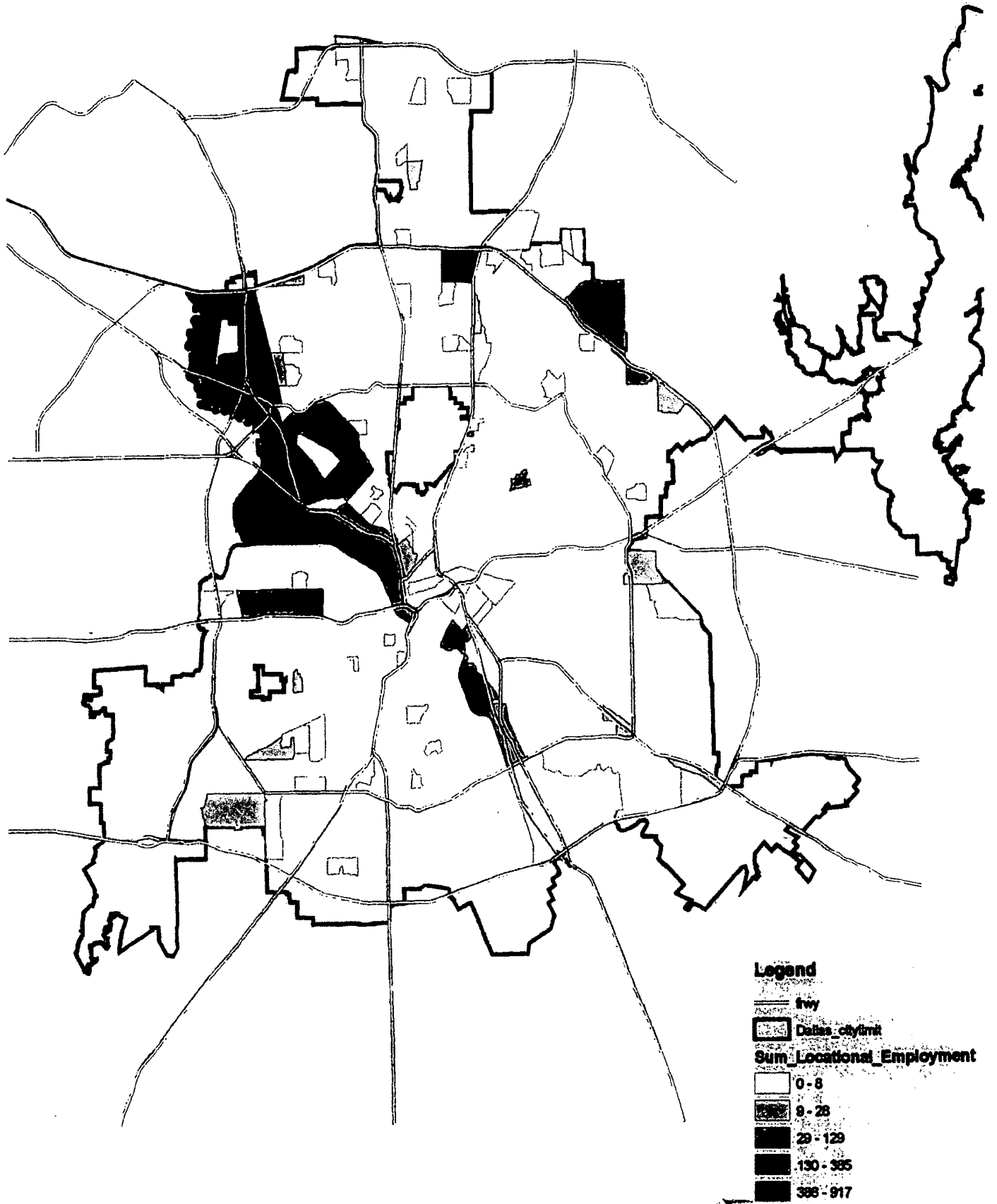
1 Dot = 40

♾ Sum_Locational_Employment

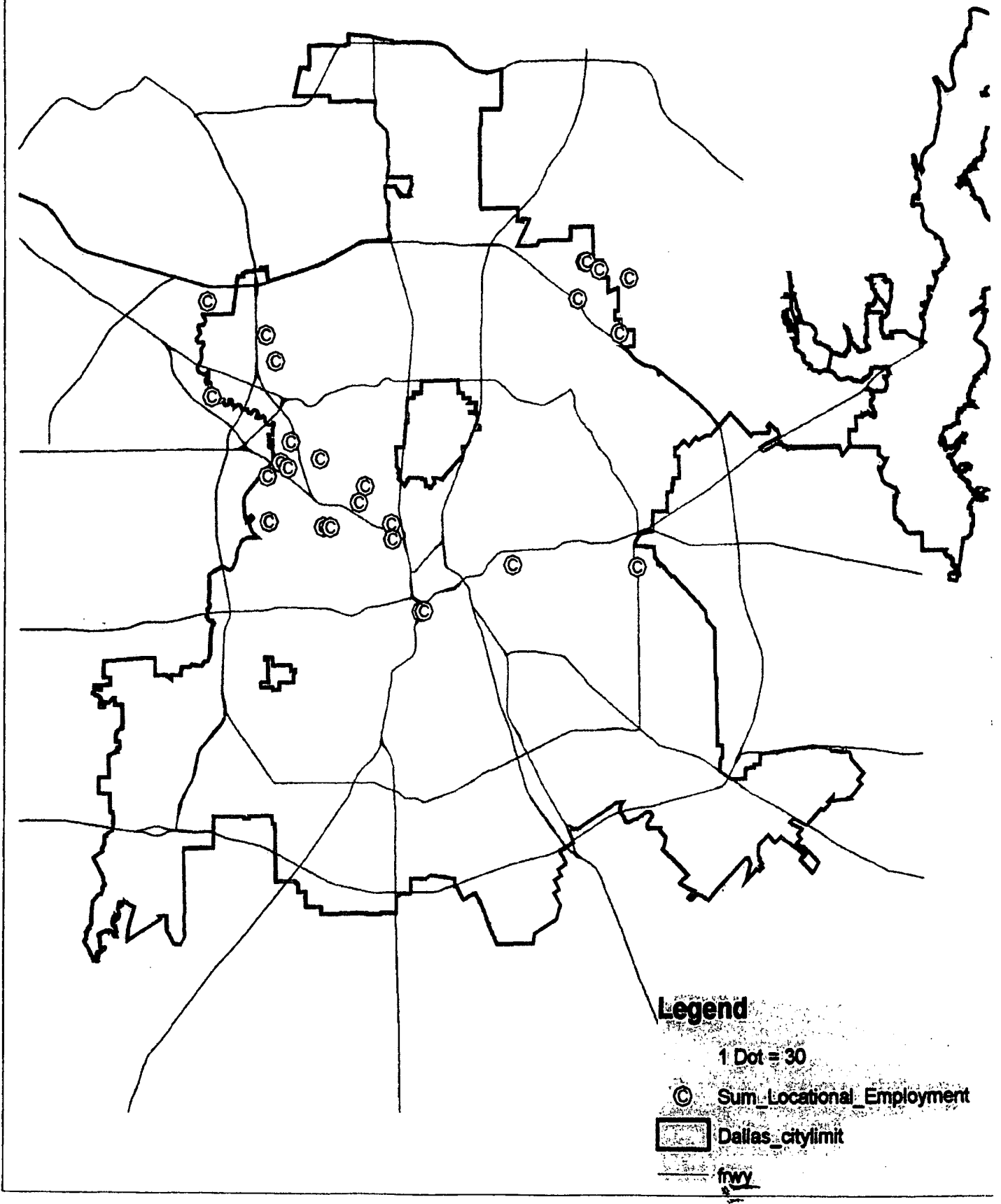
▭ Dallas_citylimit

— frwy

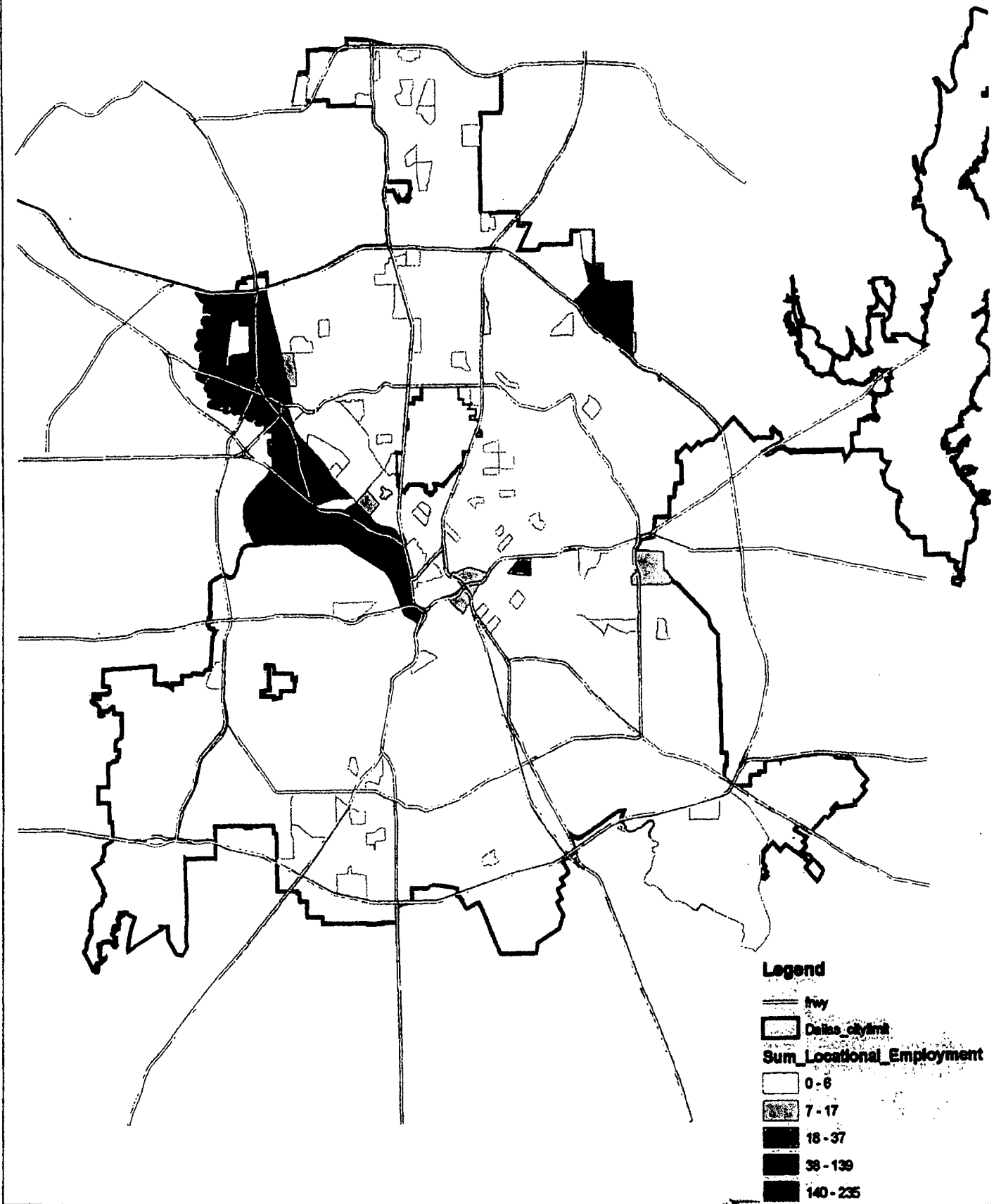
CHEMICALS



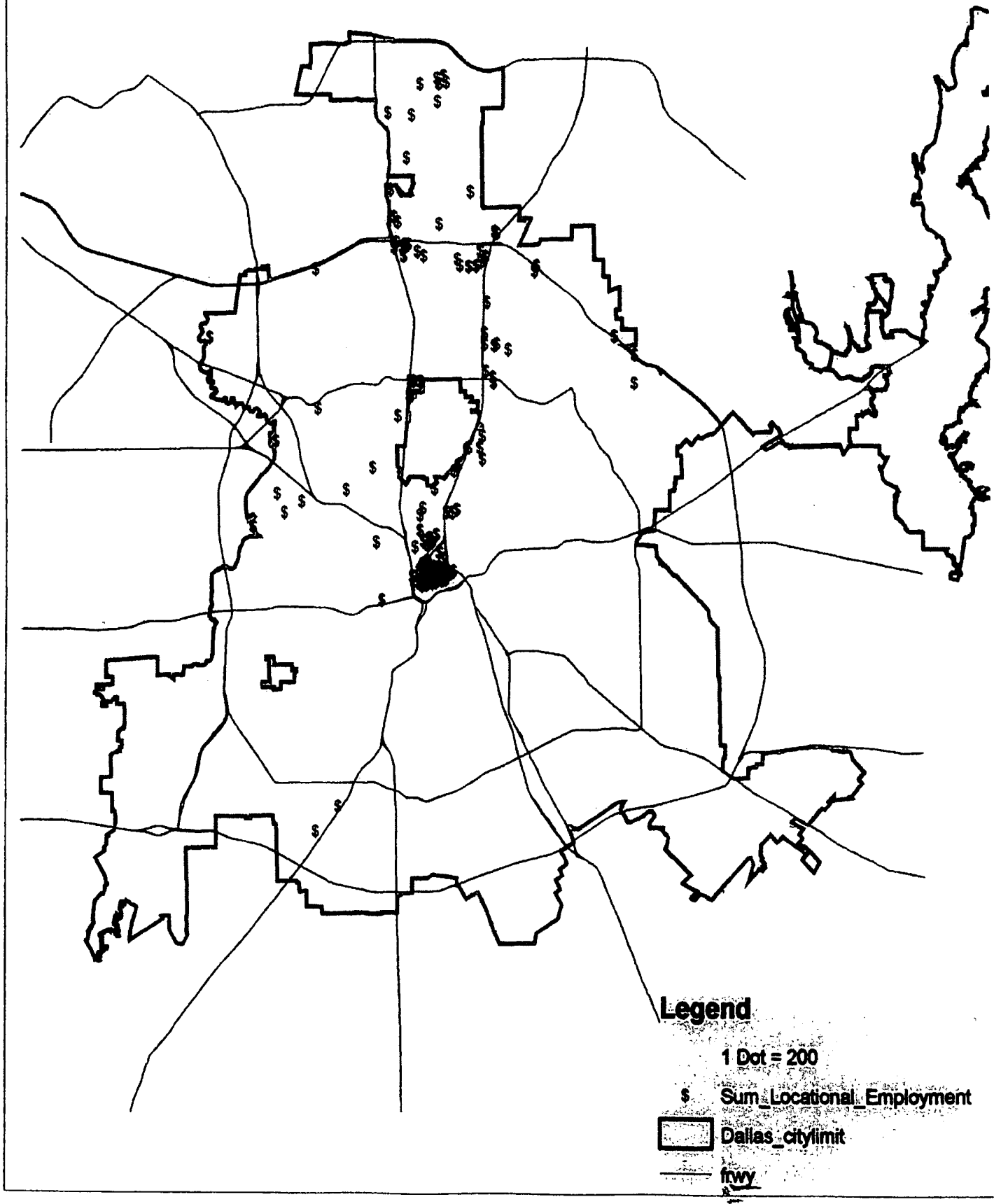
CLOTHING



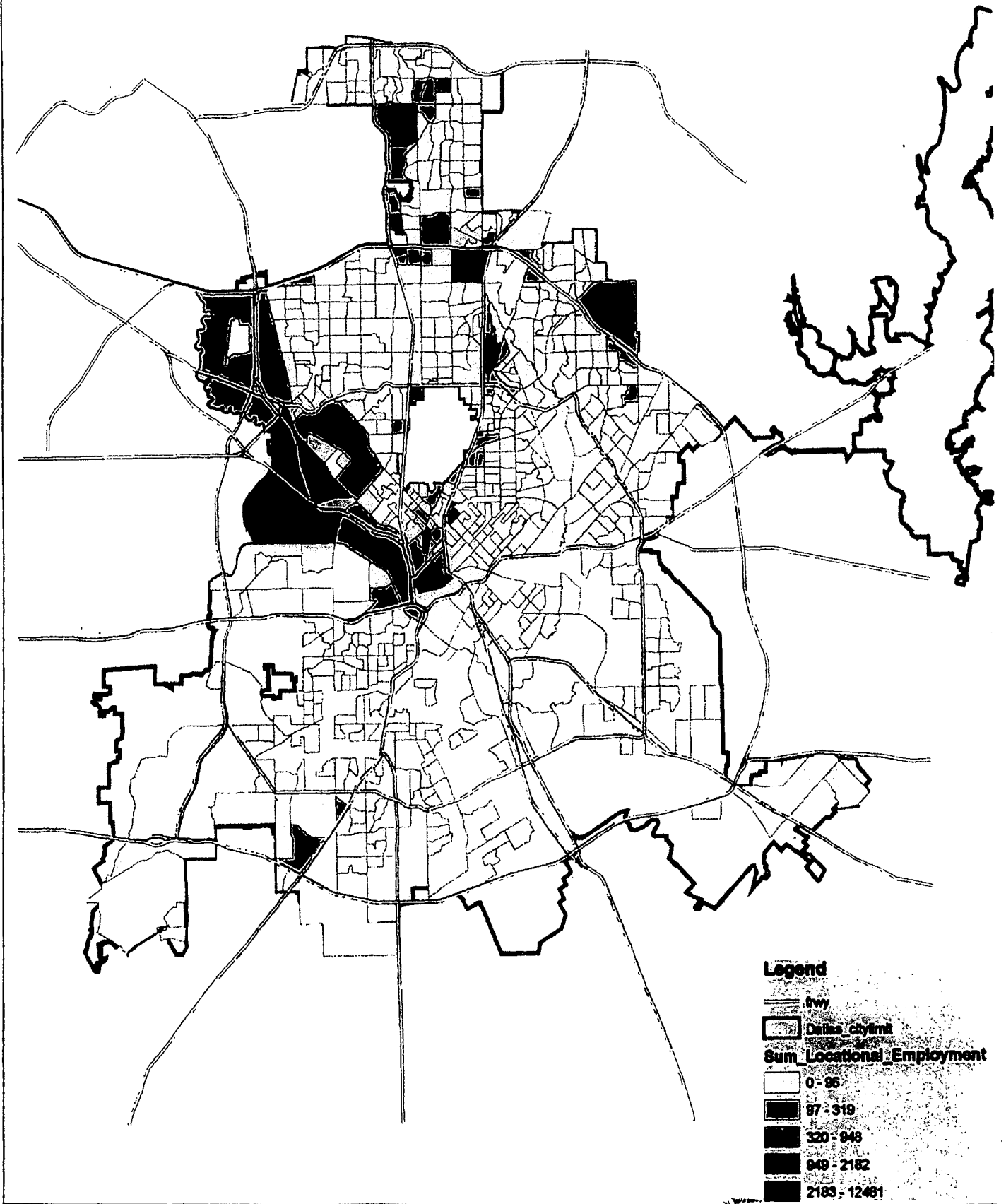
CLOTHING



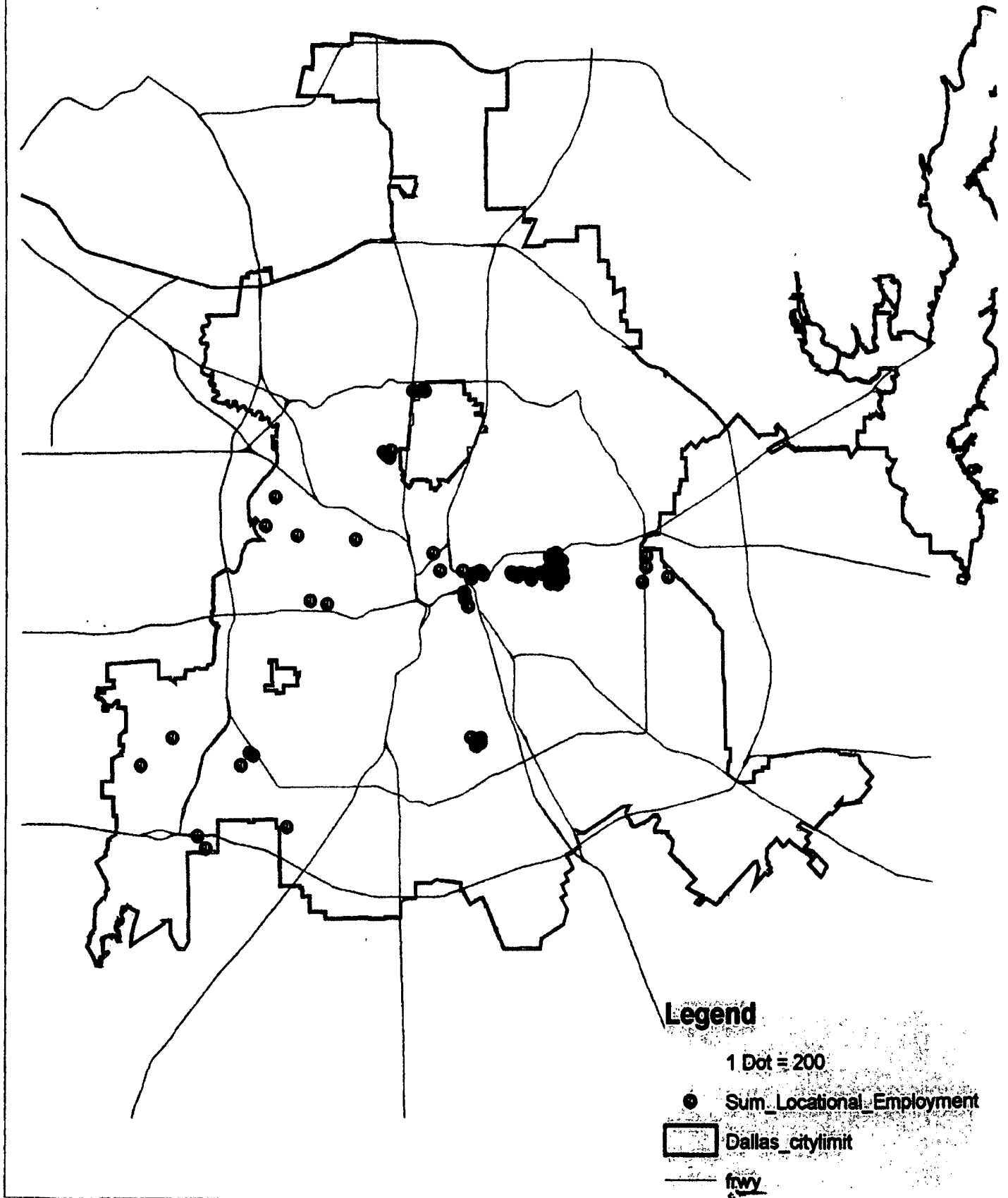
FINANCE



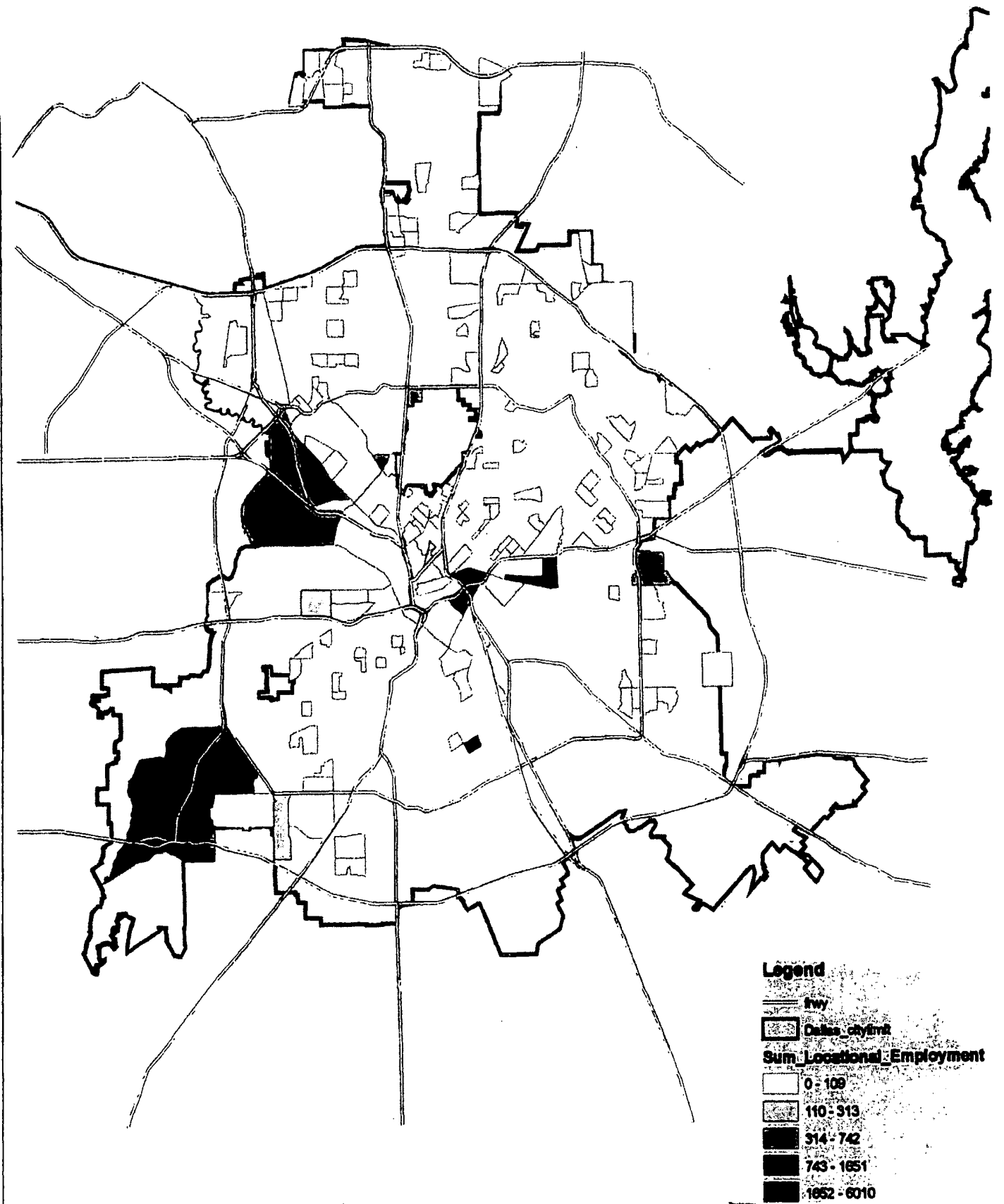
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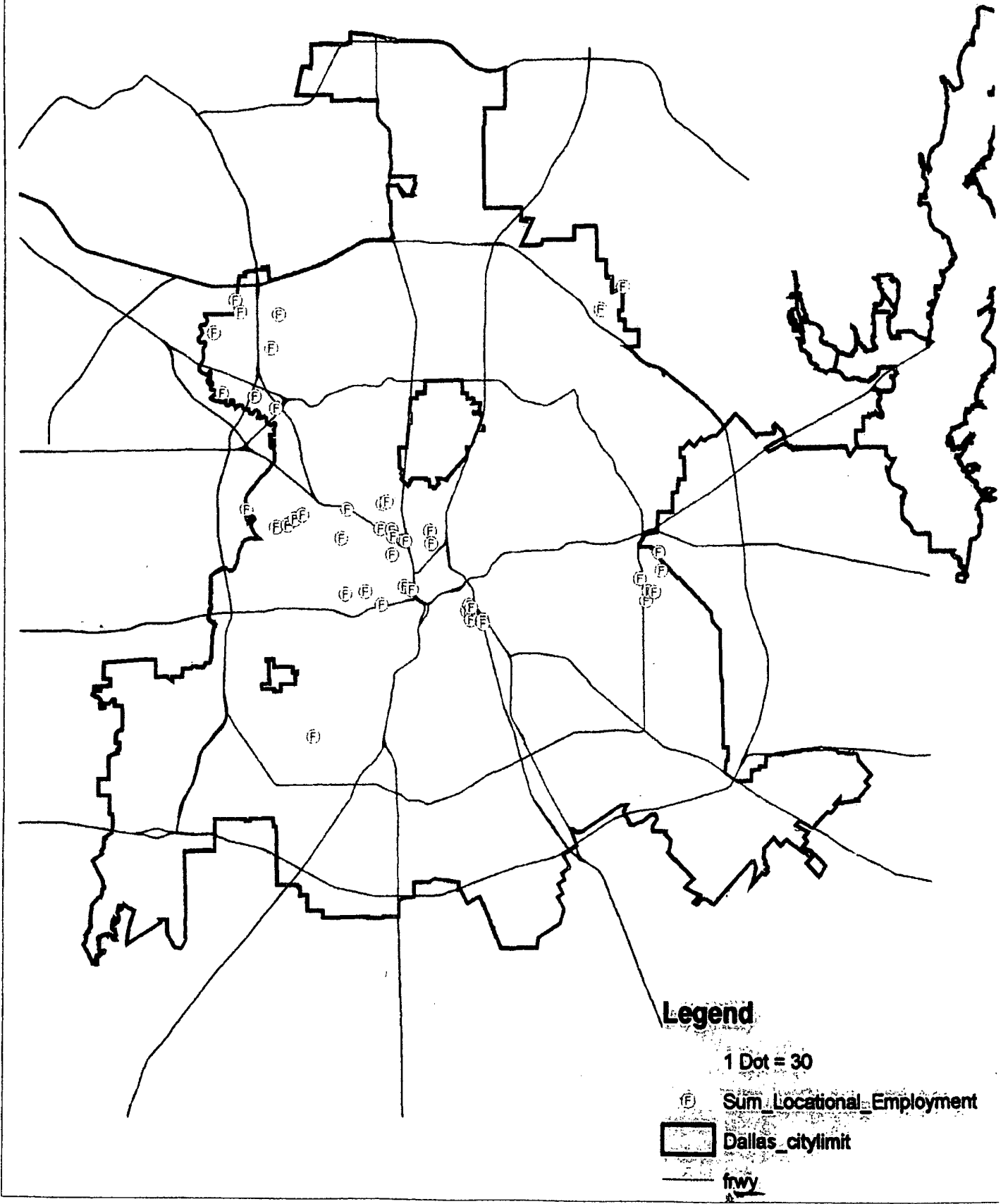
FOOD



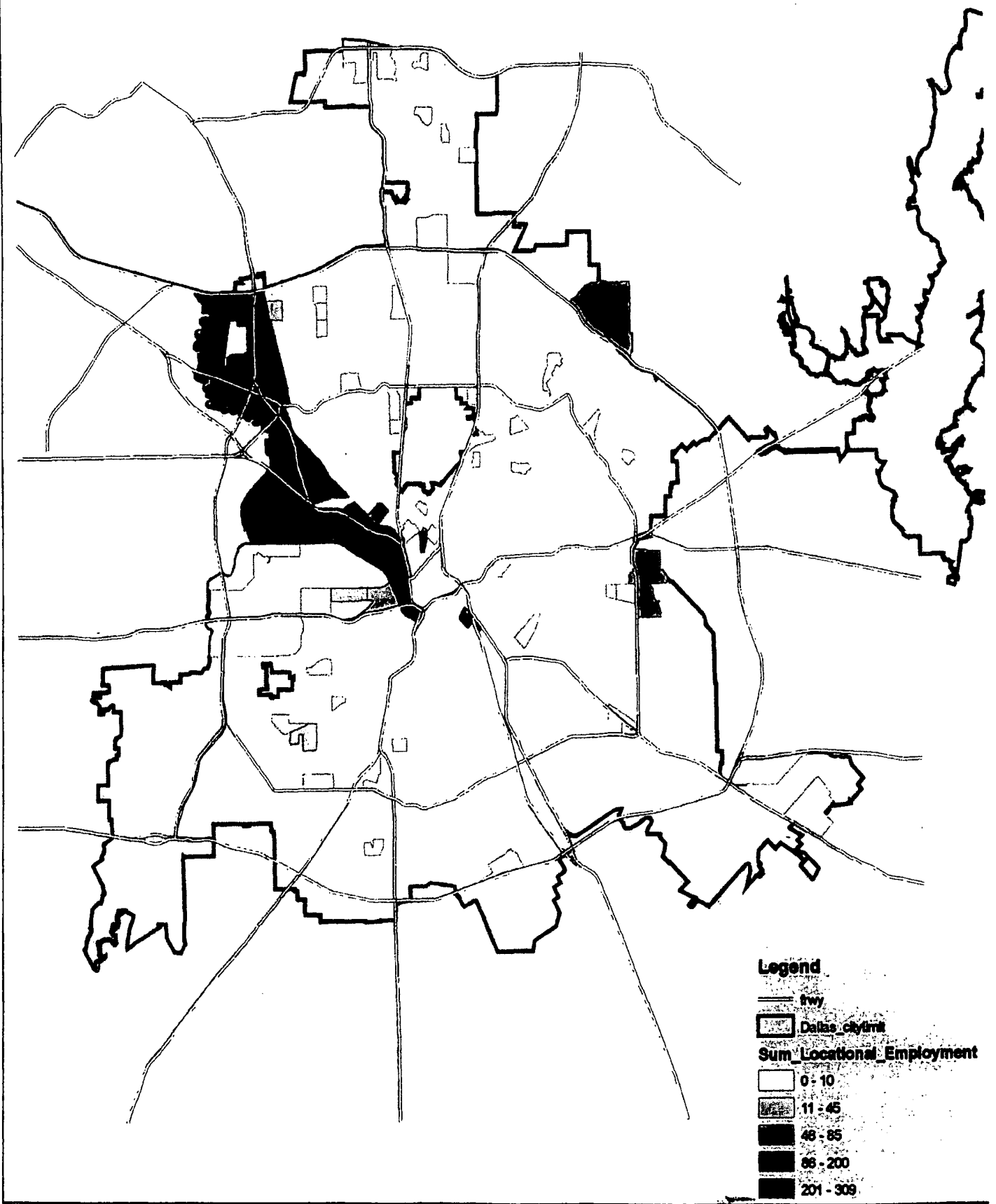
FOOD



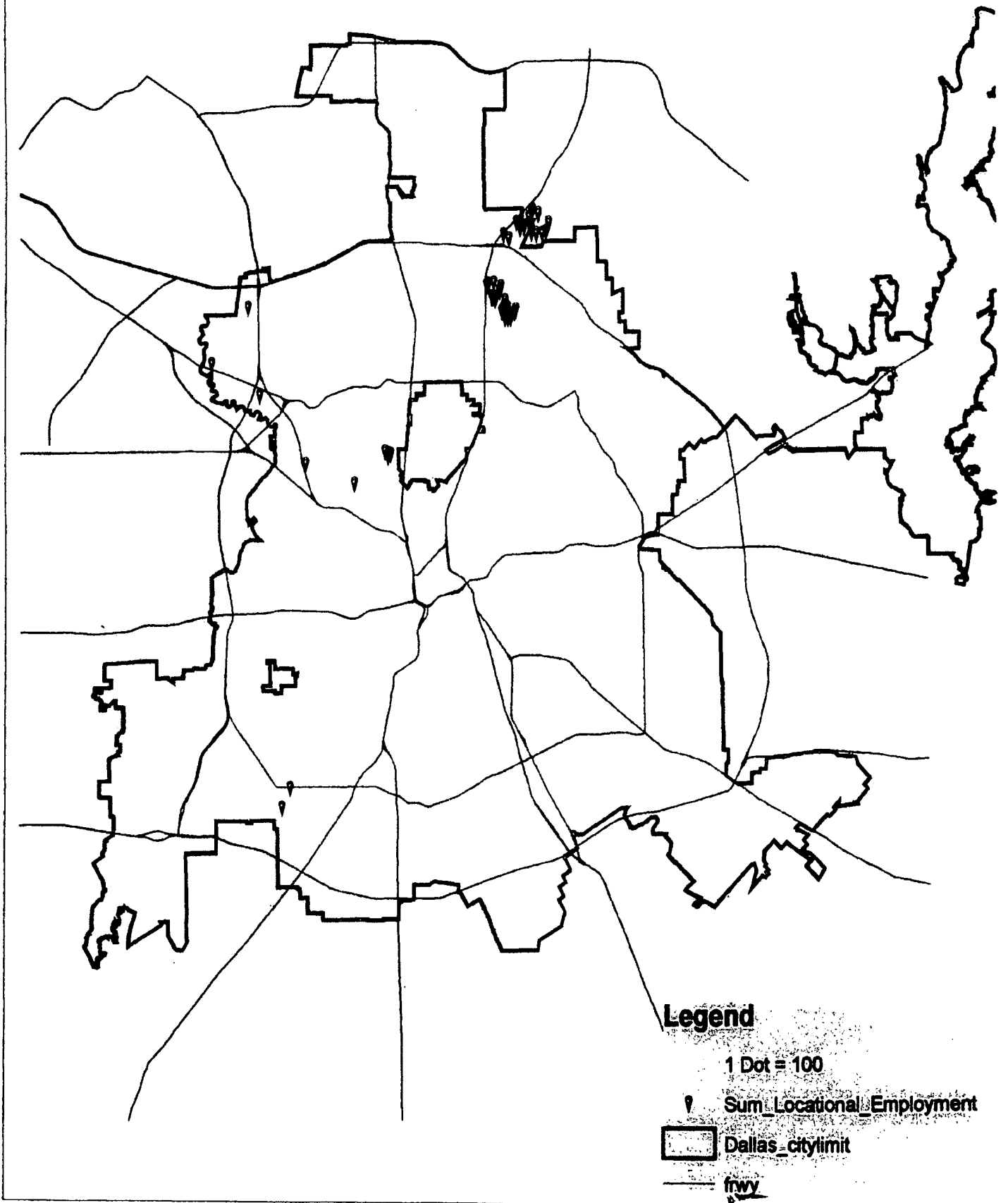
FURNITURE



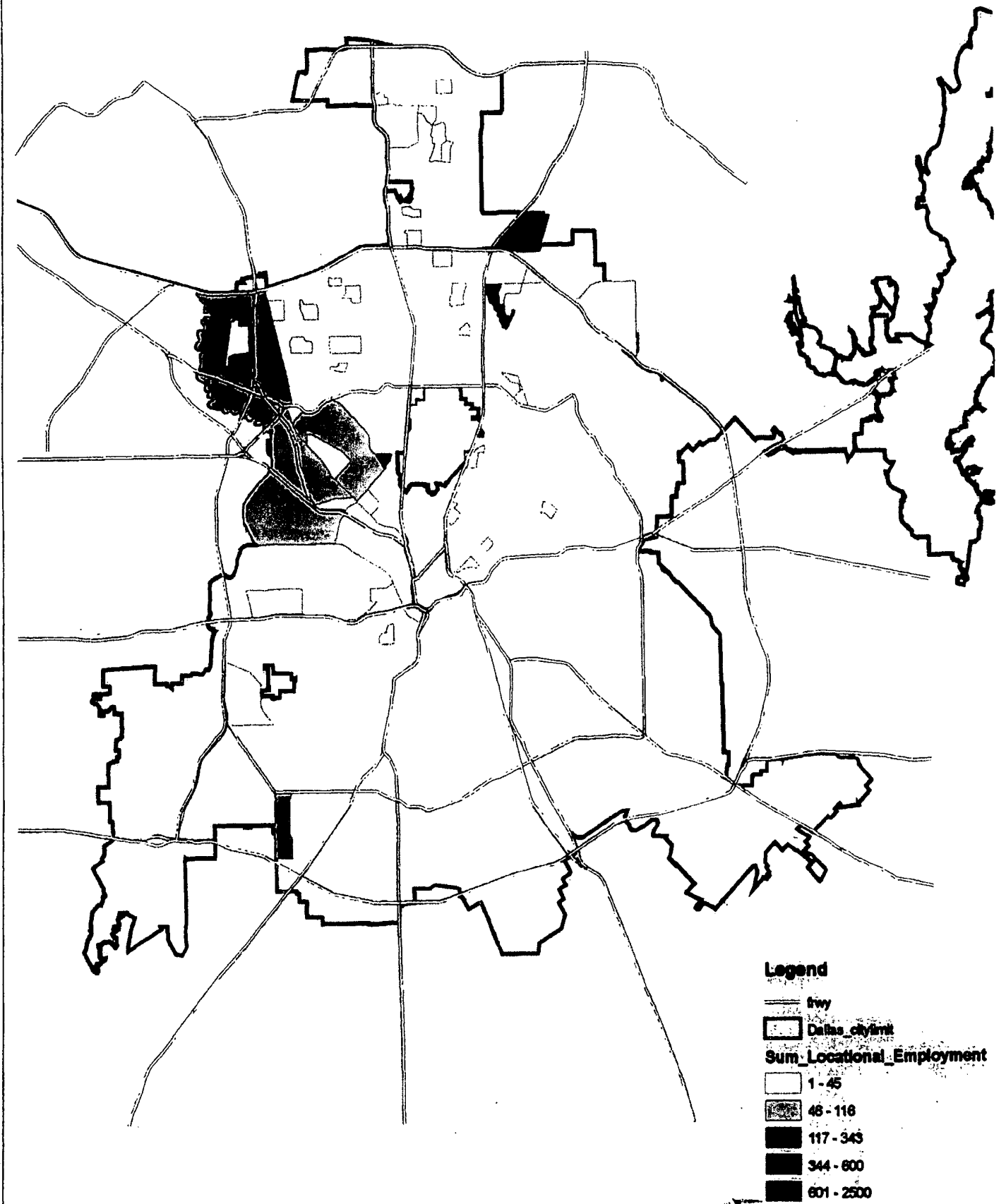
FURNITURE



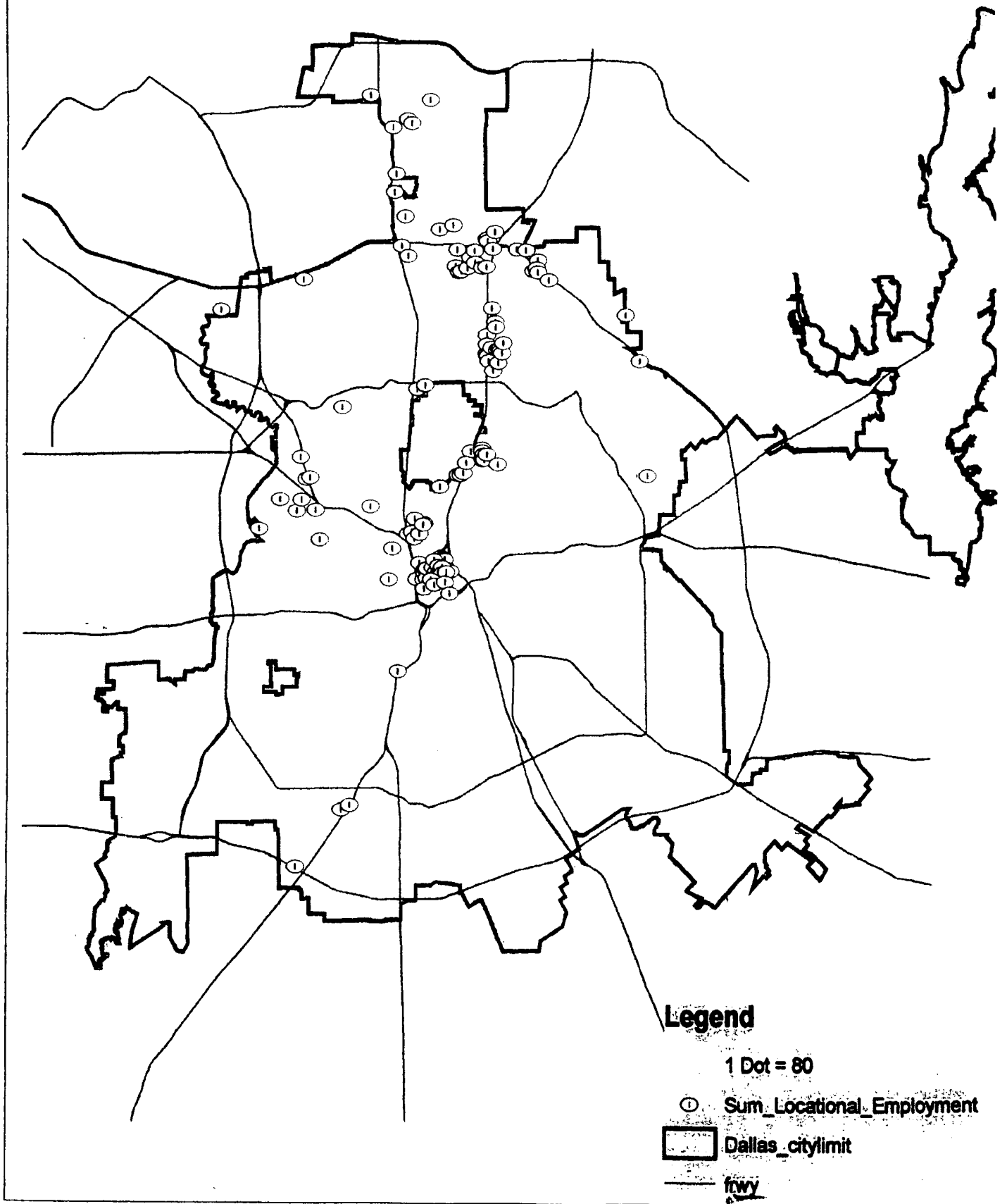
INSTRUMENT



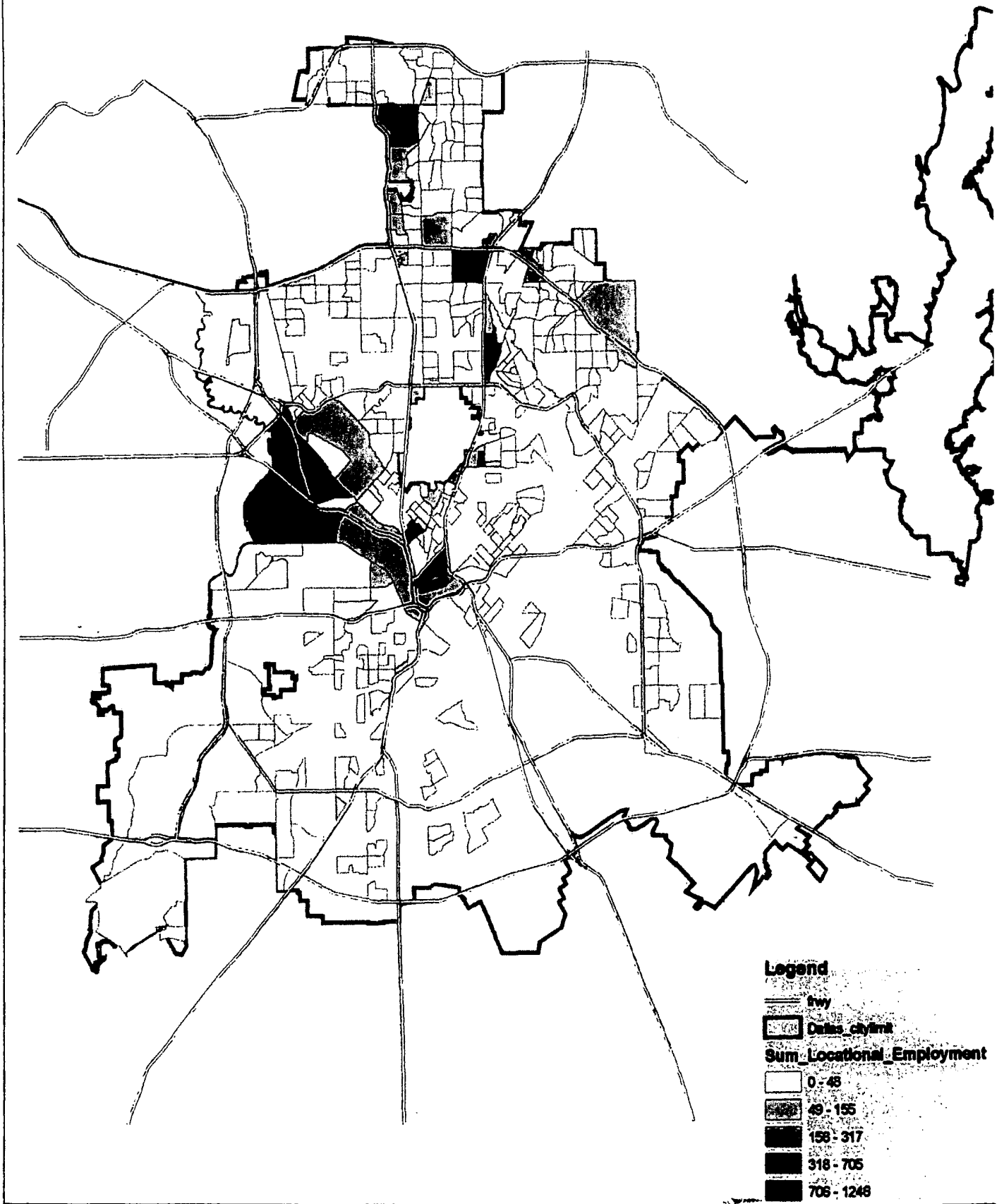
INSTRUMENTS



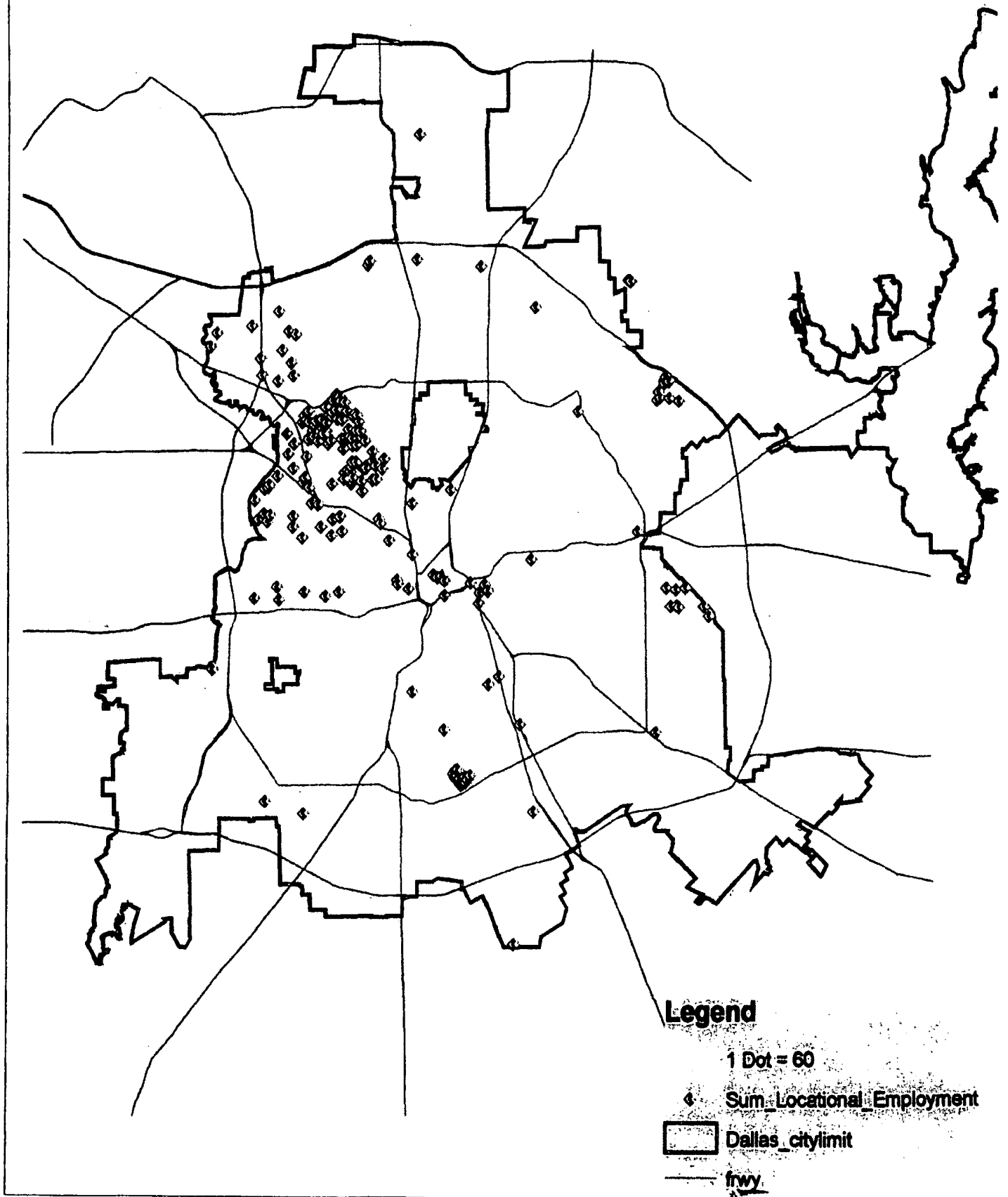
INSURANCE



INSURANCE



LOGISTICS



Legend

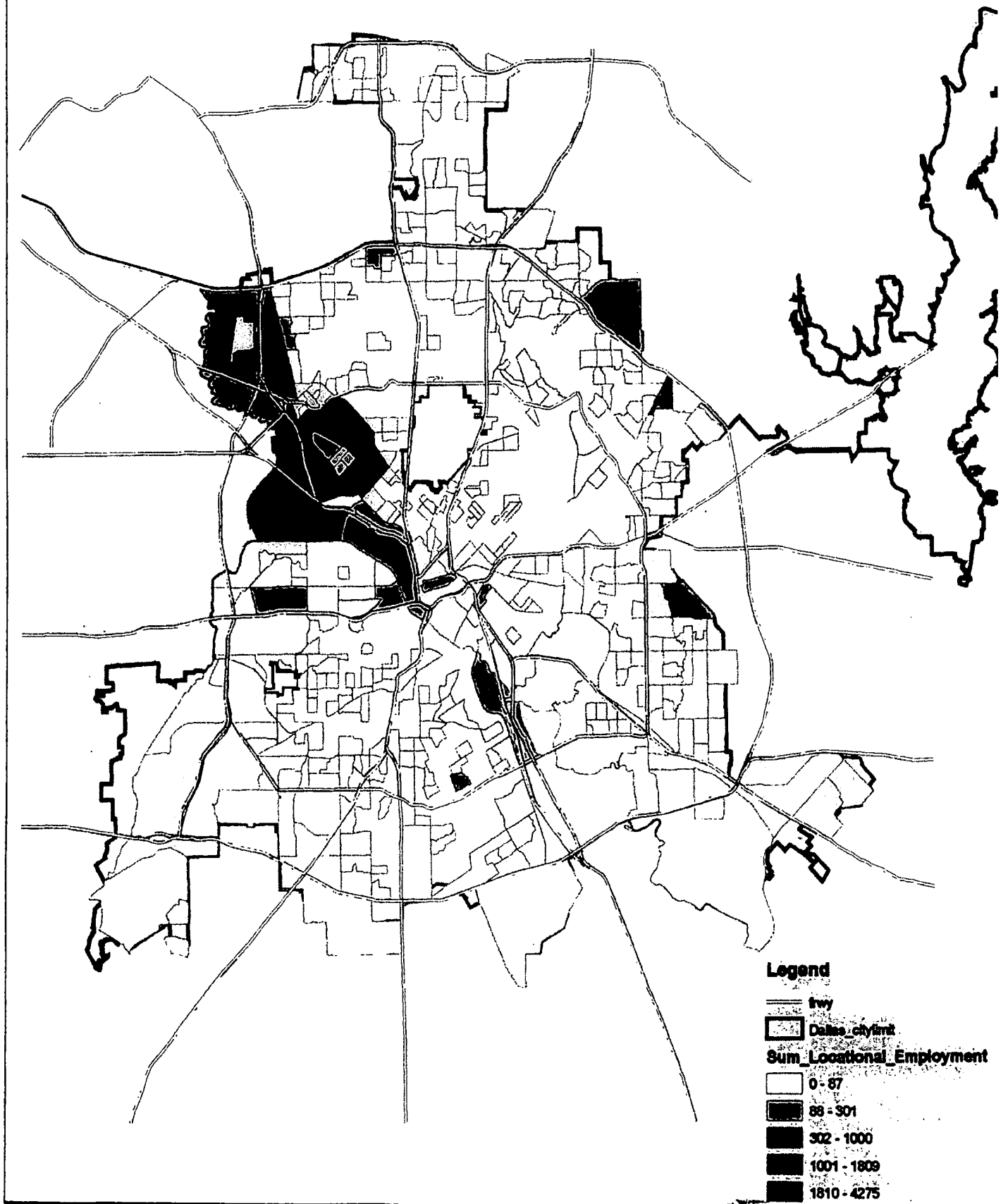
1 Dot = 60

◆ Sum Locational Employment

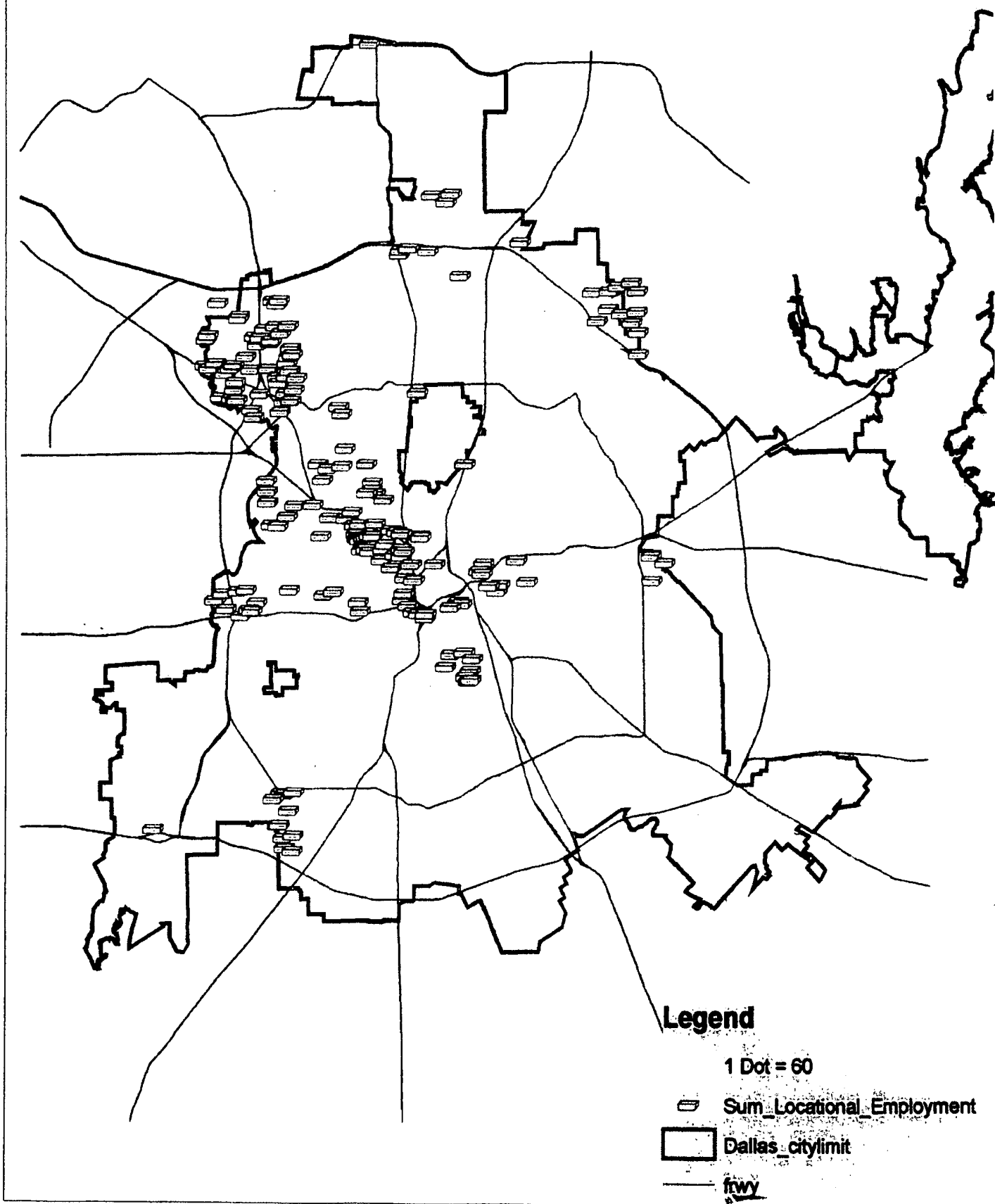
▭ Dallas city limit

— frwy

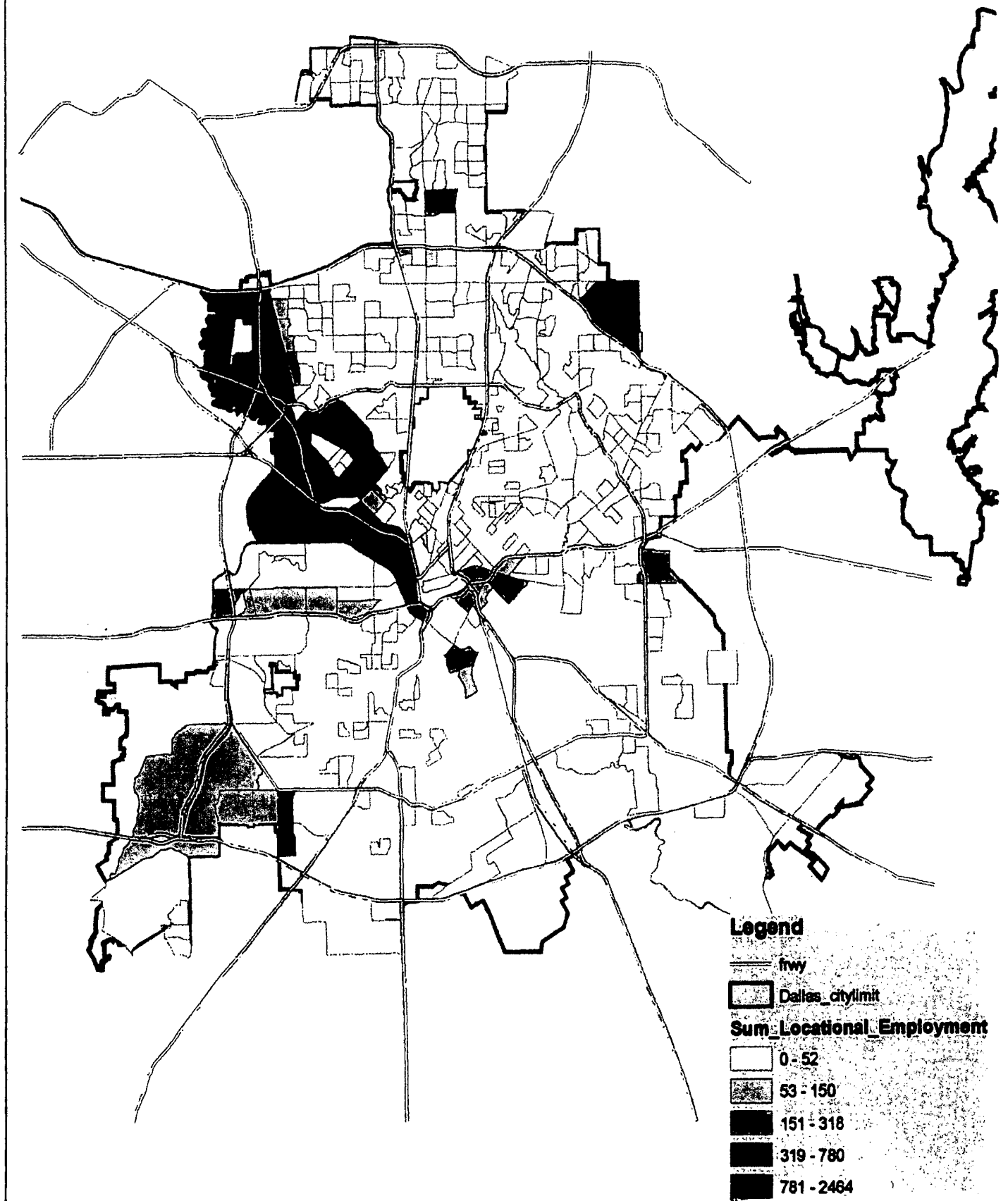
LOGISTICS



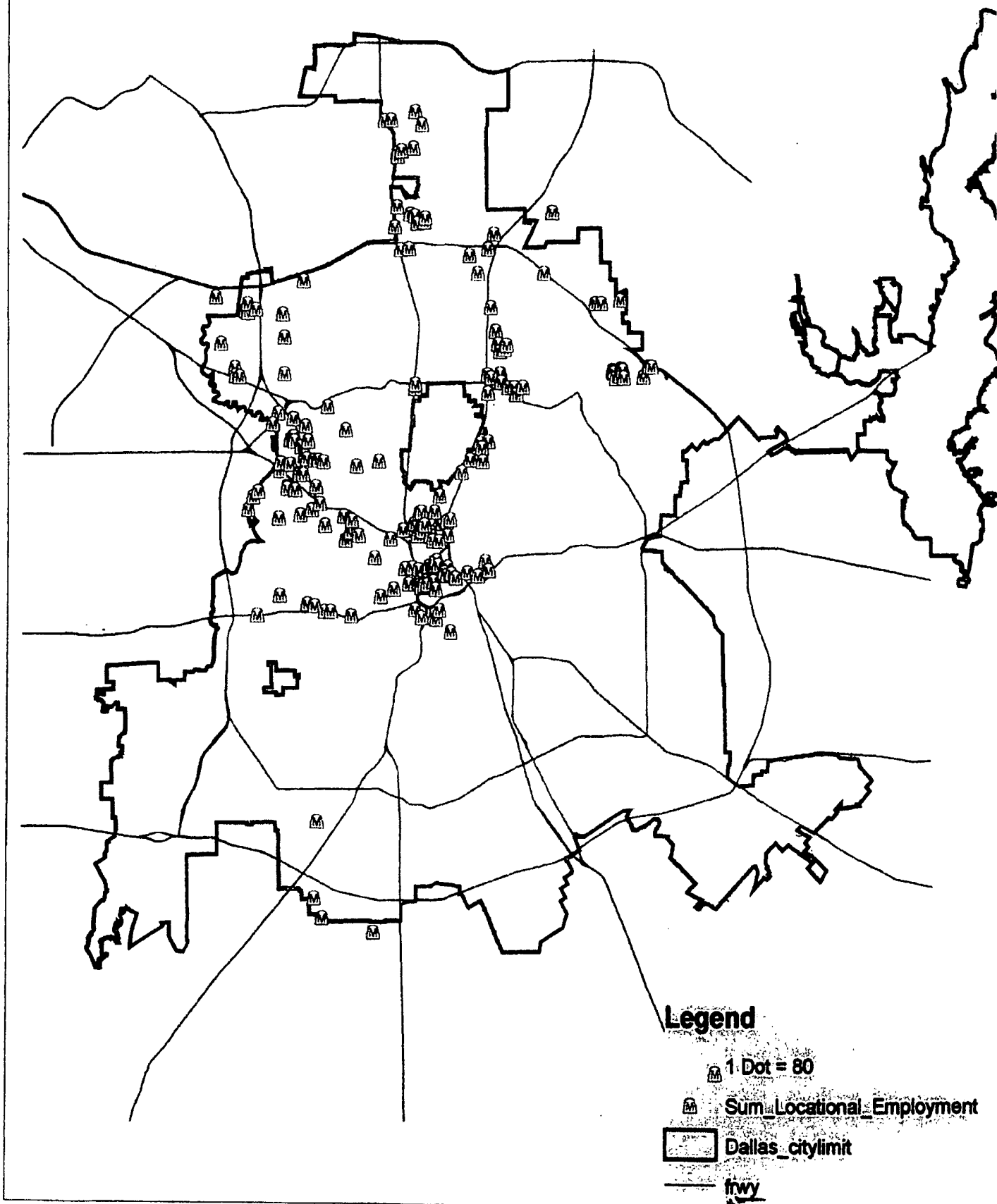
GENERAL MANUFACTURING



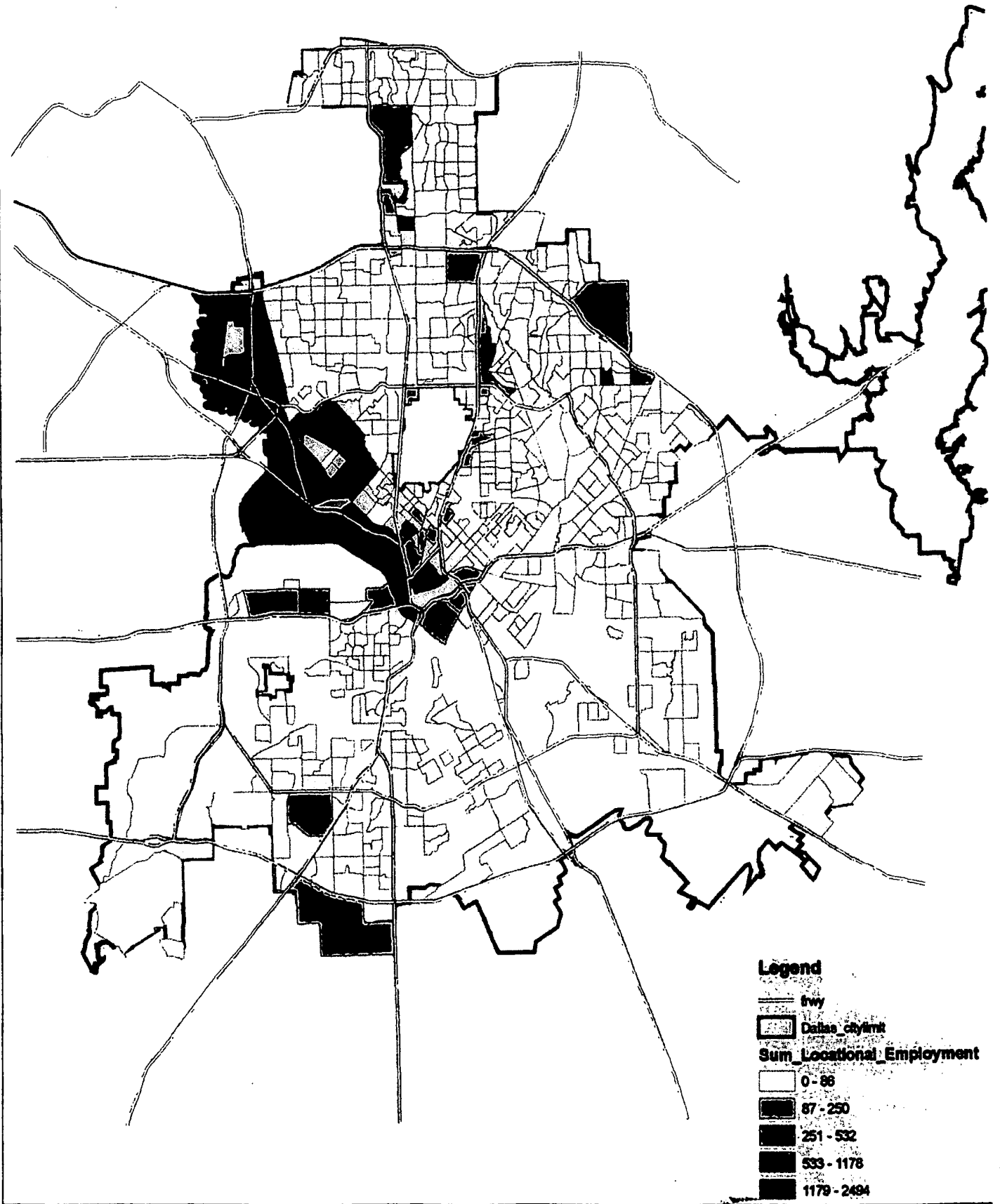
GENERAL MANUFACTURING



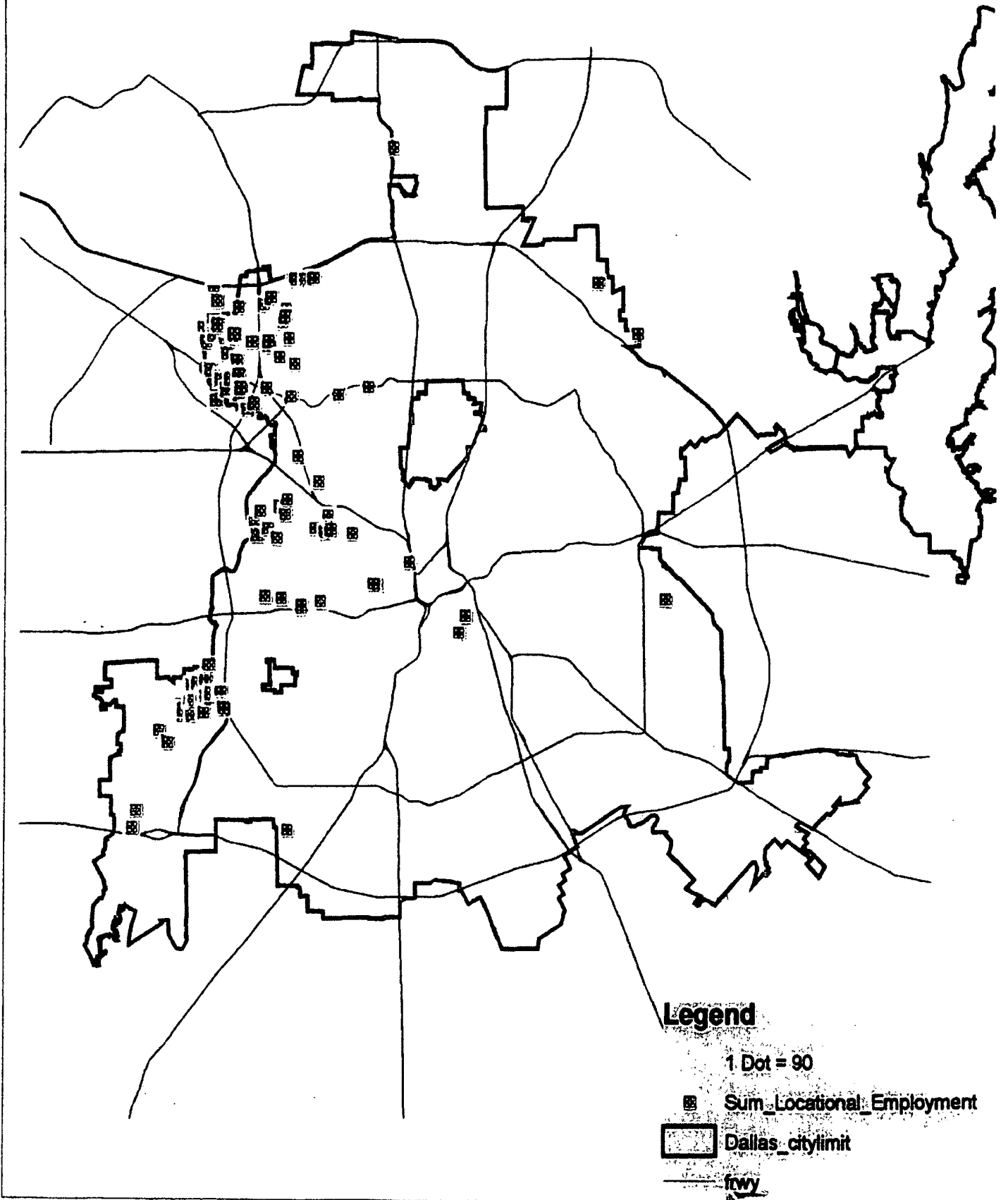
MEDIA



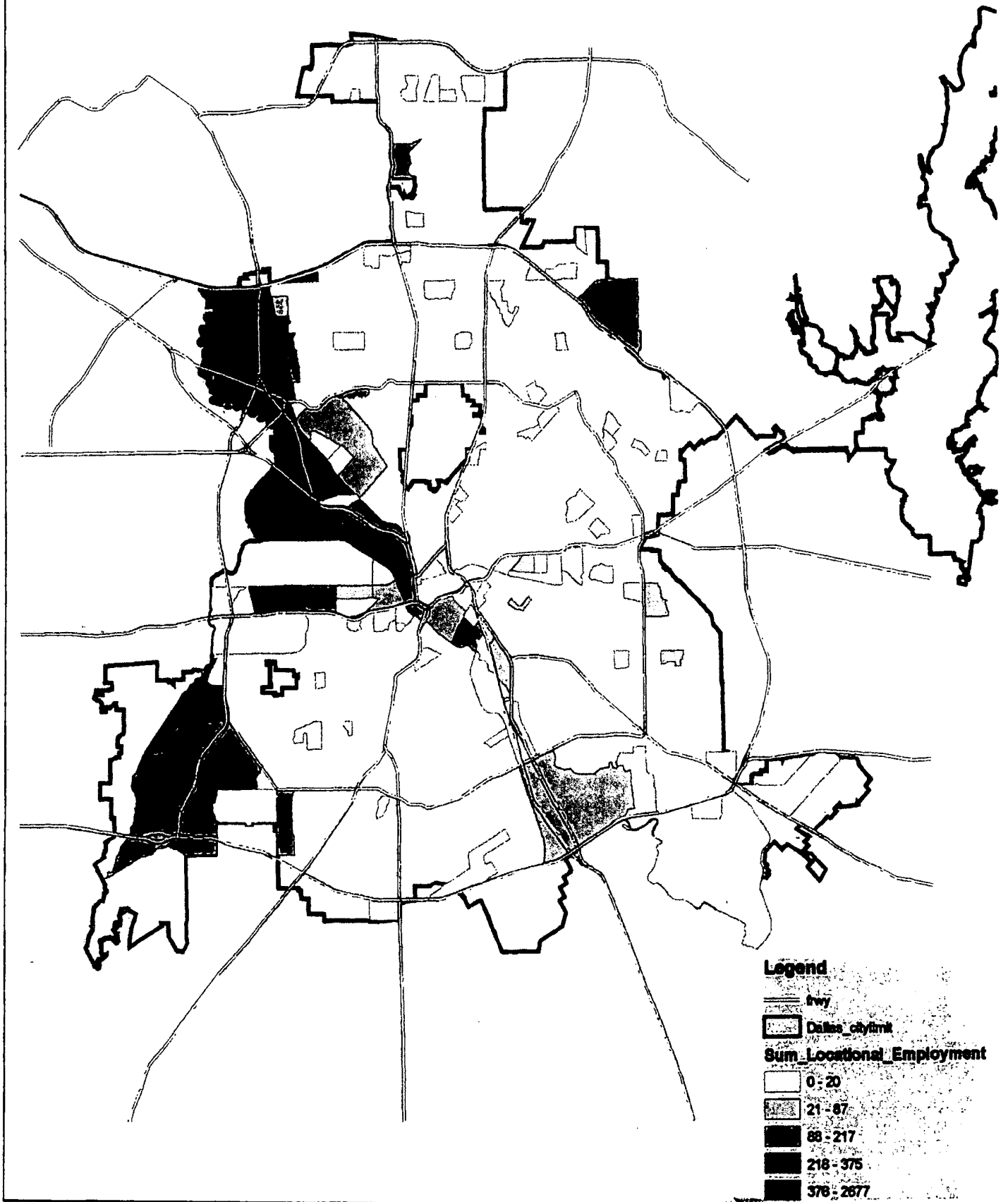
MEDIA



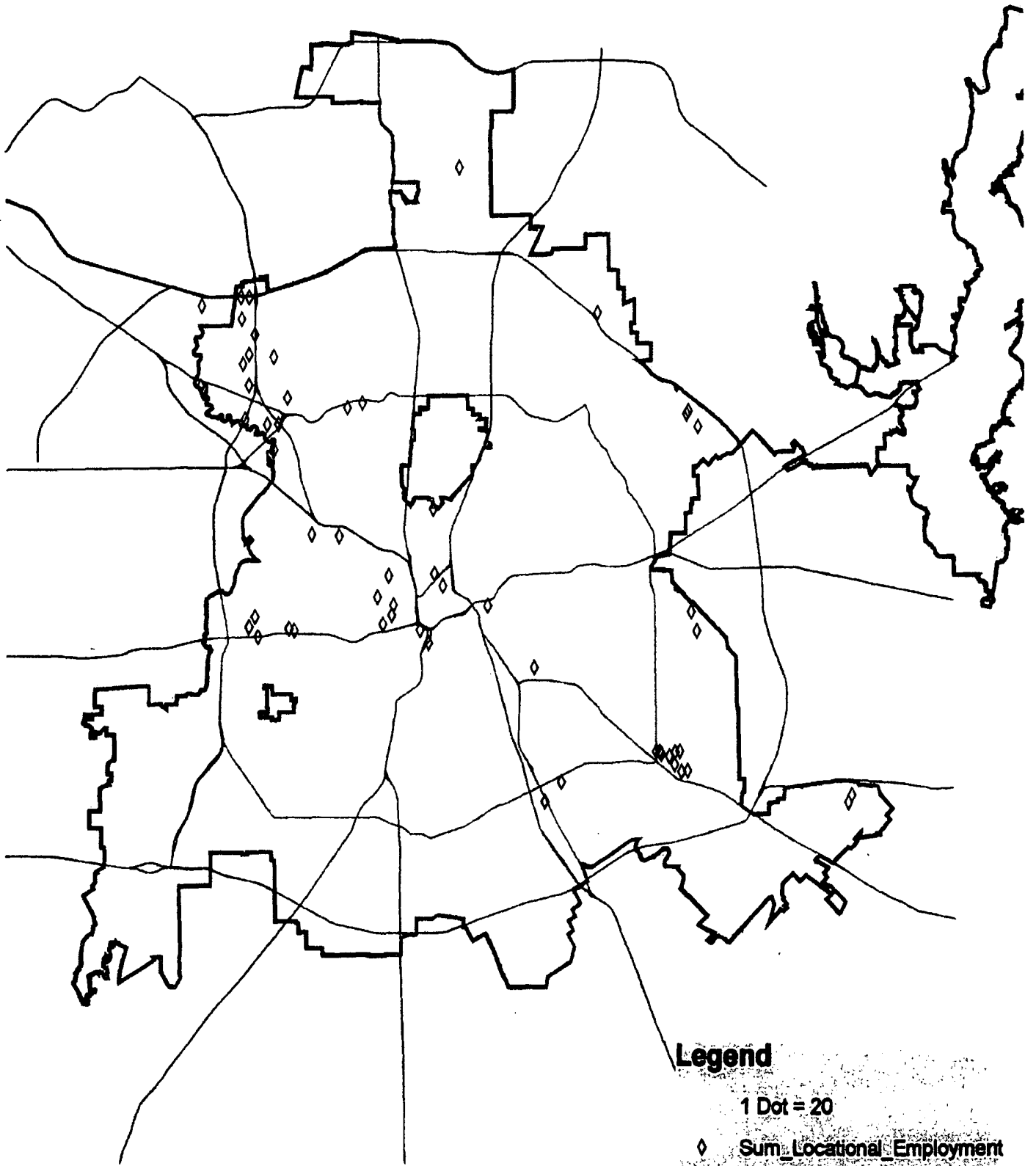
METAL PRODUCTS



METAL PRODUCTS



NONMETAL MINERALS



Legend

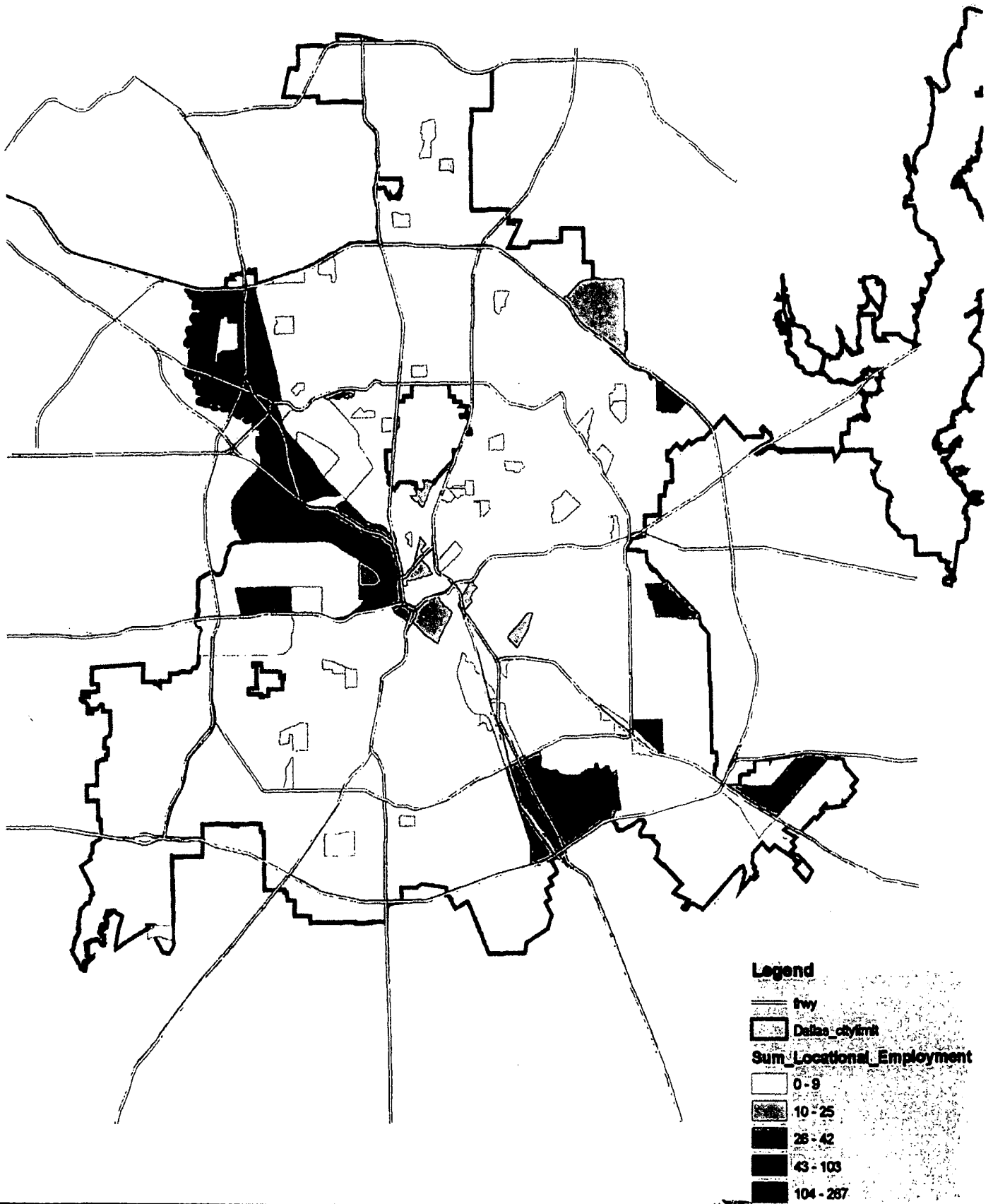
1 Dot = 20

◇ Sum_Locational_Employment

▭ Dallas_citylimit

frwy

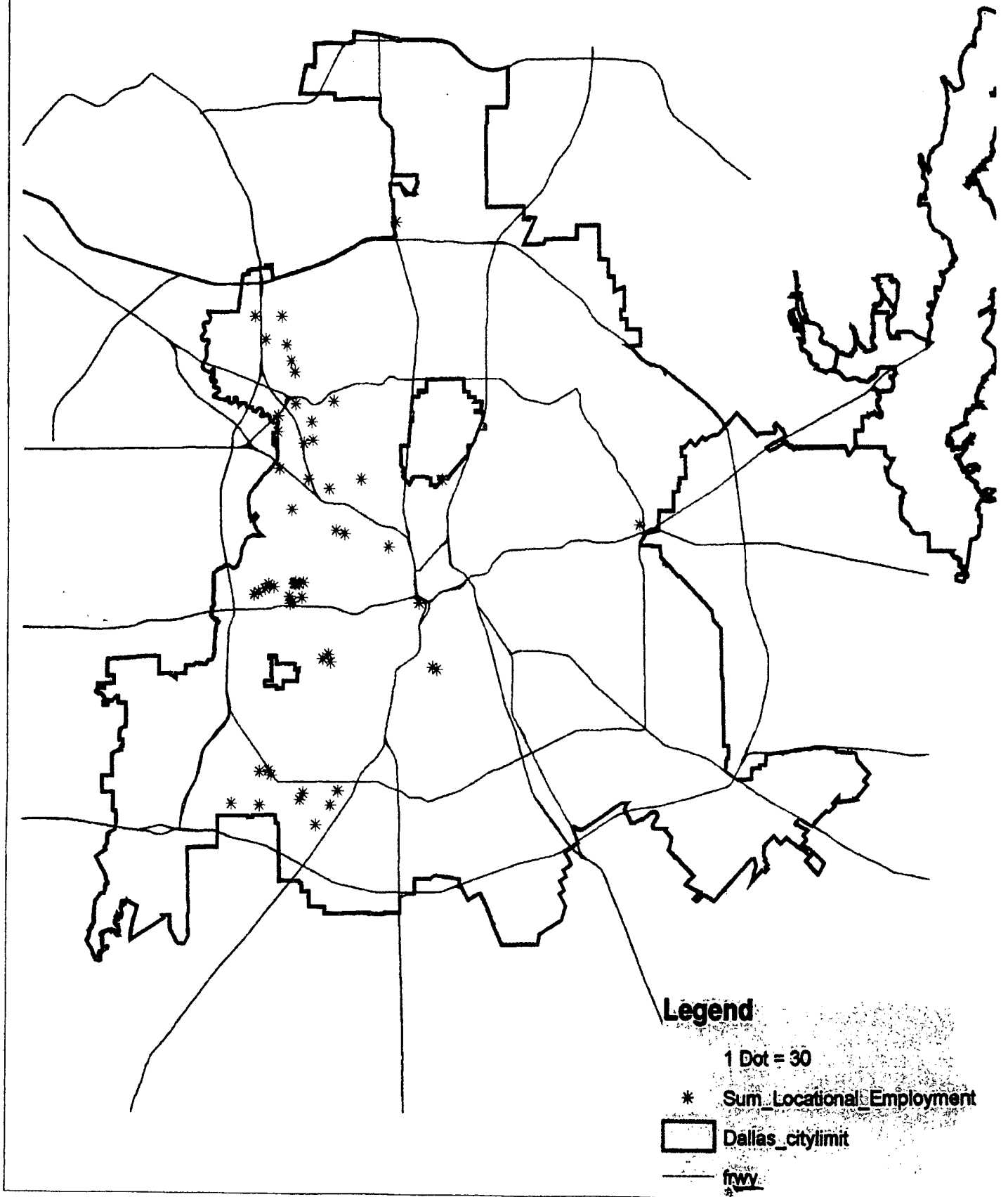
NONMETAL MINERALS



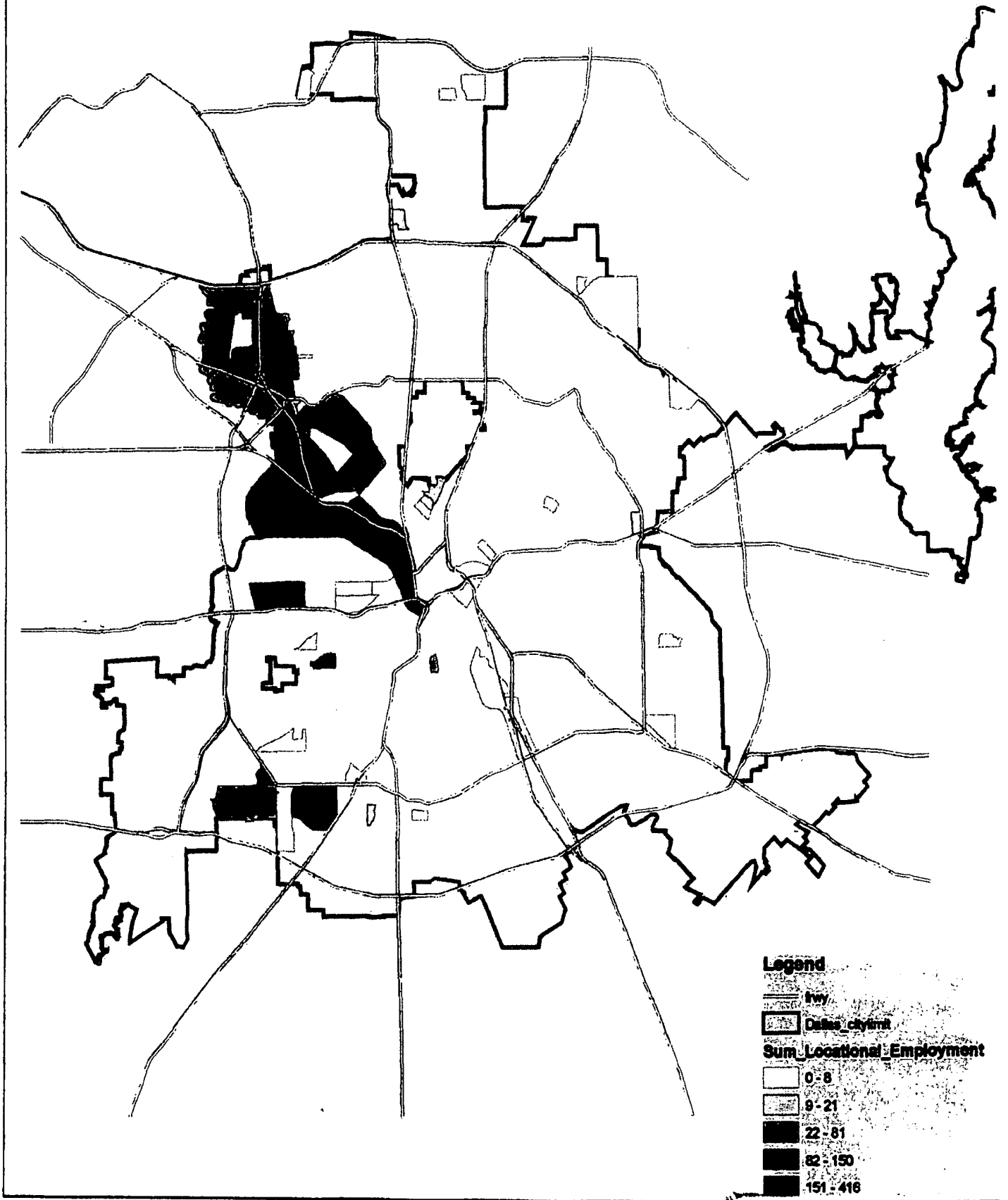
Legend

- fwy
- Dallas_citylimit
- Sum_Locational_Employment
- 0 - 9
- 10 - 25
- 26 - 42
- 43 - 103
- 104 - 287

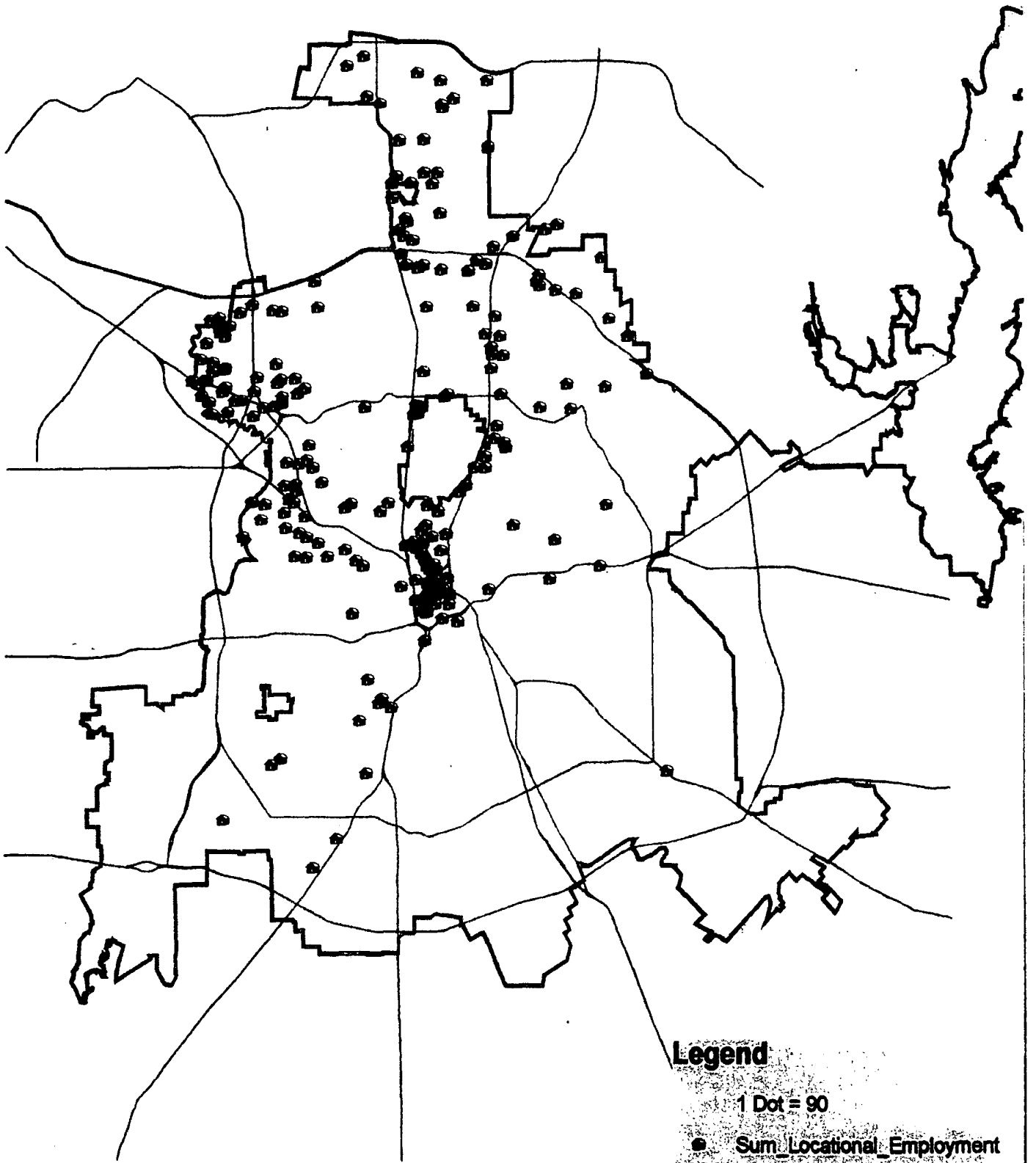
POLYMERS



POLYMERS



REAL ESTATE



Legend

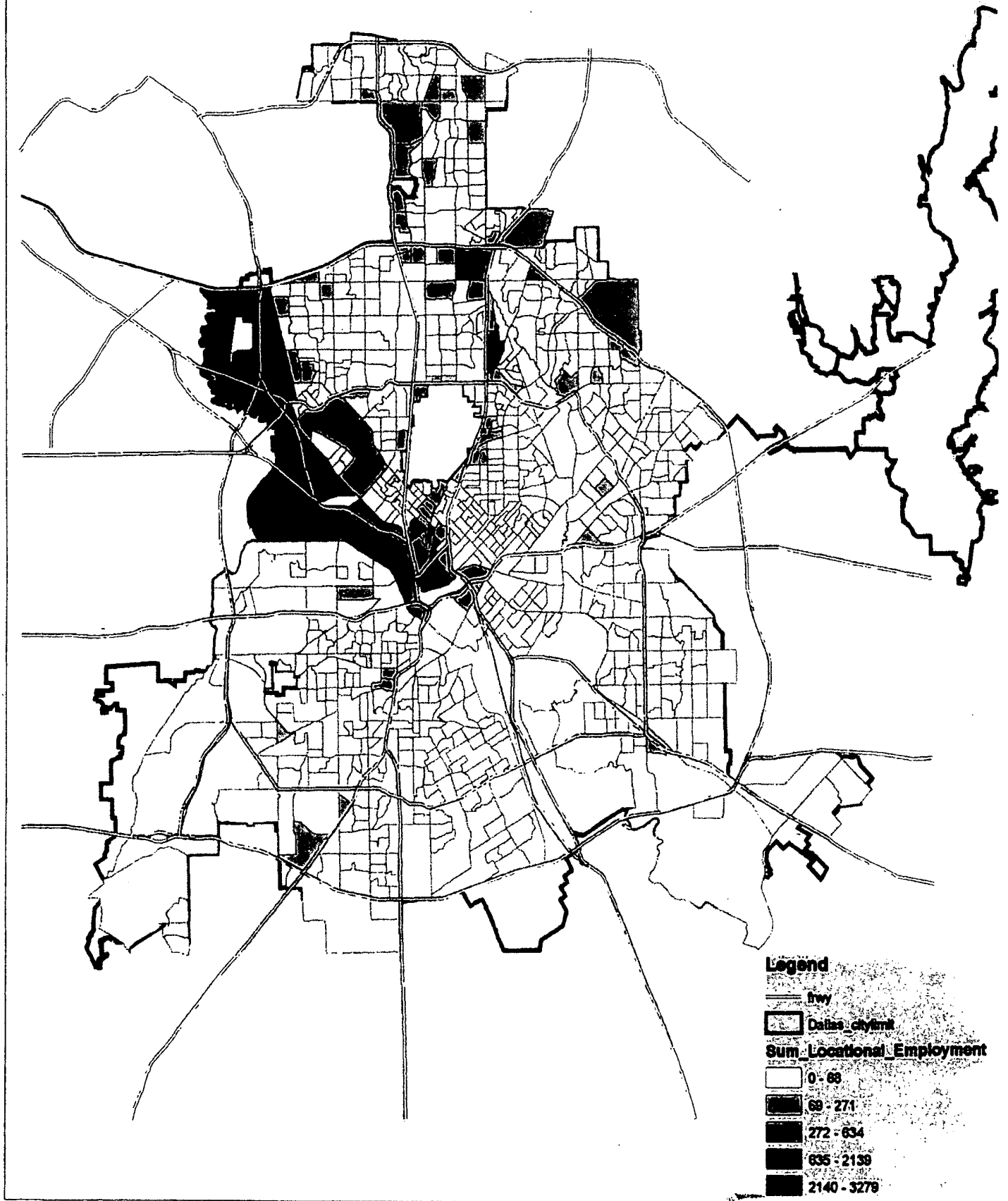
1 Dot = 90

● Sum Locational Employment

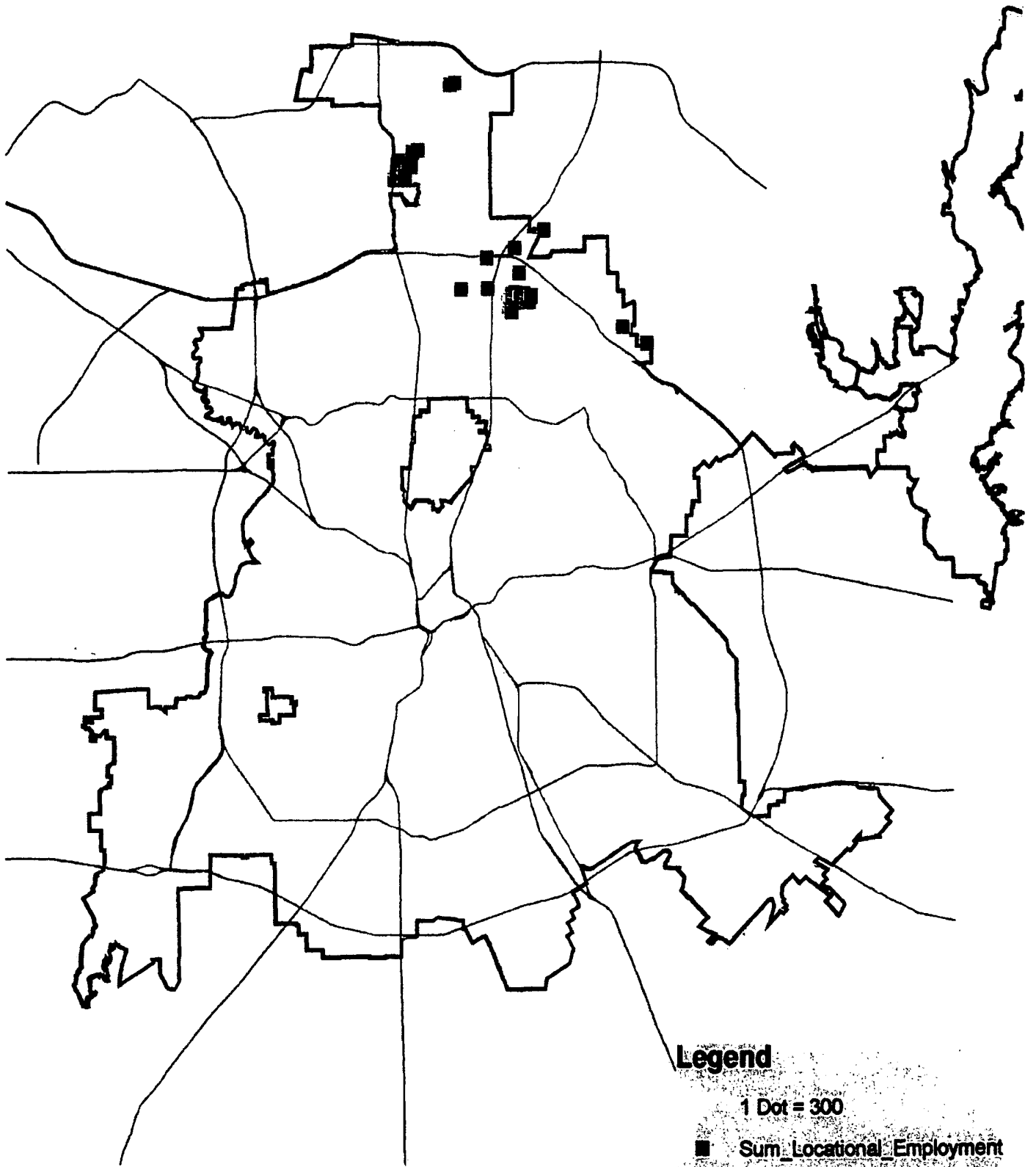
▭ Dallas citylimit

— fwy

REAL ESTATE



SEMI CONDUCTORS



Legend

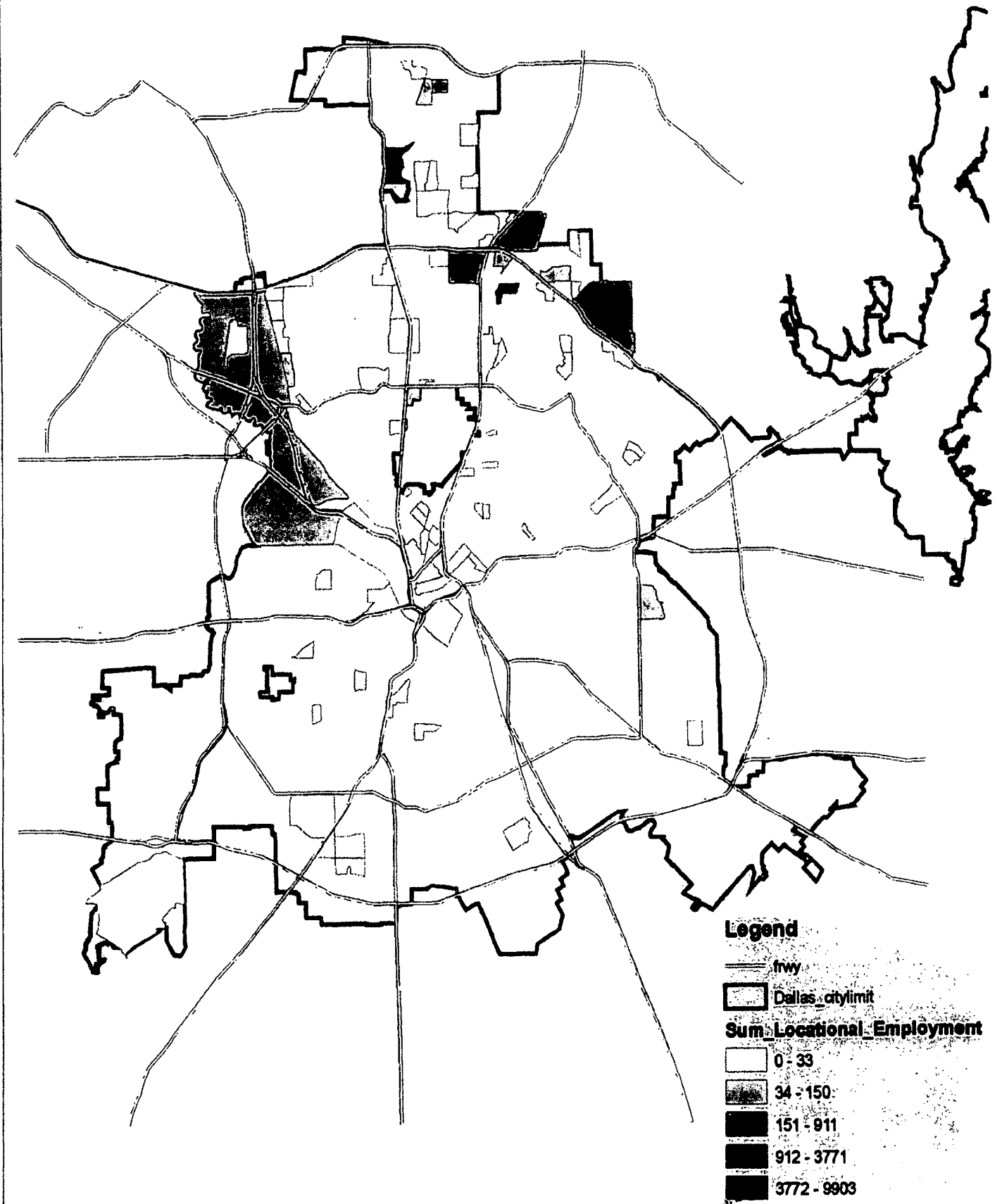
1 Dot = 300

■ Sum_Locational_Employment

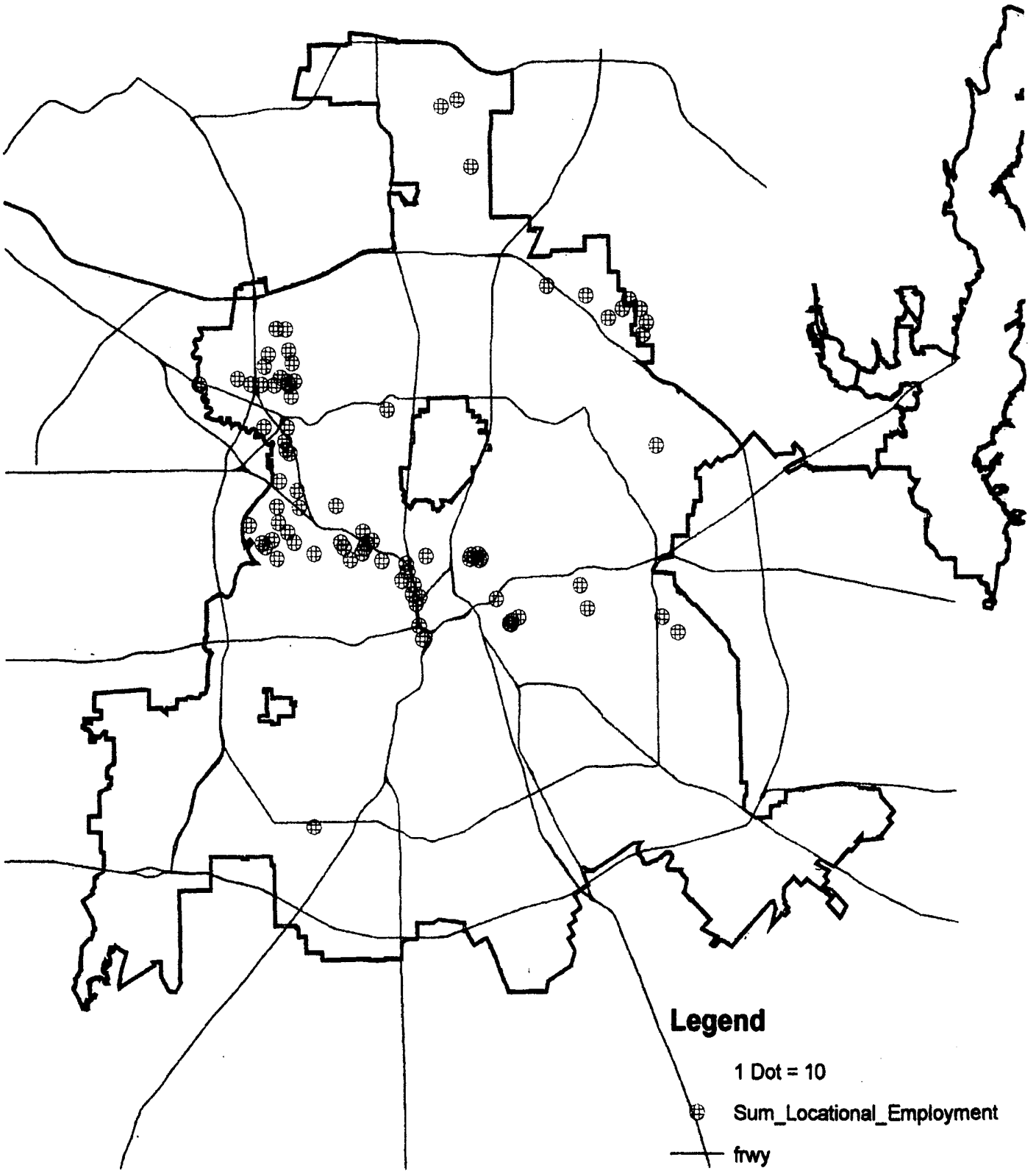
□ Dallas_citylimit

frwy

SEMICONDUCTORS



TEXTILES



Legend

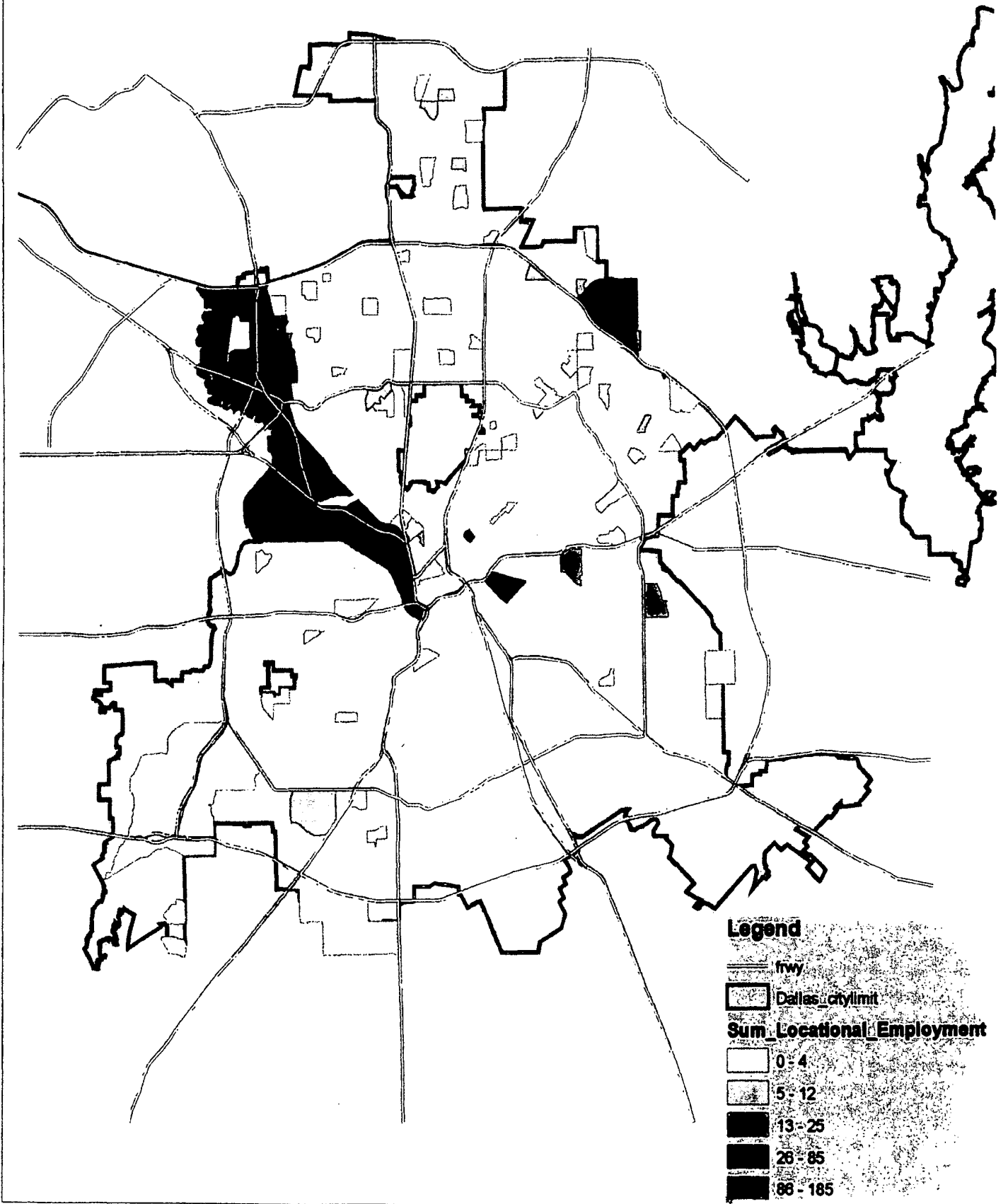
1 Dot = 10

⊕ Sum_Locational_Employment

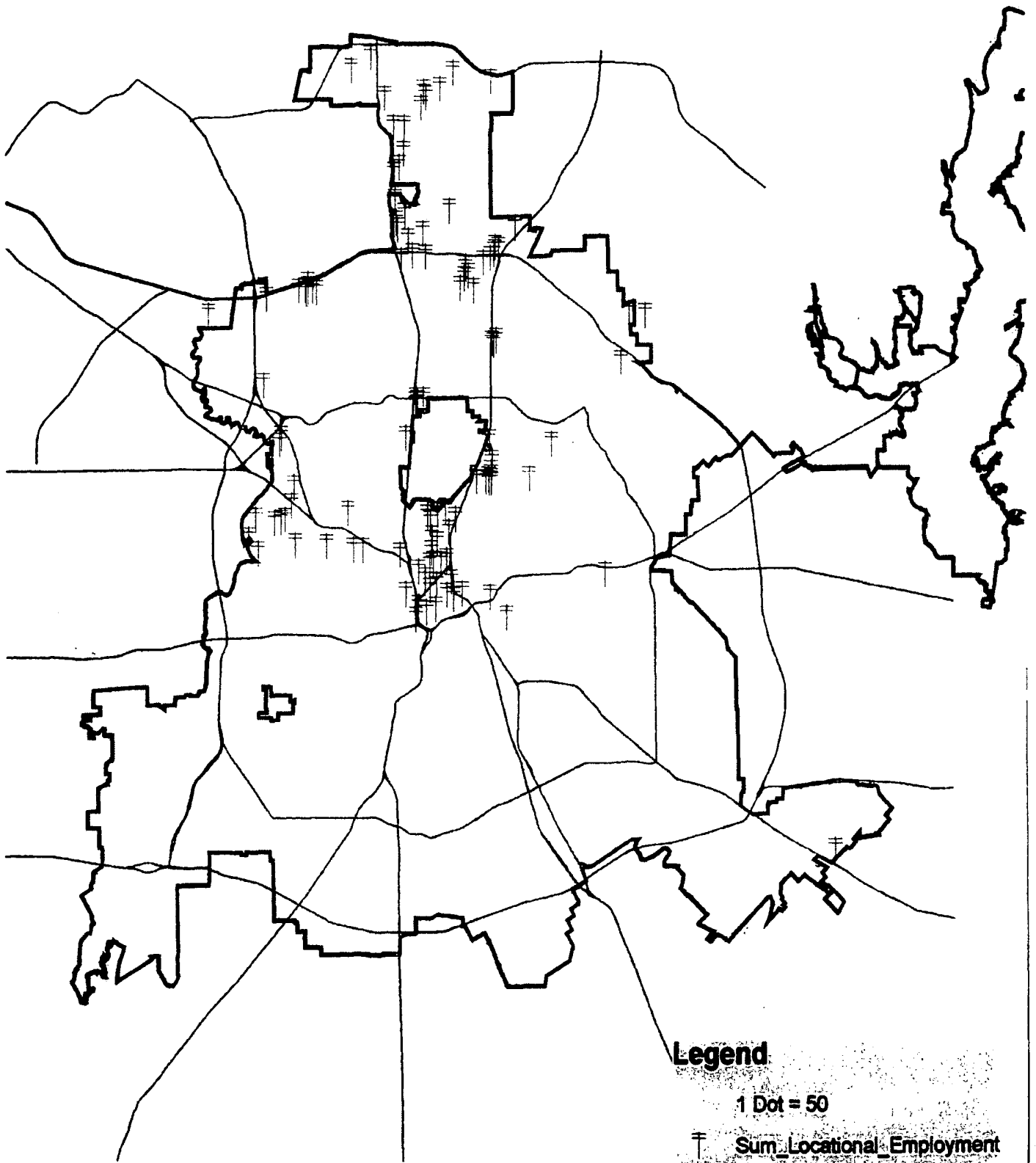
— frwy

▭ Dallas_citylimit

TEXTILE



TELECOM



Legend

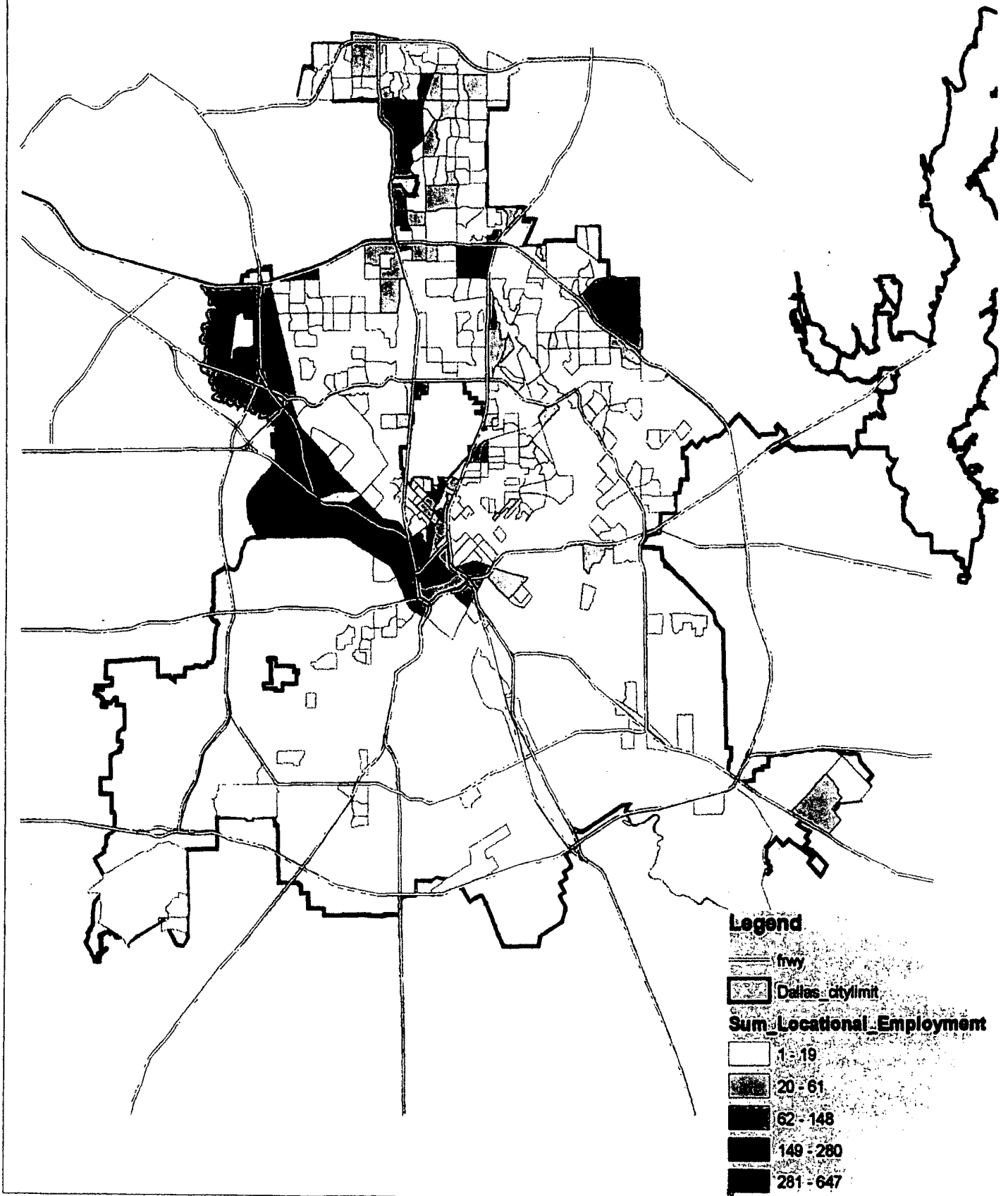
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┆ Sum_Locational_Employment

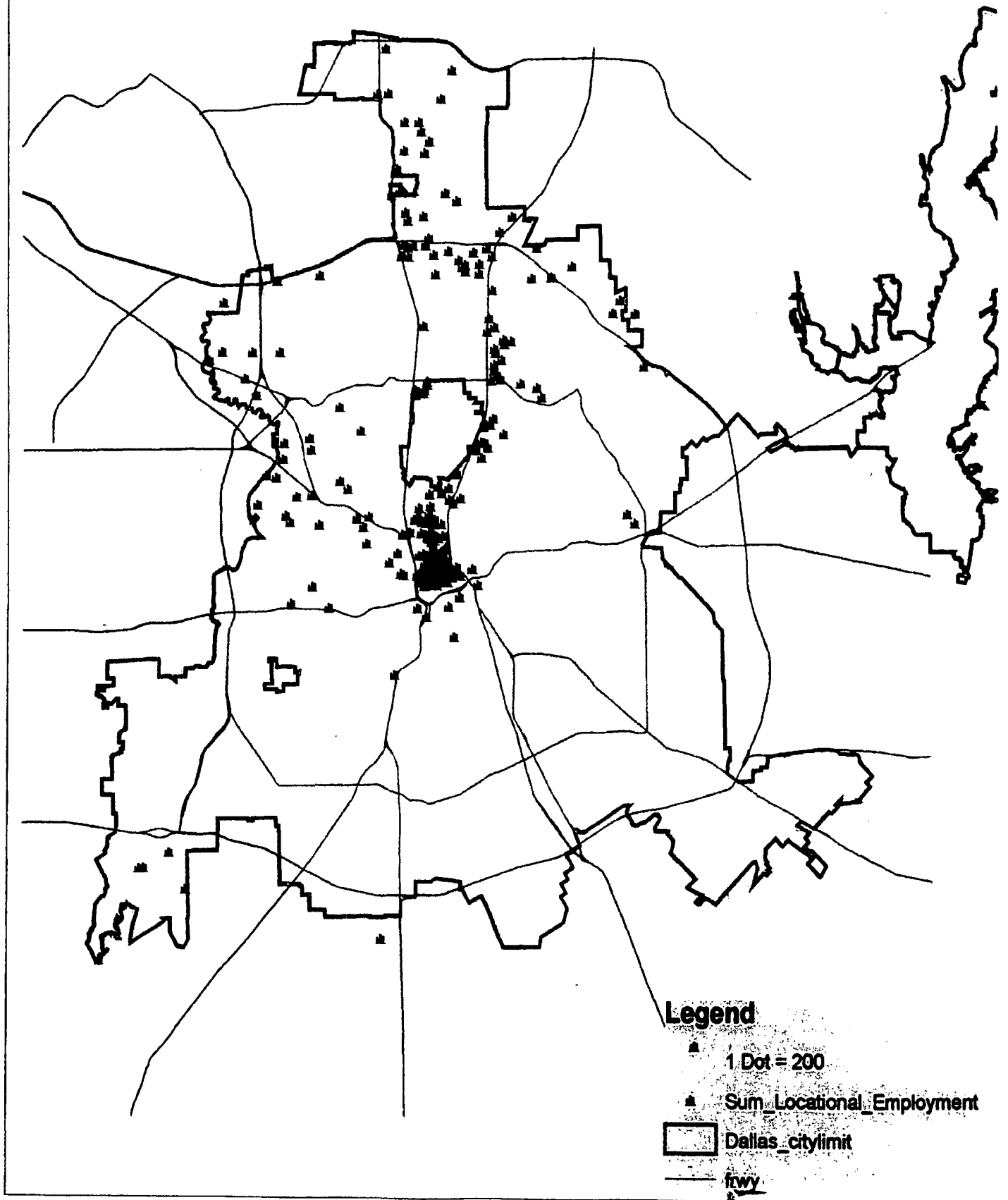
▭ Dallas_citylimit

— frwy

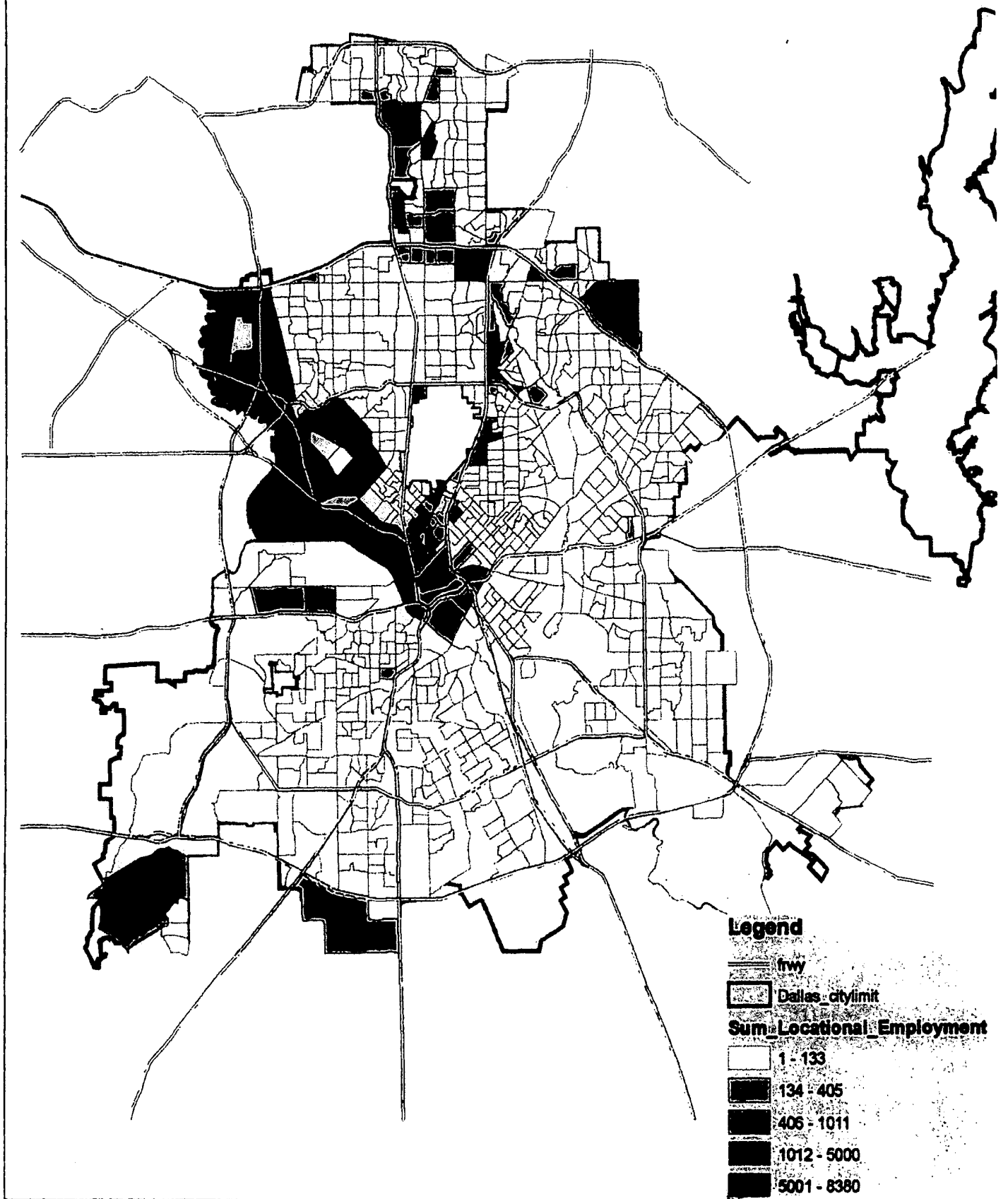
TELECOM



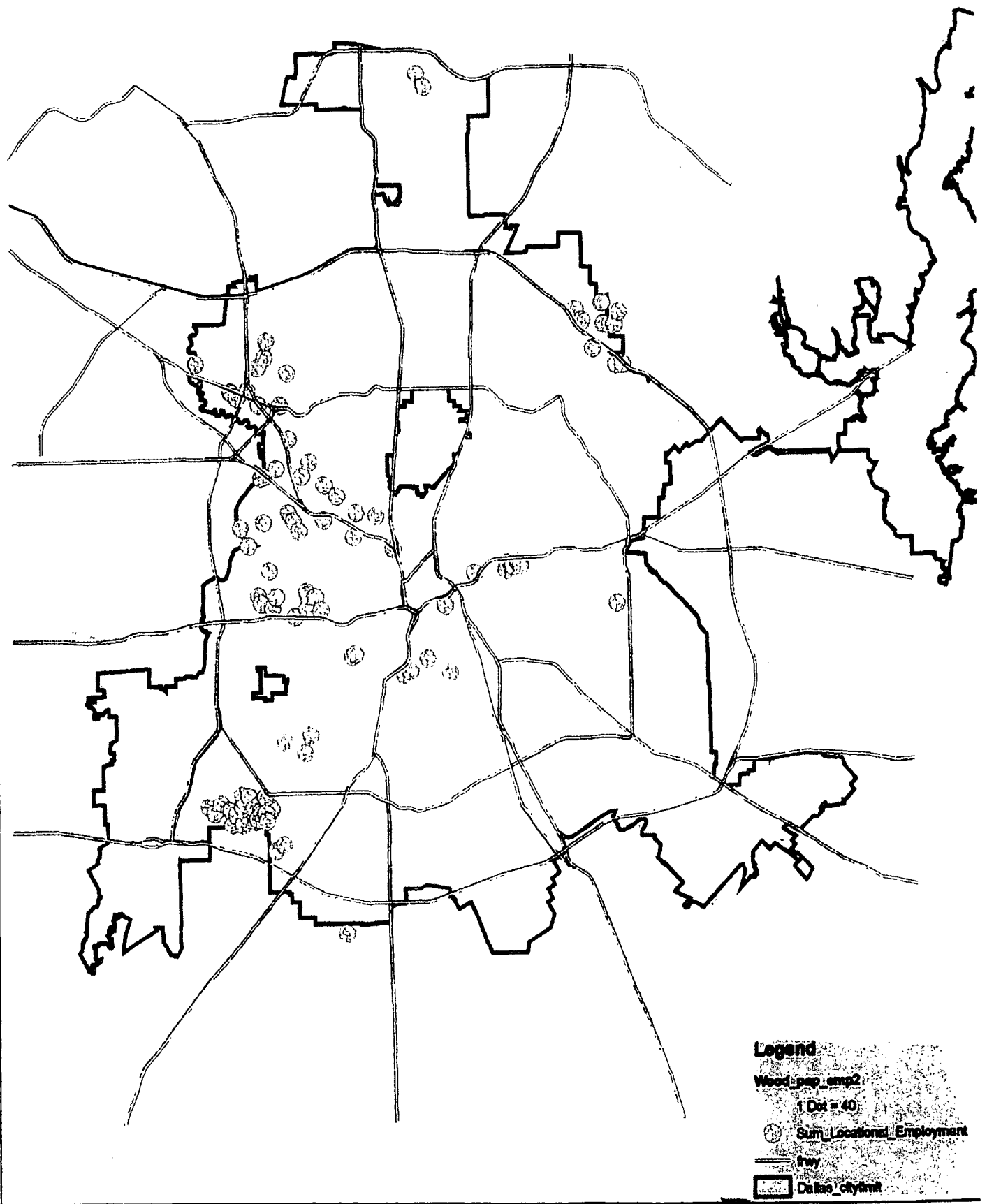
URBAN PROFESSIONAL / HQ



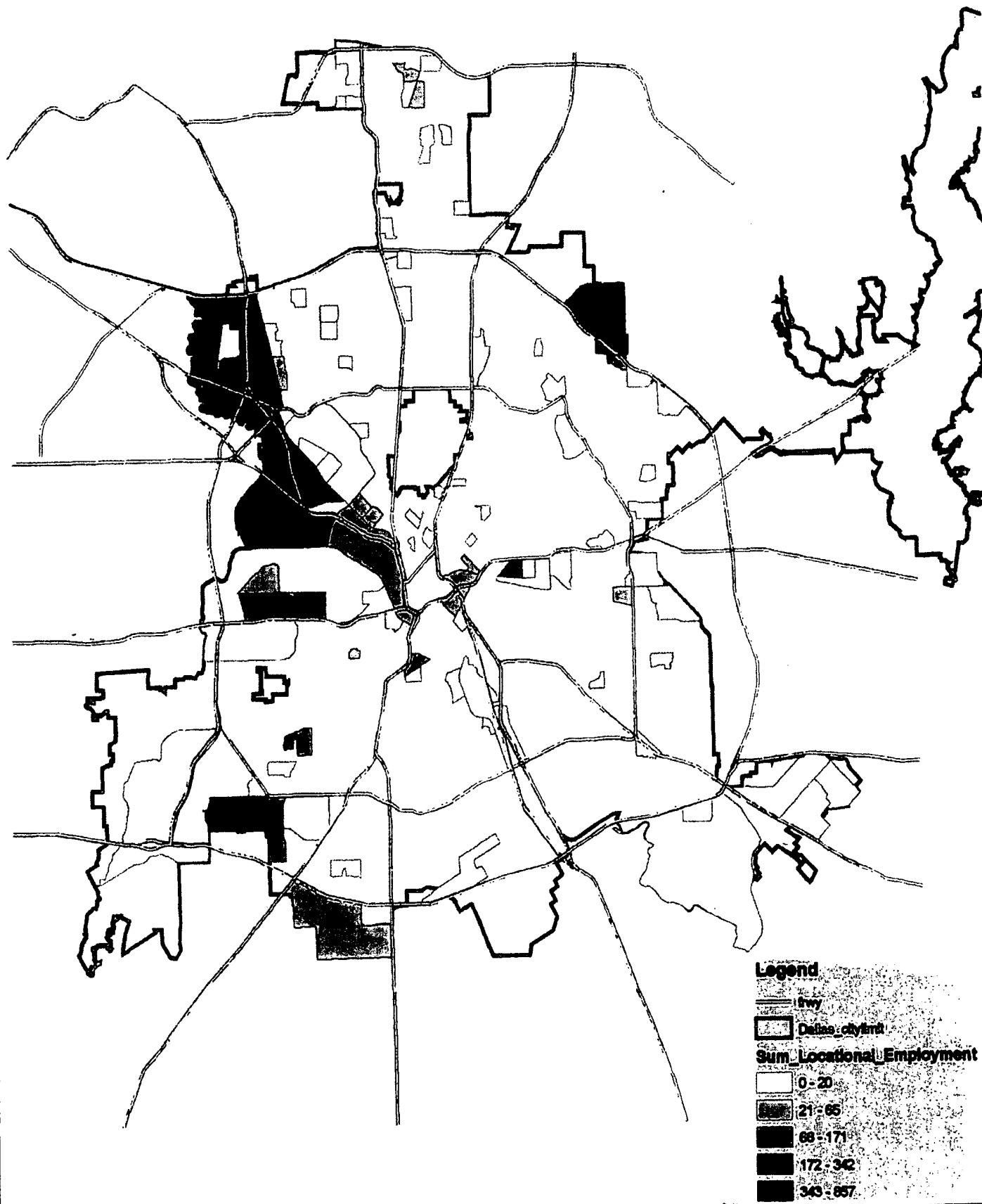
Urban Professional/HQ



WOOD/PAPER



WOOD/PAPER



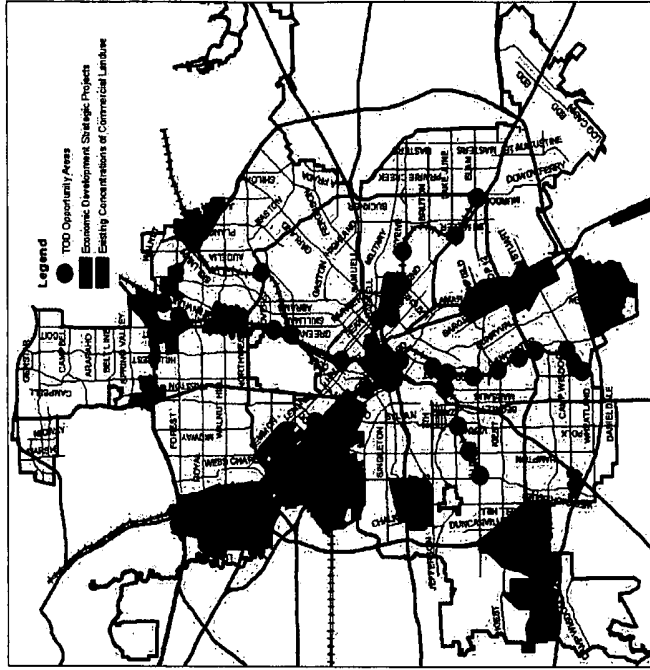
Dallas Target Industries

The City of Dallas has a diverse economy with strengths in financial and business services, information technology, healthcare, diversified manufacturing, and wholesale, distribution and transportation.

Still, with increasing globalization, changes in business processes and technology, the City is preparing to support the next generation of industries that also build on our existing strengths. The Office of Economic Development has identified strategic target industries that are ideally suited to Dallas. These industries also build on Dallas' current industries, work force and infrastructure.

Target Industries	Existing industry base to build upon	Good growth prospects in next 10 years
High information technology using financial and service firms	3,390 firms 55,800 jobs	15% to 24%
Prefabricated building materials	155 firms 8,500 jobs	18%
Food processing and distribution	162 firms 19,500 jobs	8%
Instrument manufacturers	101 firms 15,609 jobs	24%
Media, including Spanish language	840 firms 11,200 jobs	24%

City of Dallas Commercial Corridors and Opportunities



For more information, go to <http://www.dallascityhall.com/pdf/edd/DallasIndustryStrategy.pdf>.



Research and Information
Office of Economic Development
BigD-ED.org

Dallas Industry Strategy

Economic Development and Housing Committee

March 6, 2006

Office of Economic Development
WWW.Dallas-EcoDev.ORG



City of Dallas

Purpose

- Introduce a target industry strategy to guide the Office of Economic Development's (OED) *proactive* business development efforts over the next 24 months



Introduction

- The key concept in ED today is how the locality adds value to the firm
 - In turn, some industries bring more benefit to a community than others because they more closely match local work force, infrastructure and technology assets
 - Well adapted industries will grow faster and invest more
- To truly add value requires that a City understand the strengths, weaknesses, threats and opportunities of an industry
 - With limited resources, this means focusing on the industries that will best fit Dallas and give us the greatest return on our scarce economic development resources
- They key is to select **strategic industry targets** that can be addressed by all economic development services



Customize OED Services

- Under a strategic industry approach, the tactics adopted by business service divisions can be tailored to the unique needs of each target industry
 - Entrepreneurial small business – create industry specific BACs / incubator capability and build work force and research partnerships
 - Business development – develop a custom response process for the cold call firms in these industries
 - BEAR program – call on local firms to assess needs and foster partnerships and associations
 - Marketing and recruitment – develop campaigns to identify and call on potential relocation candidates
 - Research – monitor conditions, threats, opportunities, work force and facilities needs of target industries
 - International – provide targeted recruitment of international firms



Strategic Target Research

- To identify a set of industries that can prosper in Dallas and maximize our return on scarce economic development resources, OED completed an extensive analysis of the Dallas economy and the national and international prospects of approximately 250 industries



Five Strategic Industry Prospects

- From this research OED identified five top prospects
- Year one:
 - High IT Use Services (finance, accounting, distribution, health care)
 - Prefabricated Building Materials
- Year two the strategy adds:
 - Media (converging content, Spanish markets)
 - Food Processing and Distribution
 - Instrument Manufacturing



Why High IT Use Services?

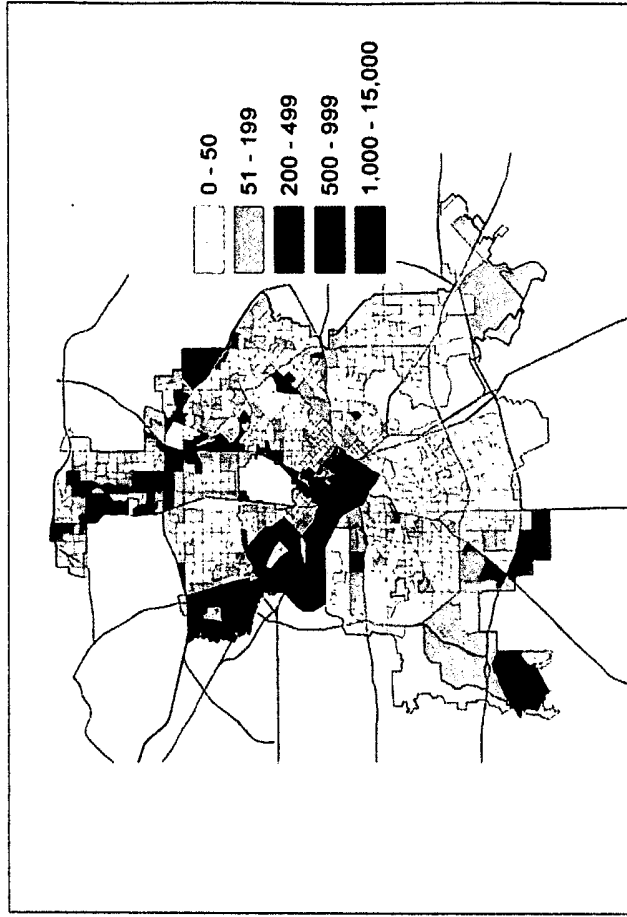
Current Dallas Position: 3,332 firms concentrated in accounting, payroll and finance.

Value Chain Target: Firms that build linkages between information technology and Dallas' professional strengths: finance, accounting, health, distribution.

Reality Check:

- Trend is merging of professional knowledge and IT systems/software to create new, more efficient business processes
- Central city locations appeal to many professionals who will create these industries

Current High IT Use Service Jobs



City of Dallas

Office of Economic Development
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Why Prefabricated Materials?

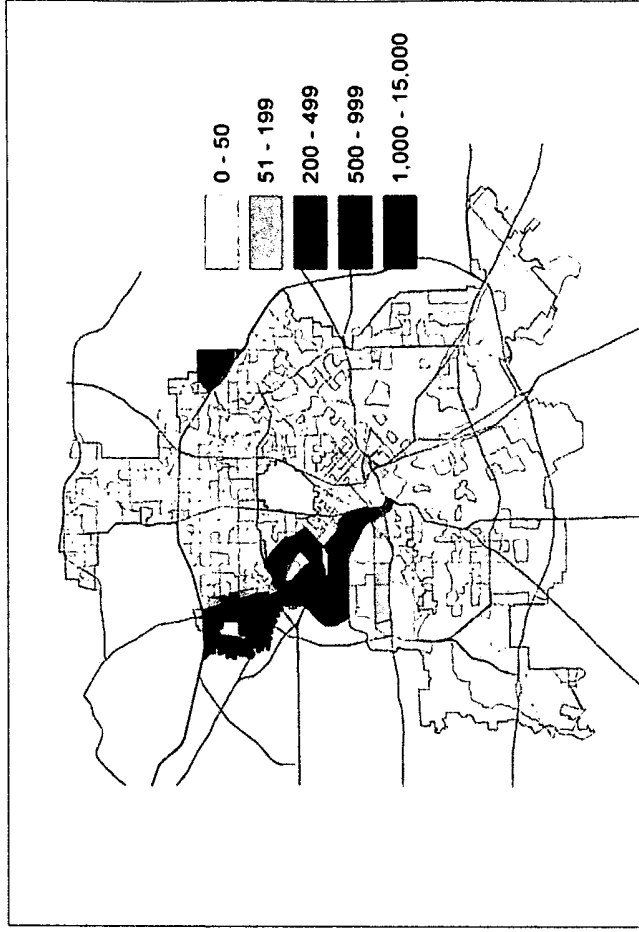
Current Dallas Position: 155 firms concentrated in fabricated structural metal, window and door manufacturing, and wood kitchen cabinet and countertop manufacturing.

Value Chain Target: Firms that apply advanced processes to remain competitive and ultimately move into advanced materials and energy efficient building systems.

Reality Check:

- Growing demand for prefabricated construction materials to save costs
- High-end “green” products to save energy
- Dallas can supply components for regional housing growth

Current Prefab Building Materials Jobs



Why Food Processing?

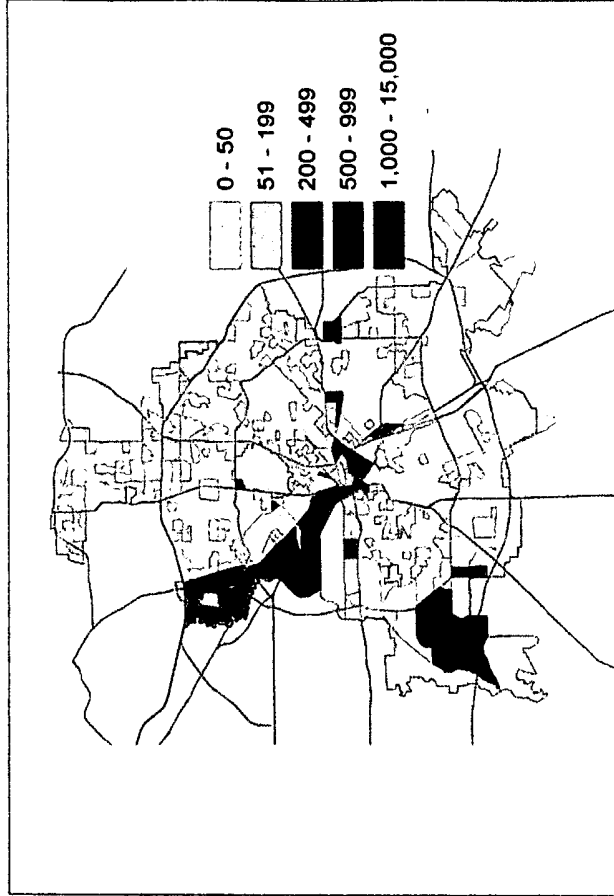
Current Dallas Position: 162 firms concentrated in milk, baking and snack foods.

Value Chain Target: Add frozen and specialty foods and distribution.

Reality Check:

- Opportunities for niche products
- Opportunity to supply the region or national markets
- Takes advantage of logistics and distribution capabilities

Current Food Processing Jobs



Why Media?

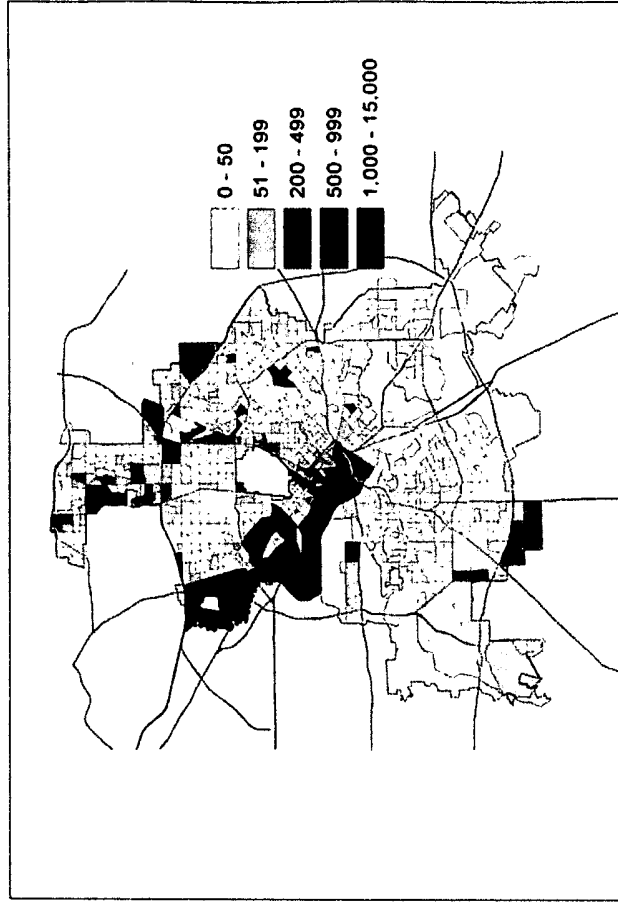
Current Dallas Position: 840 firms concentrated in advertising, motion picture and video production.

Value Chain Target: Cross-media firms and growing ethnic markets.

Reality Check:

- Convergence of technologies – TV, video games, print – are producing cross fertilization and standardizing the required skills
- Growing Hispanic market domestically and internationally

Current Media Jobs



Why Instruments?

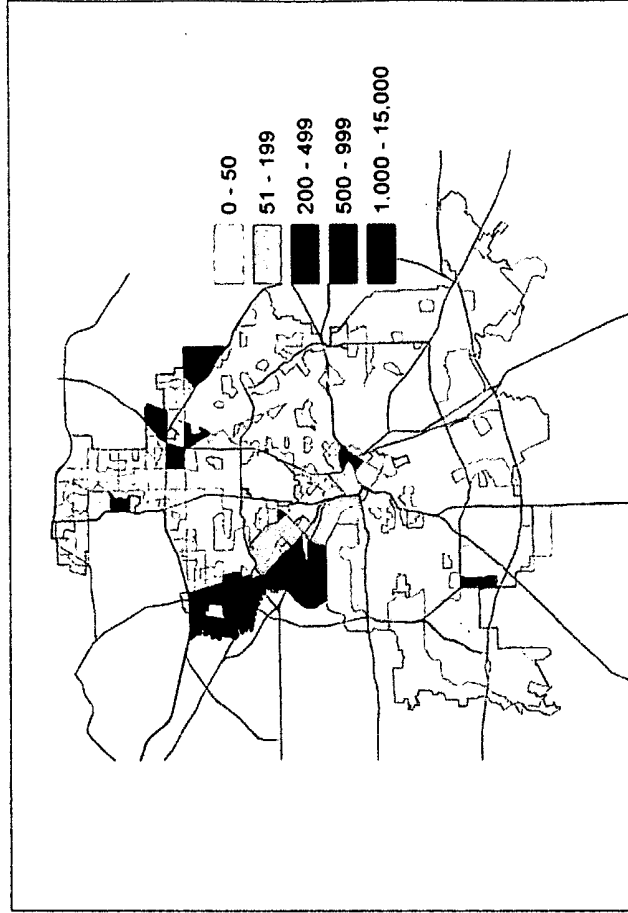
Current Dallas Position: 101 firms concentrated in electronic measuring/testing and navigation and guidance instruments.

Value Chain Target: Move to niche manufacturing of high-tech products that combine industry capabilities.

Reality Check:

- Large engineering community and growing engineering schools
- Mechanical, electronics, bioengineering and materials engineering are converging with the promise of new products in health care, security, energy/environmental systems
- Provides *service enablers*: pieces of hardware that generate large numbers of supporting service jobs

Current Instruments Jobs



City of Dallas

Office of Economic Development
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How to Select Strategic Targets

- Step 1: Review previous studies
- Step 2: Identify Dallas' global economic role
- Step 3: Identify Dallas' regional economic role
- Step 4: Identify our unique industry mix
- Step 5: Understand global economic and business trends
- Step 6: Do a detailed statistical analysis of all industries and develop a short list
- Step 7: Understand work force conditions
- Step 8: Inventory our business real estate assets
- Step 9: Perform a qualitative analysis of short list industries (SWOT)



Previous Target Studies

- **Governor's Office – North Texas (2005):**
 - Semiconductor and micro-electromechanical systems
 - Aerospace and defense (Fort Worth)
 - Information and computer technology (equipment and services)
 - Energy
- **Greater Dallas Chamber – Dallas half of DFW (2002):**
 - Data & computer management (retention)
 - Global financial firms
 - Medical device and biopharmaceutical firms
 - Semiconductor equipment and supplies (not chip production)
 - Headquarters, data and logistics facilities



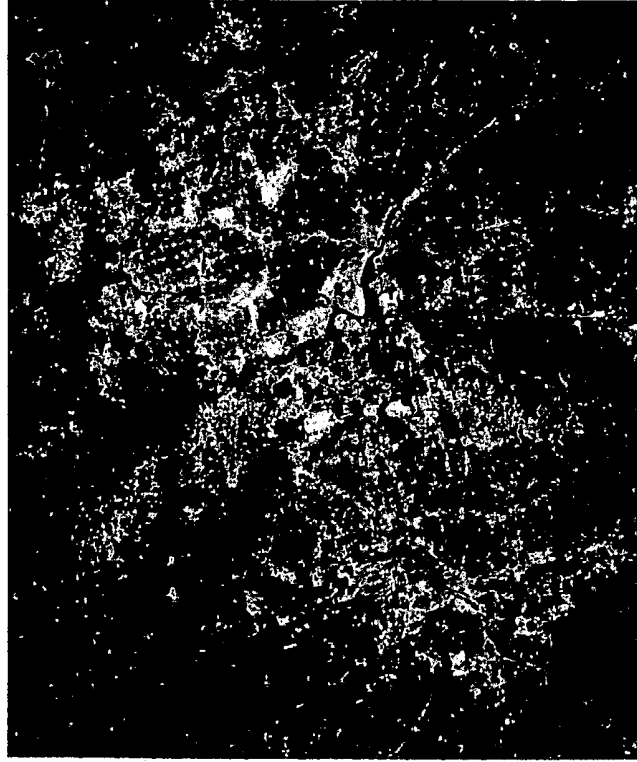
Previous Target Lessons

- **Relevance**
 - Provide high value added industry targets
 - Relatively current
 - Chamber emphasis on facilities
 - Governor's emphasis on "soft infrastructure" such as trade associations and university degree programs
- **Shortcomings**
 - Both focus on region, not City of Dallas
 - Focus on high skill to exclusion of entry level
 - Do not address how to transition from current industry mix to higher value added
 - Recruitment to the exclusion of entrepreneurship and expansion of local companies



Dallas' Global Role

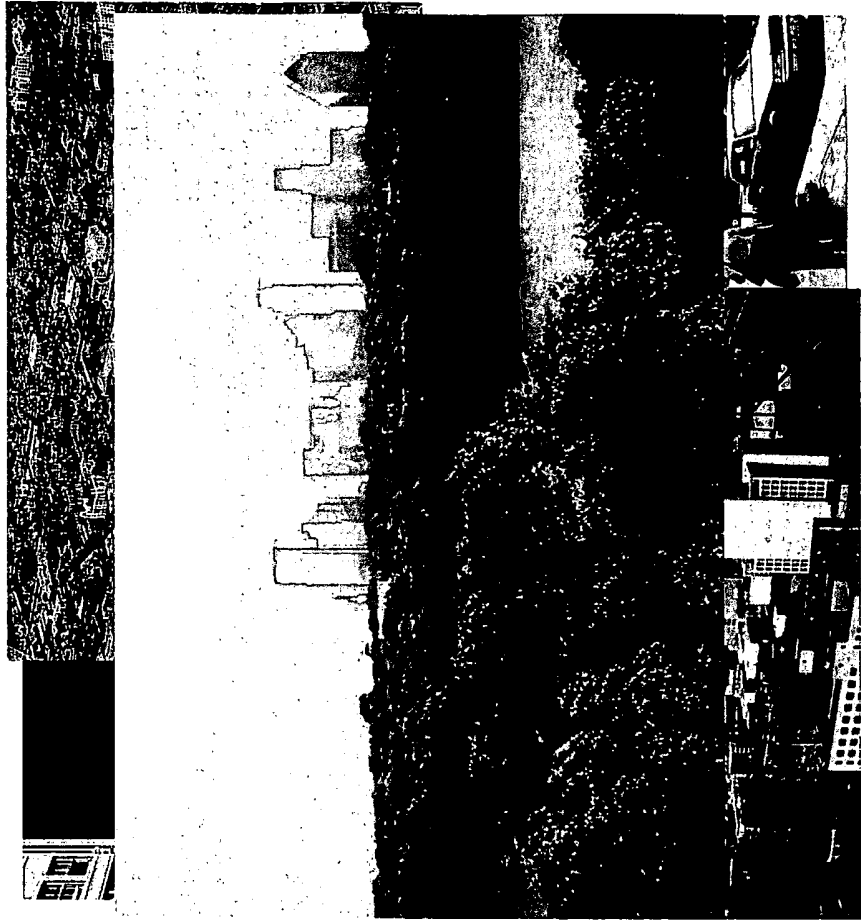
**To the World,
Dallas = DFW**



- DFW in turn is seen as:
 - Big economy
 - US: 8th, World: 27th
 - Administrative center
 - 5th ranked HQ center
 - 101,000 federal and state jobs
 - Distribution center
 - 3rd busiest international airport
 - 15 major freight facilities
 - 4 intermodal rail yards
 - 5 interstate highways

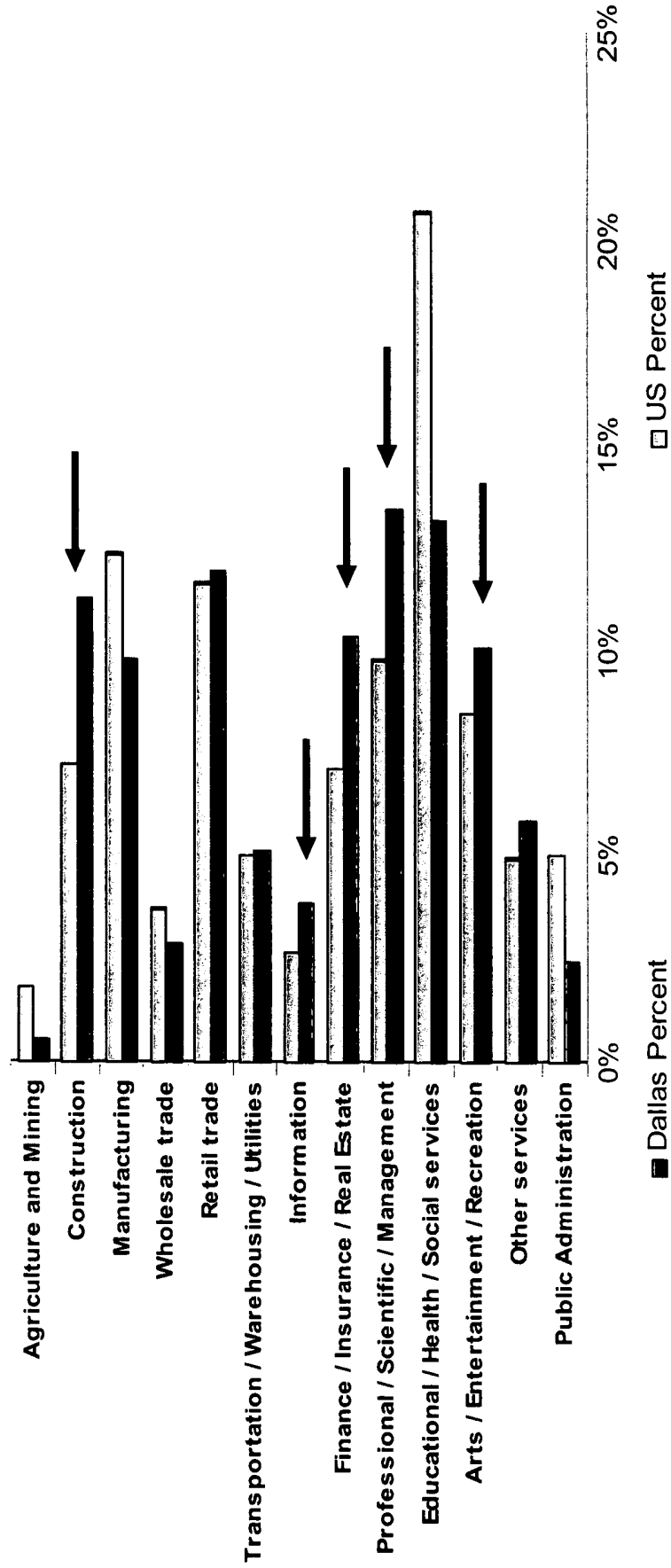
Dallas' Regional Role

- **Biggest city**
 - 1/5th of population and work force
 - 1/3rd of employment and output
 - 1/2 of area office space
 - 1/3rd of area industrial / distribution space
- **Infrastructure nexus**
 - Highways, rail, Love Field, DART, utilities, telecommunications
- **Urban amenities**
 - Hospitals, community colleges, cultural center, urban neighborhoods, signature parks



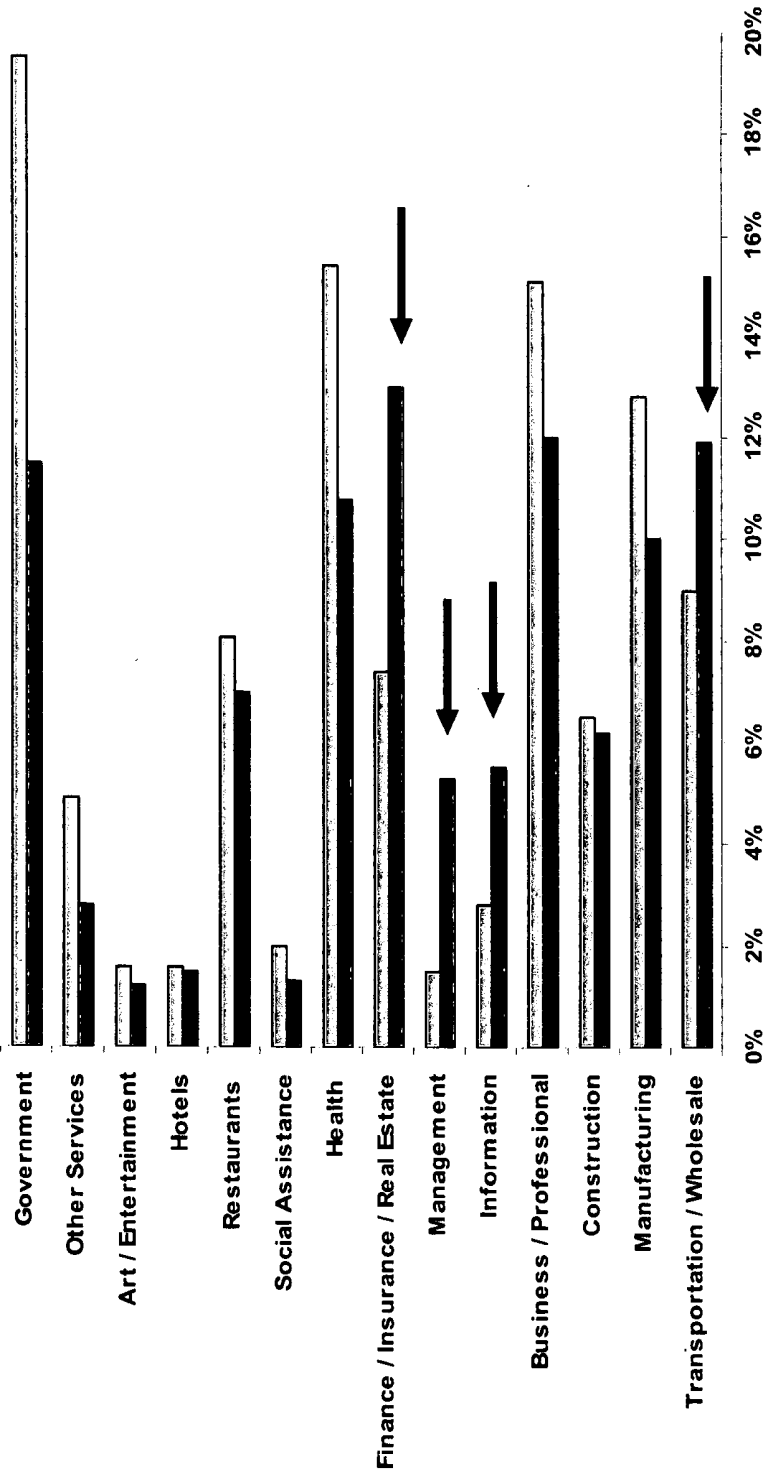
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City of Dallas Residents' Employment



Office of Economic Development
WWW.Dallas-EcoDev.ORG

Jobs in Dallas



Dallas Percent
 US Percent

Office of Economic Development
WWW.Dallas-EcoDev.ORG



City of Dallas

Global / National Business Conditions

- Convergence of information technology and business processes:
 - Business process
 - Software
 - Hardware – Service enablers
- Logistics and transportation trends:
 - Supply chain processes are driving retail, manufacturing and increasingly services
- Higher energy prices:
 - Productivity increases are key to maintaining living standard
 - Need more efficient manufacturing, distribution, services and land use
- Demographic shifts:
 - Labor competition – a quality work force available globally
 - US / Dallas population is younger than many other nations / cities
 - Return to the city movement?



Economic Outlook

- Dallas has a favorable industry mix:
 - If Dallas grows at U.S. average, it adds 59,000 jobs by 2010
 - Dallas' industry mix, however, is forecast to add 73,000 jobs
- 30 percent of new jobs will be office professional
- Non-professional jobs will have to increasingly come from vocational healthcare, retail, temporary agencies
- Manufacturing continues to lose jobs
- Cities across the region and the world are actively competing and nurturing development - we will have to earn many of these jobs
- Global economic trends offer opportunities to Dallas



Quantitative Variables

Variable:	What it tells us:
Location quotient:	How concentrated the industry is in Dallas
Establishment growth:	Which industries are creating the most new firms
Shift-share:	How competitive Dallas' firms are compared to national firms
Employment level:	How big the Dallas work force is in each industry
Employment forecast:	Which industries expect to add the most jobs
Output forecast:	Which industries expect to add the most value and tax base
Economic multiplier:	Which industries have the biggest local economic impact
Wage rate:	Which industries contribute most to personal income
Longitude and latitude:	Where industries currently cluster in the City



City of Dallas

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Example of a Top 25 List

Description	NAICS*	Description	NAICS*
Other Investment Pools and Funds	5259	Converted Paper Product Manufacturing	3222
Cable Networks and Program Distribution	5132	Architectural and Structural Metals Manufacturing	3323
Medical and Diagnostic Laboratories	6215	Support Activities for Road Transportation	4884
Specialized Freight Trucking	4842	Dairy Product Manufacturing	3115
Telecommunications	5133	Electric Power Generation, Transmission and Distribution	2211
Radio and Television Broadcasting	5131	Communications Equipment Manufacturing	3342
Soap, Cleaning Compound, and Toilet Preparation Manufacturing	3256	Plastics Product Manufacturing	3261
Information Services	5141	Nondepository Credit Intermediation	5222
Data Processing Services	5142	Specialized Design Services	5414
Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	3345	Motion Picture and Video Industries	5121
Medical Equipment and Supplies Manufacturing	3391	Activities Related to Real Estate	5313
Securities and Commodity Contracts Intermediation and Brokerage	5231	General Freight Trucking	4841
		Software Publishers	5112

*NAICS = North American Industrial Classification System



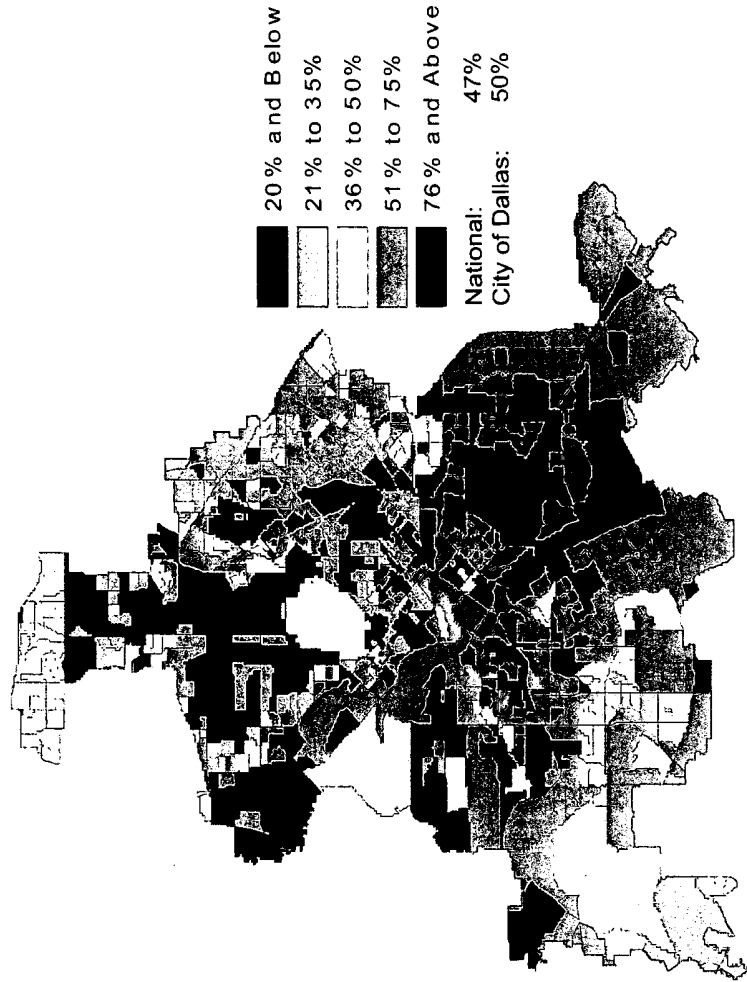
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Workforce Conditions

Residents With High School Diploma or Below

- Dallas has a diverse work force with large numbers of high and low skilled individuals
- This implies a need for industries and jobs at all skill levels

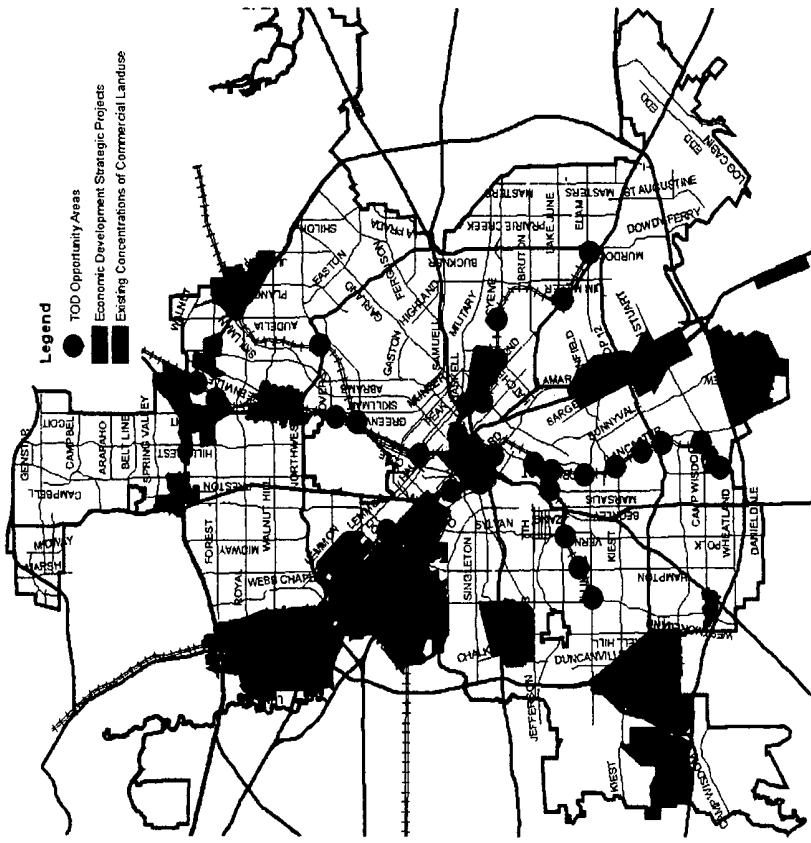


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Business Real Estate Assets

- Dallas has a number of industrial and business centers
- An industry's facility and real estate needs are specialized



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Go Beyond the Statistics

- **Key Questions to ask of the short list industries**
 - **Economic Questions:**
 - What are the key occupational trends?
 - What are the key technology trends?
 - Which are a match for our geographic priorities?
 - What are the gaps to moving our target industries up the value chain?
 - Does the statistical definition of an industry make sense?
 - **Organizational Questions:**
 - What are our long-term image (and other) objectives?
 - Which provide opportunities for cross departmental realignment?
 - How many industries can we do justice in year one?
 - How can the City add value?



Strategic Industries Recap

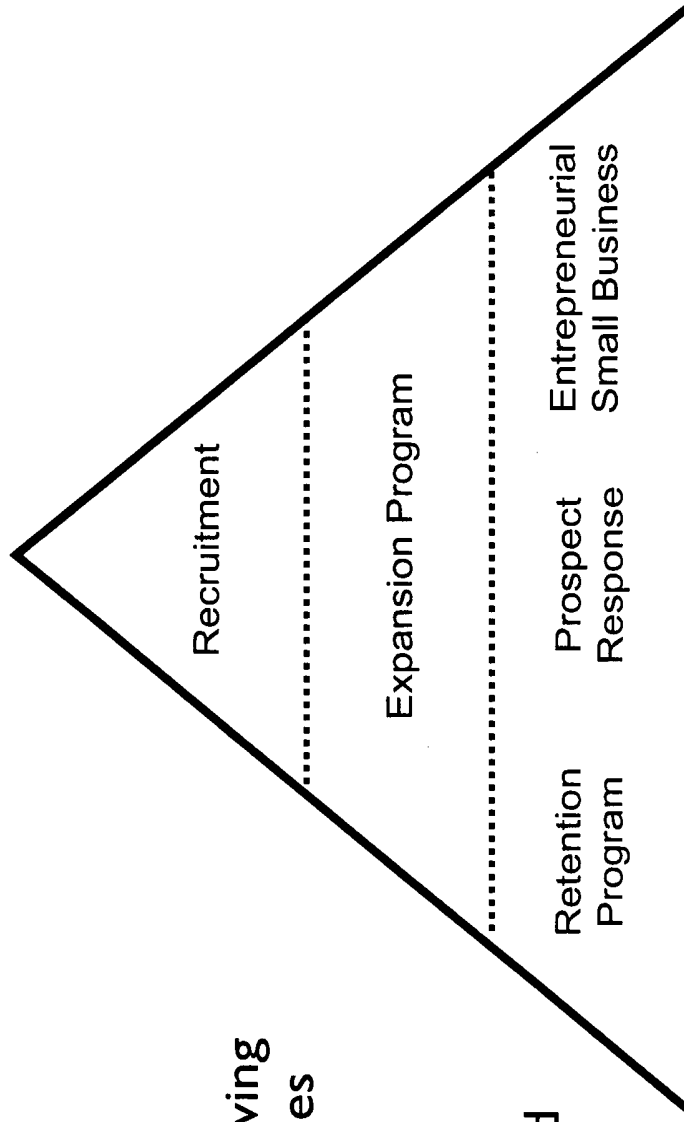
- Five Strategic Industries for Dallas:
 - High IT Use Services (finance, accounting, distribution, health care)
 - Prefabricated Building Products
 - Food Processing and Distribution
 - Media (converging content, Spanish markets)
 - Instrument Manufacturing
- Each is an existing Dallas strength
- There is a recognized path from each into next generation products and services
- They all have better than average employment and output prospects
- The list does not follow fads: this is a unique list for a unique economy



Implementation

Covers All ED Services

- Foundation is based on stabilization, customer responsiveness, and growing next generation companies
- Second layer is strengthening existing dominant industries
- Finally, selectively expand the industry mix



Implementation

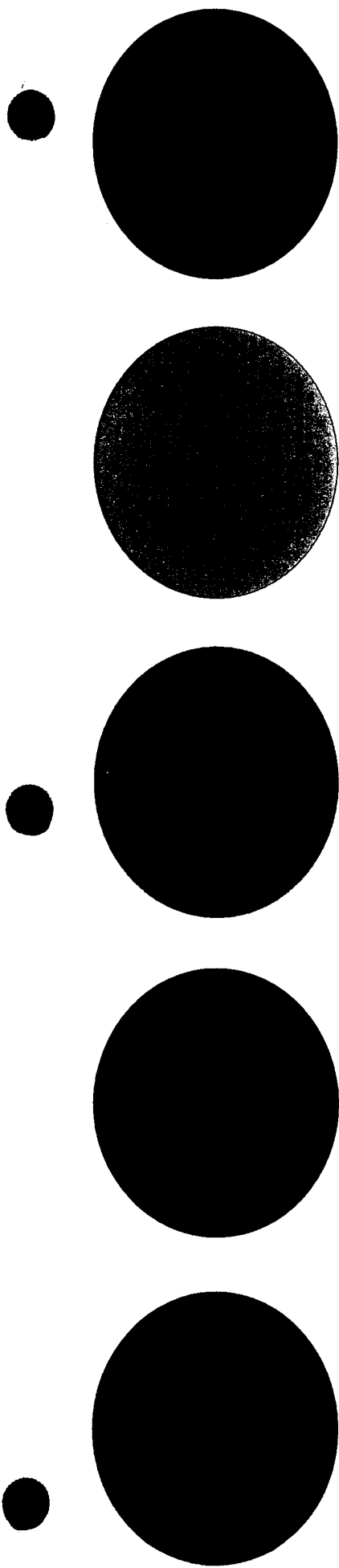
- New Economic Development Mindset: How can we add value across the board?
 - Publicly show that we are committed to the industry's success here
 - Build relationships
 - Plan for target industry needs
 - Maintain good quality of life: public safety, strategic investments in roads, parks and libraries and catalyst projects



Recommendations

- Implement a rolling start to target industries
 - Full campaign in year one for two industries:
 - High IT Use Services
 - Prefabricated Building Materials
 - Maintain monitoring system for all five and look for targets of opportunity in the remaining three:
 - Food Processing and Distribution
 - Media
 - Instruments
- Complete research to identify solutions to gaps and in particular the best approach to grow new firms in each
- Implement full campaigns for remaining three over next 24 months





Realizing Potential: **A Framework for Enhancing the Southern Portion of Dallas**

Dallas City Council
February 20, 2008



Office of Economic Development

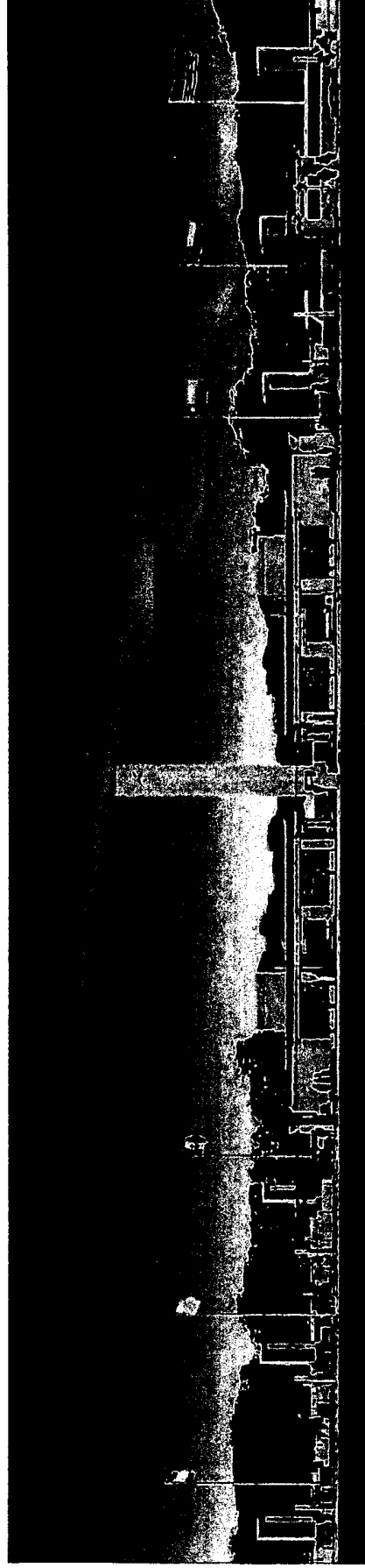


●●●●● Introduction

- The southern portion of our city presents both real economic opportunities and needed economic assets
- Although historically not enjoying the same growth as other areas, the southern portion of our city should be viewed as an economic asset
 - Land for economic expansion
 - Human resources
- The southern portion of Dallas can provide (and needs to provide) commercial tax base growth and communities for population growth

●●●●● New Vision

- Dallas' southern communities are integrated into the regional economy
- Neighborhoods have a new dynamic of opportunity for renewal and change
- Options for employment, housing, shopping and learning abound
- Seen by residents and visitors as places of opportunity comparable to the City as a whole and the greater North Texas region



●●●●● Key Elements of Southern Dallas Vision

- **Neighborhoods** are clean, safe places
- **Entertainment and Retail Opportunities** fulfill the expectations of residents and visitors
- **Education Opportunities** empower families to achieve their goals
- **Employment Opportunities** are available through local employment centers and greater integration into the regional economy
- **Housing** accommodates all residents and supports functioning, mixed income neighborhoods
- **Businesses** find competitive advantages from which to serve local, regional or global markets
- **Environment and Perception** viewed as healthy, prosperous and sustainable by residents and visitors

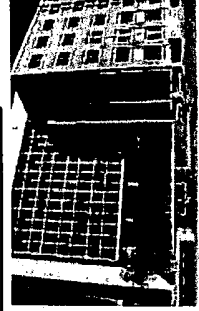
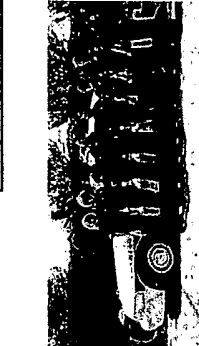
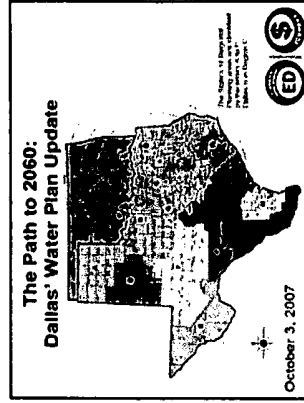
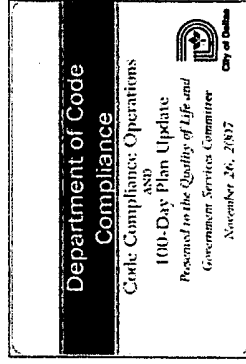
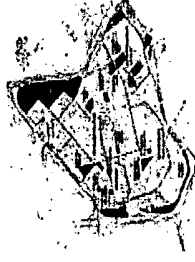


Briefing Overview

- This briefing outlines the issues facing economic development in southern Dallas, identifies actions taken to date and proposes a strategy to realize economic growth in the south
- Recent large investments in southern Dallas have yielded measurable progress, but southern communities are losing ground relative to the region
- Key issues, some due to historical imbalances and some due to a lack of strategic focus, must be addressed to realize the vision
- Dramatic, measurable progress requires a focused strategy with public sector investment addressing past imbalances and creating a “springboard” for economic growth
 - Public sector cannot do it alone
 - Requires setting priorities and delivering quick catalysts

●●●●● Recent Progress

- \$ 1billion of last three bond programs dedicated to southern Dallas (almost 70% in 2006 program)
- TIF capacity doubled
- Public-Private partnership program refined
- TOD master development agreement mandates investment in south
- Additional police officers hired, new South Central division headquarters opened
- Code Compliance department reorganizing

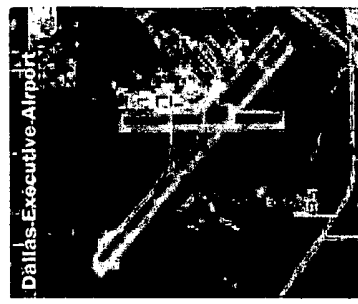
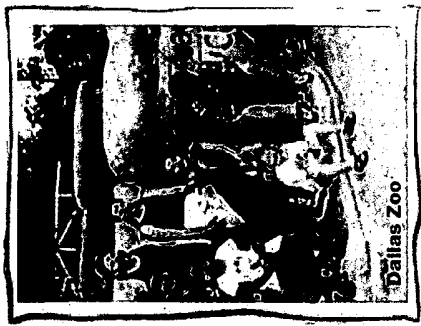
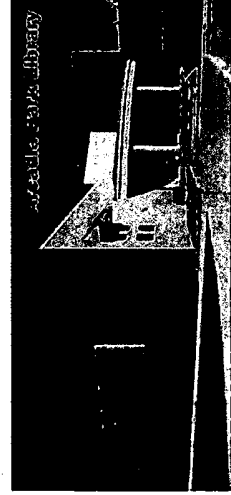
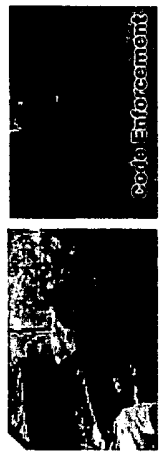


Recent Progress

- Council has approved 129 Public-Private Partnership projects since 1989 with an associated direct impact of \$1.14 billion in private investment and 20,101 jobs
- Cedars and Oak Cliff Gateway TIF districts, formed in 1992, provided \$12 million in public investment and leveraged \$317 million in private investment and over 1,850 residential units completed, under construction or planned
- Three new TIF districts have been created since 2005 (Grand Park South, (2005), Fort Worth Avenue (2007), Davis Garden District (2007))
- \$1,026 billion from the 1998, 2003 and 2006 bond programs have been invested / committed for southern Dallas infrastructure projects
- Three new southern Dallas business parks have been created since 1998 (Pinnacle Park, Mountain Creek and Dallas Logistics Hub) creating over 7 million sq. ft. of industrial space, 700,000 sq. ft. of retail space, 100,000 sq. ft. of office space, 532 apartments and 6,500 jobs
- Annual new construction building permit value has increased 586% since 2000.
- Since 2000, real property values in southern Dallas have increased by \$5.6 billion or 50.5%.

●●●●● Recent Progress

- \$12 million public investment in Dallas Executive airport and \$8.5 million in private sector investment since 2000
- Fair Park has seen \$111 million in public investments since 2000
- The Dallas Zoo has seen \$21 million in public investment and \$4 million in private funding since 2000
- \$25.8 million in new Libraries and renovations since 2000
- violent crime in southern Dallas has been reduced by 23.4% since 2003 and the total crime has been reduced by 13.8% since 2003
- \$117 million spent in various Housing programs since 2000



●●●● Recent Progress: Catalyst Initiatives

- **New Since 2005:**
 - **DART expansion and TOD initiative** (11 existing stations, 6 under construction; master developer agreement)
 - **International Inland Port of Dallas (IIPOD)** (first distribution facilities under construction)
 - **Expanded Downtown** (Convention Center corridor proposed to connect Cedars and Victory)
 - **Public school reform** (Dallas Achieves initiatives adopted by DISD Board of Trustees)
- **Ongoing**
 - **Trinity River Corridor Project** (zoning process underway, amenities under construction)
 - **UNT Campus area** (first building open, *forwardDallas!* area plan underway)
 - **Business Parks** (continuing to build out)
 - **Housing** (8.5% increase in owner occupied housing between 2000 to 2007; 1.7% increase Citywide)



Trinity Audubon Center



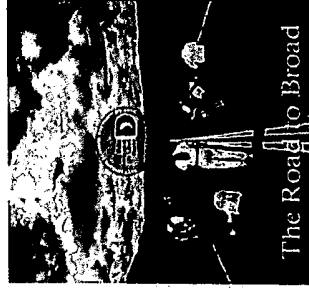
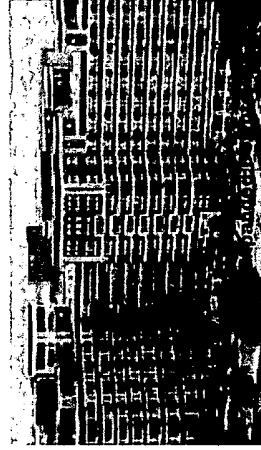
MLK Station



Pinnacle Park



Park Lane Place

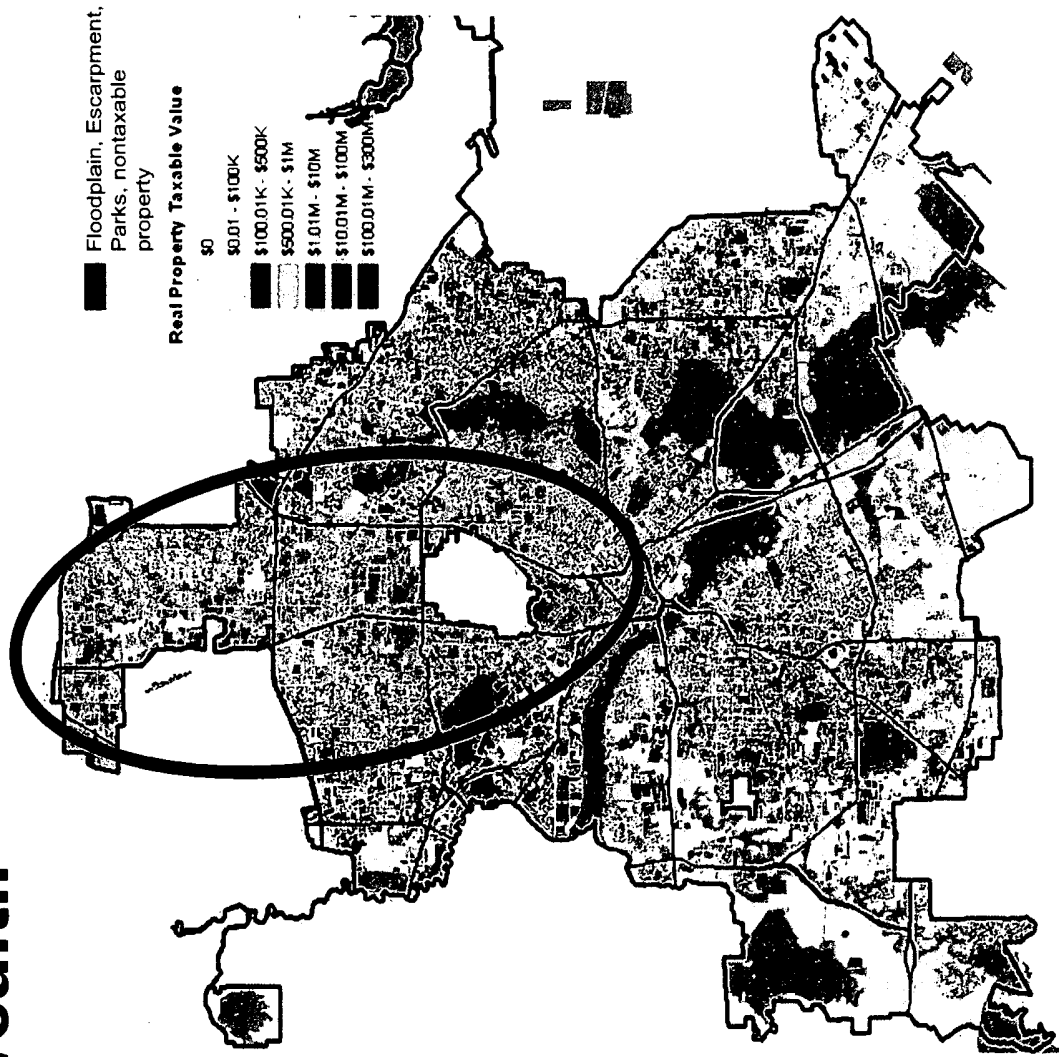


The Road to Broad

See Appendix A, page 27 for details

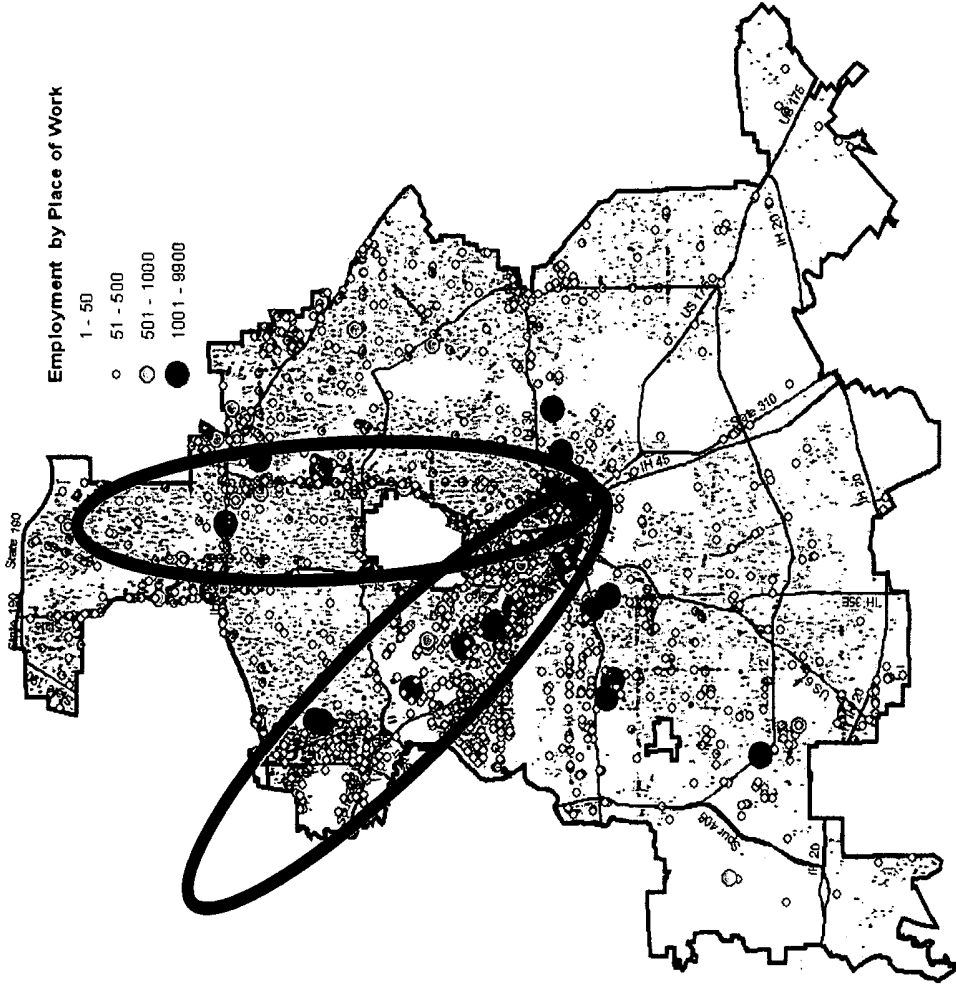
●●●●● Challenges: Wealth

- A concentrated and focused strategy, encompassing public and private investment is needed to create a balanced economy and overcome current conditions
- Dallas' wealth distribution is uneven



●●●●● Challenges: Jobs

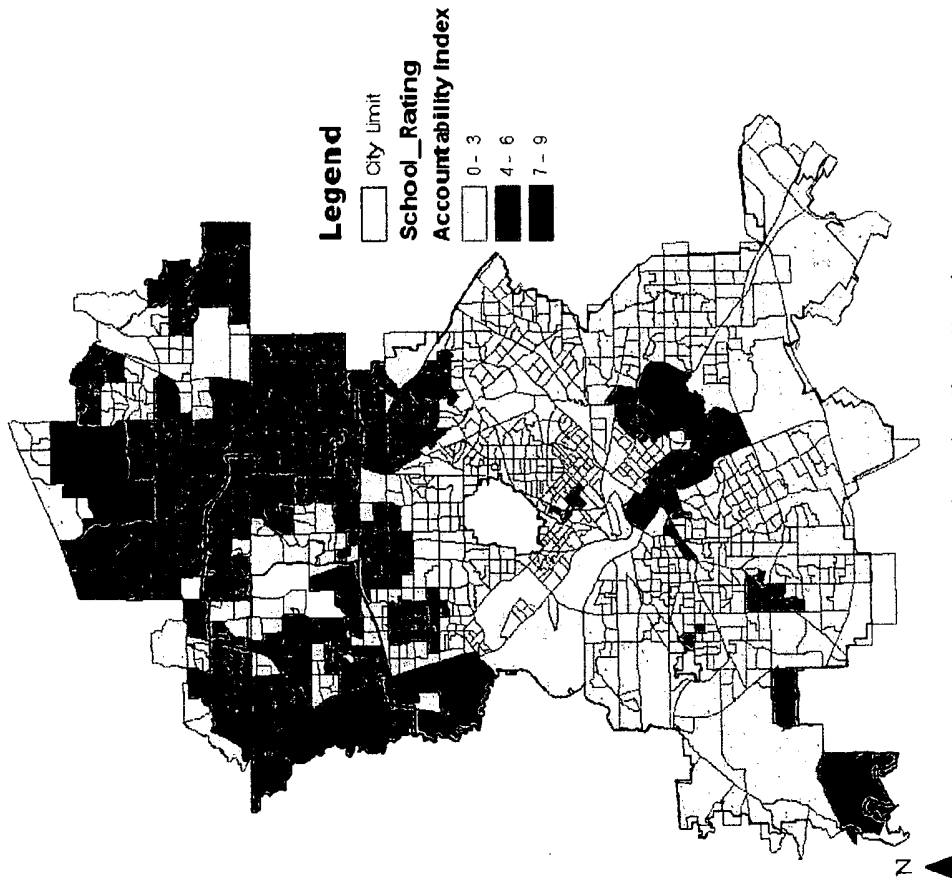
- Employment bases in the city are focused on the north, with a need to build bases in the south



●●●●● Challenges: Education

School Rating: Dallas vs. Northern Suburbs

- Education prospects are a significant challenge to accomplishing our objectives*



*Rating index is the sum of the local elementary, middle and high schools' 2006-2007 TAKS scores coded as follows:

- Unacceptable = 0 points
- Acceptable = 1 point
- Recognized = 2 points
- Exemplary = 3 points

For example, if all schools are exemplary then the index score is 9, the maximum possible

Block groups assigned to the attendance zone with the most block group area.

●●●●● Progress in Perspective

- Much progress, but many neighborhoods show little improvement on major indicators
- Perceptions (founded or unfounded) harm retention and attraction of firms and families
 - Risks from crime
 - Uncompetitive neighborhood public schools
 - Small retail market potential
 - Higher mortality rates
 - Fewer retail opportunities (groceries, general merchandise, apparel)
 - Aging housing stock and shortage of mixed income housing
 - Education levels stymie workforce readiness
- Rate of redevelopment is not achieving **balanced economic opportunities** over any reasonable period (see Appendix B, page 36 for statistical information regarding southern Dallas)



Focused Strategy

- **Realizing economic potential requires a multifaceted approach**
 - Improve public safety
 - Enhance general living conditions and take a community approach through aggressive code compliance and enforcement
 - Expand the housing stock
 - Use targeted investment to create jobs, revitalize neighborhoods and deliver local development amenities

●●●●● Improve Public Safety

- Making sure people feel safe in their community is a priority of the City
- Enhance Police service delivery
 - South Central Patrol Division opened in November 2007 (over 200 officers)
 - Now have three southern Dallas patrol divisions
 - Aggressive response time goals for combined Priority 1 and 2 calls
 - 12 minutes by end of calendar year 2009
 - Public trust and confidence survey scheduled for 2008
 - Measure citizen satisfaction with service delivery and perception of crime
 - Will measure improvement over time with geographic details
 - “Beat Management” policing model
 - Each patrol beat is staffed with an officer/s held accountable for patrolling and managing problems instead of just handling complaints
- Requires support of entire criminal justice system to make this process work

City Services

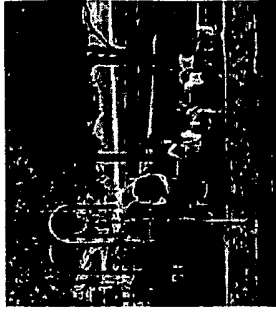
- Build on efforts to improve coordination and delivery of City services
- Three elements
 - Service integration
 - Service enhancement and a geographic approach
 - Service feedback and evaluation



Strategic Engagement
Dallas' Economic
Development Plan



City of Dallas



forwardDallas!

Let's build our future.

Community Engagement



- Sustainable communities are a precondition for economic development
- Helping neighborhoods maximize existing assets/resources to improve economic viability
- Reposition and better coordinate existing initiatives, e.g.:
 - Strategic Area Coordination (SCS); Small Business Program (OED); Community Liaison and NIP (Housing); Fair Housing Program; Long Range Planning & Reforestation Fund (Dev. Services); MOWmentum program (Streets)
- Specific immediate steps:
 - Produce enhanced community development manual for neighborhood and small business organizing and securing resources
 - Create asset mapping process to support workable visions and practical implementation plans for neighborhoods
 - Review existing city funds and services to streamline access to and application of these resources by community groups
- Interdepartmental team to coordinate initiatives

●●●●● Expand the Housing Stock

- A major component of an overall strategy is to expand the housing stock
 - Replace stock of aging apartments
 - Recapitalize the Housing Trust Fund to make a significant impact on housing
 - Create neighborhoods around UNT-Dallas campus that are competitive alternatives with existing desirable communities



●●●●● Replace Aging Apartments

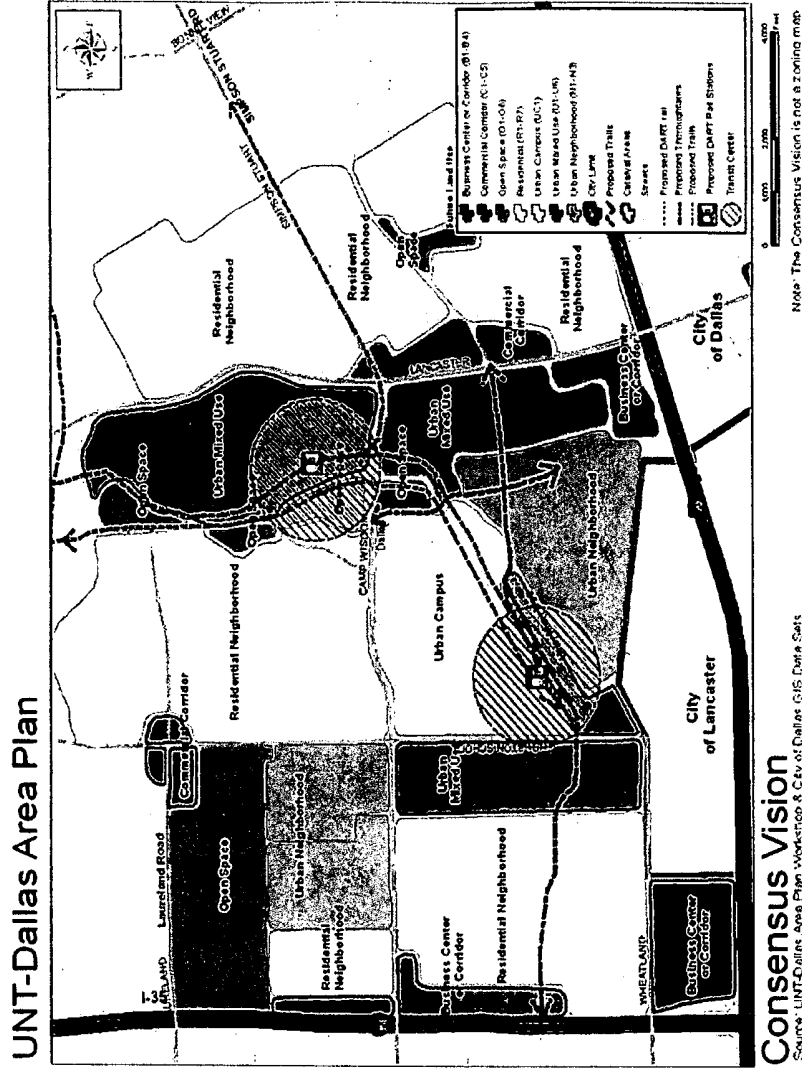
- Confront a citywide legacy of aging multifamily complexes that are substandard for human habitation, a severe drain on City resources and whose code and crime problems are a drag on entire neighborhoods
- Support major mixed-use, mixed-income residential developments to replace these substandard units and establish a fair policy for relocating residents
- Encourage the participation of development partners with a successful track record of inner city redevelopment and who continue as property managers after completion of construction
- Provide appropriate financial incentives on a deal by deal basis
- **Redevelop 20% of units (1,000 units) in problematic multifamily properties having 20 or more units by 2010.**

●●●●● Recapitalize the Housing Trust Fund

- Trust Fund created in 2000
 - One time \$1 million general fund appropriation
 - Last loan in 2004, remaining funds reprogrammed for other housing programs
- Propose recapitalization of the Fund with multiple sources and corresponding uses
 - \$2.0 million from November 2007 GO bond sale for mixed use / residential projects
 - \$825 thousand from Residential Development Acquisition Loan Program for single family lot acquisition
 - \$1.5 million from Southern Sector 108 Loan Repayment funds for various initiatives
 - \$3.9 million from 2003 GO bond sale for infrastructure supporting single family lots
 - \$1.0 million from HOME set-aside for home purchase subsidies
- Next Steps
 - Initiate discussions on Housing Trust Fund proposition in next GO bond election for acquisition, demolition and gap funding on mixed use / residential projects and expanded to cover needed uses identified before the election: \$20 million
 - Lobby state and federal legislatures for additional programs and funding to support local housing trust funds including passage of a National Housing Trust Fund Act

●●●●● Create Neighborhoods around UNT Dallas Campus

- Major employment and residential potential
- *ForwardDallas!* master plan underway for surrounding neighborhoods
 - Public participation with stakeholder advisors
 - Planning to accommodate commercial and residential growth
 - University town concept
 - Mixed-use developments
 - Transit access
- Zoning changes to implement area master plan



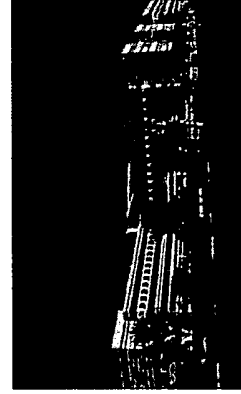
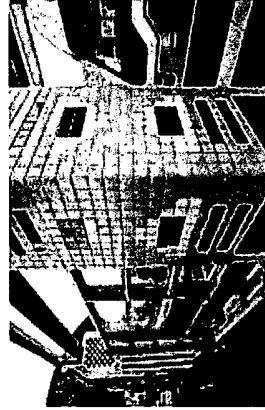
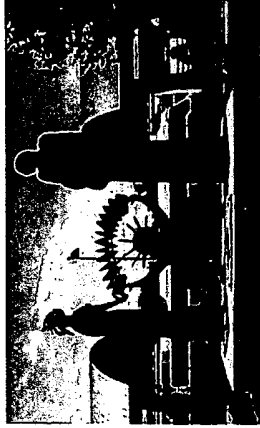
●●●●● Targeted Investment Strategy

- Begin southern Dallas revitalization with targeted investments:
- Direct, significant public/private investment in key communities to create a balanced urban core
 - Lancaster-Kiest corridor (as part of Transit Oriented Development initiative)
 - Fair Park Green line corridor (projects in surrounding communities)
- Attract, with subsidies, a major production facility to create jobs
- Continue to capitalize on key development in process
 - IPOD, Business Parks
- Establish local developments – grocery, etc. as means to provide neighborhood amenities
- Aggressively push reciprocal linkage as a means of balancing north/south investment

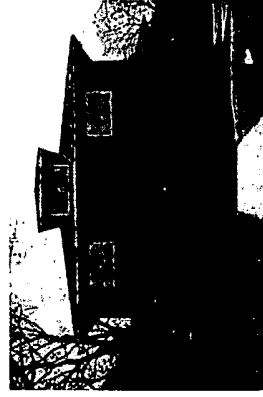
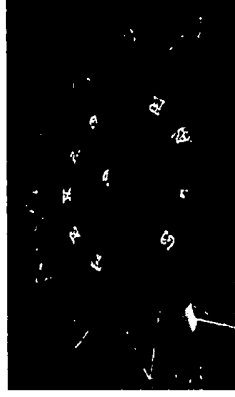
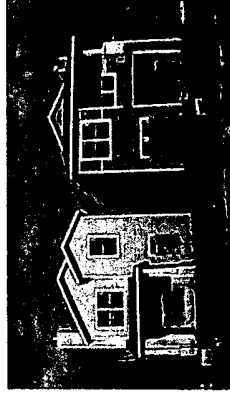
●●●●● Prioritize Key Areas

Focus infrastructure, incentive and community development investments in two areas to create a balanced urban core economy in Dallas

- Lancaster corridor
- Fair Park area
- Benefiting from:
 - Proximity to downtown
 - Existing or under construction rail transit
 - Public amenities (Fair Park, Dallas Zoo, Cedar Crest Golf Course)
- Housing and retail opportunities
 - Transit Oriented Development
 - Future development focal points
- Will require significant public and private investment
 - Enhancements to surrounding neighborhoods to improve sustainability of development projects



Lancaster Corridor



Fair Park Area

●●●●● New and Expanded Funding Sources

- **Future Bond Programs**
 - Expand economic development and housing component in the next bond program for Housing Trust Fund, new projects and community building initiatives
- **TIF capacity increases if required**
 - TIF cap doubled in June 2007
 - Additional capacity exists under State law
- **Linkage**
 - City support for projects in stronger markets contingent on investment in southern Dallas projects
- **Private Sector Matching**
 - Public support for projects matched by private, non-profit or faith-based funding sources



Existing Funding Sources

- 2006 Bond Program
 - Proposition 8
 - Other Bond Funding
- Tax Increment Financing (TIF)
- Public Private Partnership Program

●●●●● Capitalize on Current Developments

International Inland Port of Dallas (IIPOD)

- Centered on 6,000 acre Dallas Logistics Hub (Allen Group) - 25% is in Dallas City limits
- Master planning effort to coordinate and leverage all localities' development initiatives - RFQ/RFP for Master Plan to be issued in Spring 2008
- In 2006 a ULI advisory panel studied the area and recommended development strategies and implementation techniques
- Foreign Trade Zone acreage being expanded
- First 800,000 sq. ft. of distribution facilities nearing completion
- RFQ issued for development of Agile Port feasibility analysis

●●●●● Capitalize on Current Developments

Southwest Center Mall Site

- Facilitate redevelopment of site to serve as a catalyst for improving sustainability of adjacent properties and enhanced community services
- Pursue partnerships with private owners and developers capable and willing to engage in redevelopment strategy
- Develop strategic redevelopment initiative based on highest and best use of the property
- Incorporate redevelopment linkages to Dallas Executive Airport

●●●●● Capitalize on Current Developments

Dallas Executive Airport

- Decouple aviation land from non-aviation Airport property to promote private commercial development
- Work with the Oak Cliff Chamber to identify potential private developers
- Build connectivity with adjacent existing development
- Create catalyst for surrounding area to link with redevelopment of South West Center Mall area and other properties along the U.S 67 corridor
- Brief Economic Development Committee by April 2008

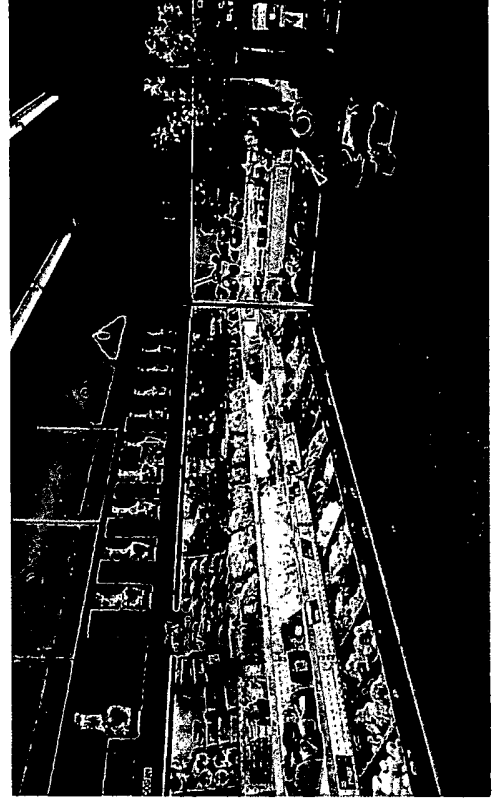
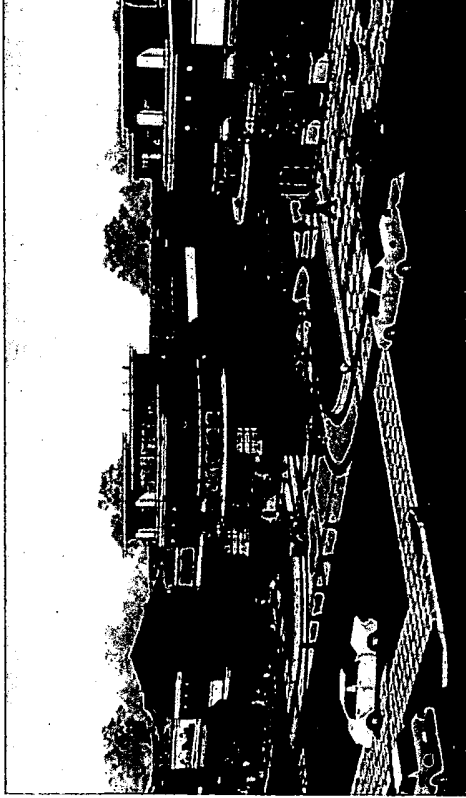
●●●●● Attract Major Production Facility

- Objective:
- Recruit a production facility to southern Dallas with an established supplier network
- Minimum of 500 jobs with potential of 1,000 in near term
- Secure supplier network
- Appropriate and significant public-private partnership program incentives
 - Up front incentives
 - Infrastructure needs
 - Workforce training



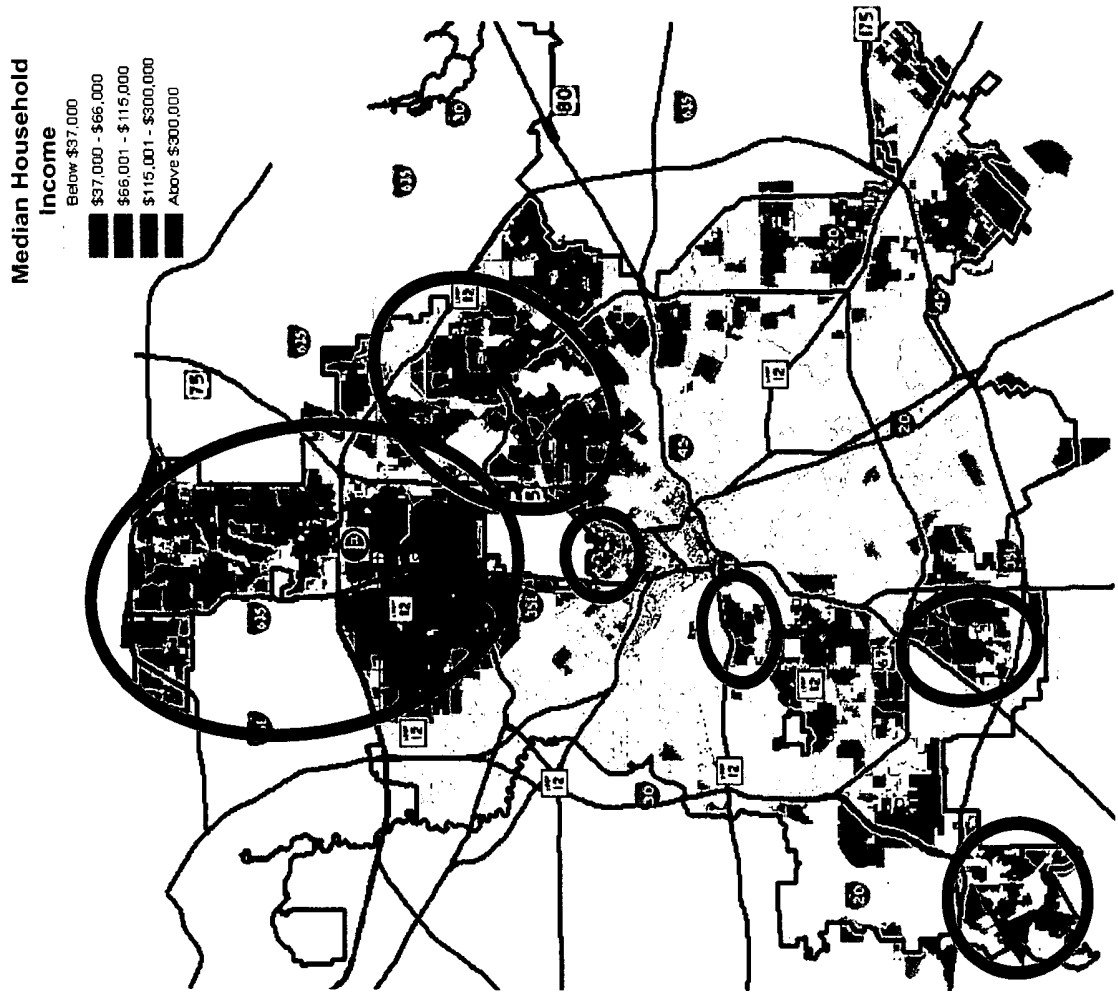
Secure Neighborhood Developments

- Generate key amenities that serve residents on a daily basis
- Objective:
 - Open one new full service grocery store in southern Dallas by 2009 and two by 2012
- Tactics:
 - Form a partnership with a national retail chain for the purpose of developing new full service grocery stores in southern Dallas locations.
 - Seek to mitigate operational concerns by offering additional assistance and promoting support from neighborhood leadership groups
 - Provide appropriate financial incentives on a deal by deal basis

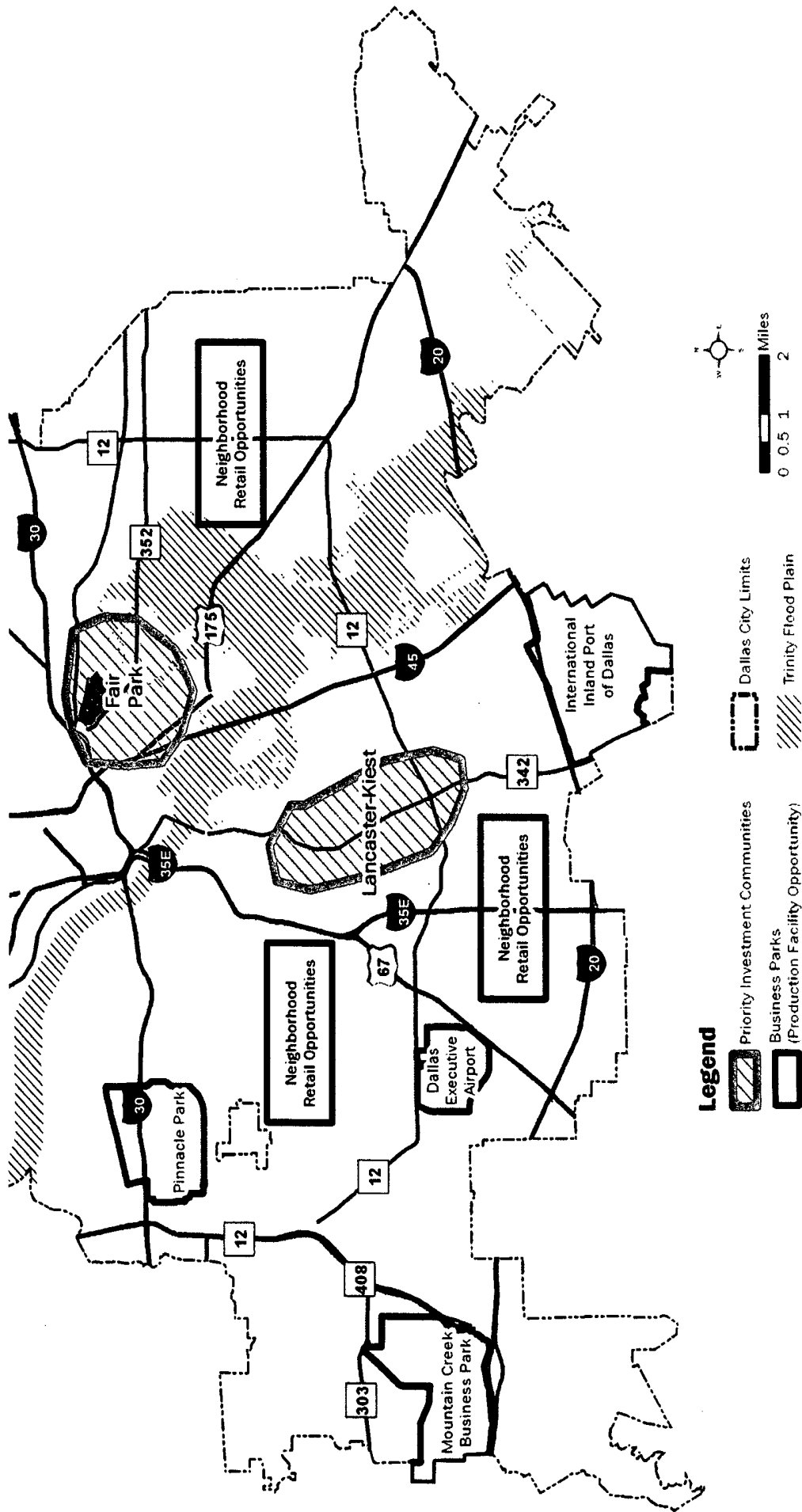


Income Base for Retail

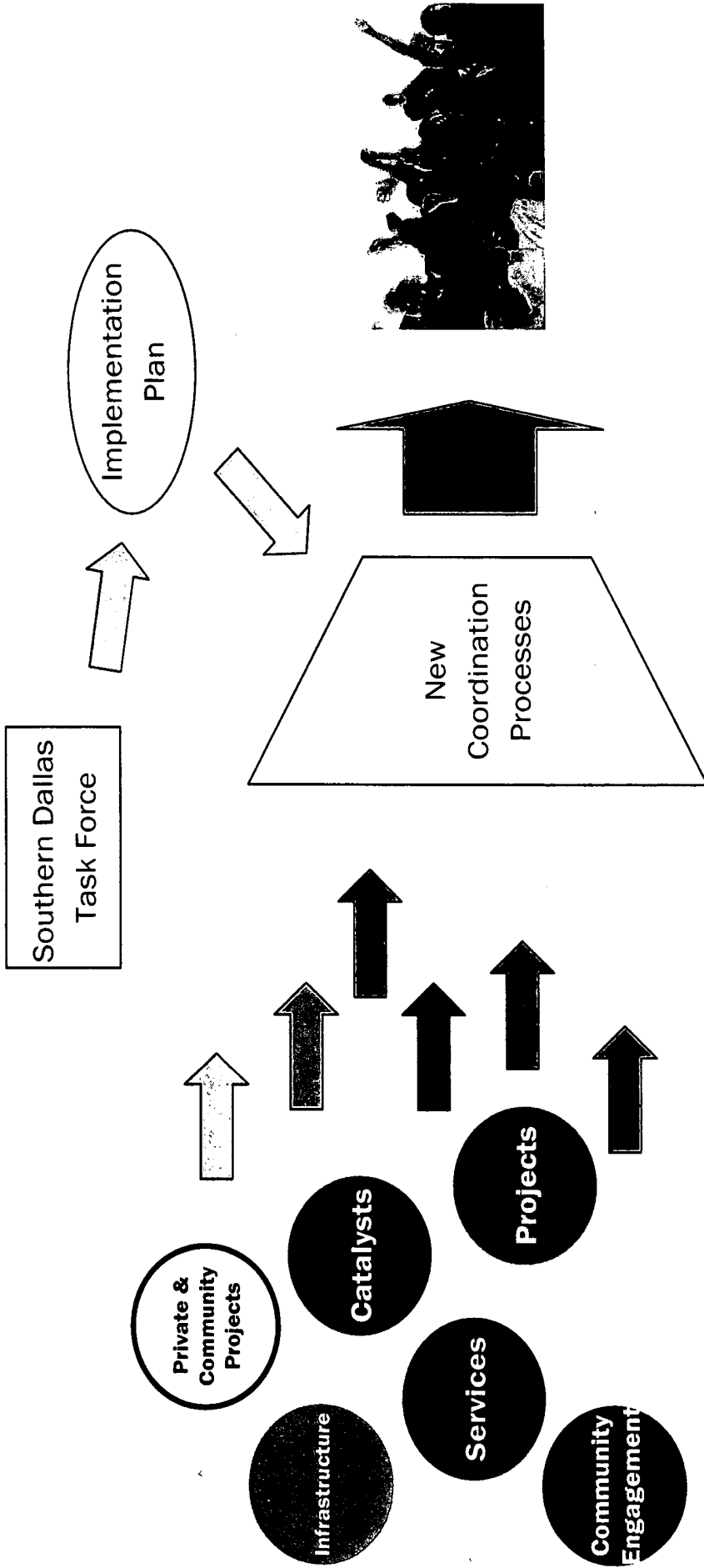
- Income is generally higher in the north, but there are middle to high income neighborhoods in many southern Dallas communities
- These higher income areas offer opportunities for retail expansion



Strategy Visualized: Investment Priorities



Implementation Process



Unfocused public and private initiatives ...

are coordinated according to the implementation plan...

to achieve the vision



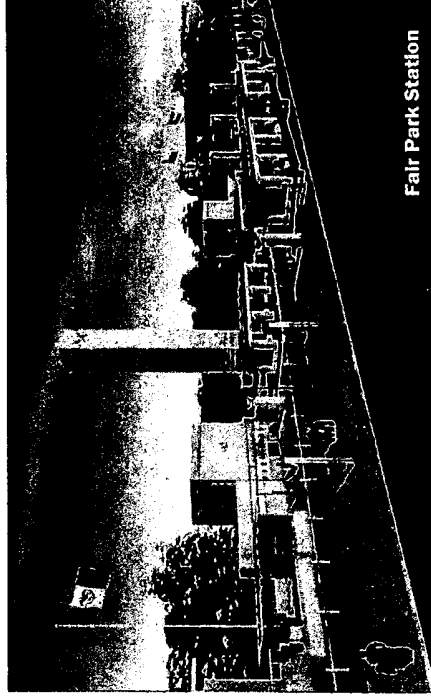
●●●●● Recommended Immediate Next Steps

- Council endorses the approach and new project priorities outlined in this presentation
- Convene a Mayor's Southern Dallas Task Force
 - Include public, private sector and community participation
 - Oversee planning and tactical implementation of southern Dallas strategies
 - Sub committees to tackle priority issues and develop implementation plan
 - Staffed by Office of Economic Development

Appendix A:
Catalysts for Southern Dallas
Development

●●●●● DART/TOD Catalyst Status

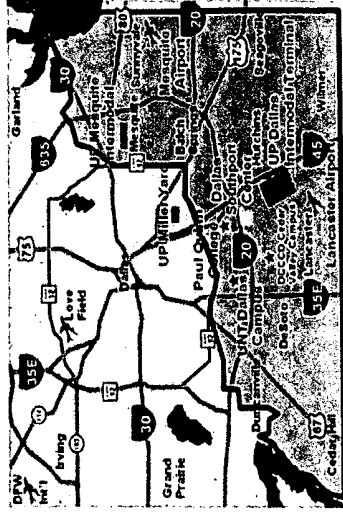
- Currently, southern Dallas is served by both Red and Blue lines with 11 stations.
- Green line construction is continuing
 - Six new stations planned
 - Fair Park and MLK open Sept. 2009
 - Hatcher, Lawnview, Lake June, Buckner open Dec. 2010
 - Daily ridership projected at 13,209
- Master developer agreement is in place with mandated TOD initiatives in southern Dallas which are anticipated to act as major development anchors in the area
- Blue line extension and future stations planned at UNT and IPOD



●●●●● IIPOD Catalyst Status

- Enhances Dallas' status as a huge inland global distribution center as the third leg of the region's trade hubs along with DFW and Alliance
- Centered on 6,000 acre Dallas Logistics Hub (Allen Group)
 - 25% is in Dallas City limits
 - 30,000 jobs; 60 million sq. ft. of industrial space at build out
- Master planning effort to coordinate and leverage all localities' development initiatives
- Primary focus is on geographic area bounded by IH-35, IH-20, the Trinity River and Dallas County line to east; it includes:
 - UP intermodal facility and
 - BSNF future intermodal facility
- In 2006 a ULI advisory panel studied the area and recommended development strategies and implementation techniques
- Today:
 - First 800,000 sq. ft. of distribution facilities nearing completion
 - Foreign Trade Zone acreage being expanded
 - RFQ issued for development of Agile Port feasibility analysis
 - RFQ/RFP for Master Plan to be issued in Spring 2008

IIPOD Impact Zone

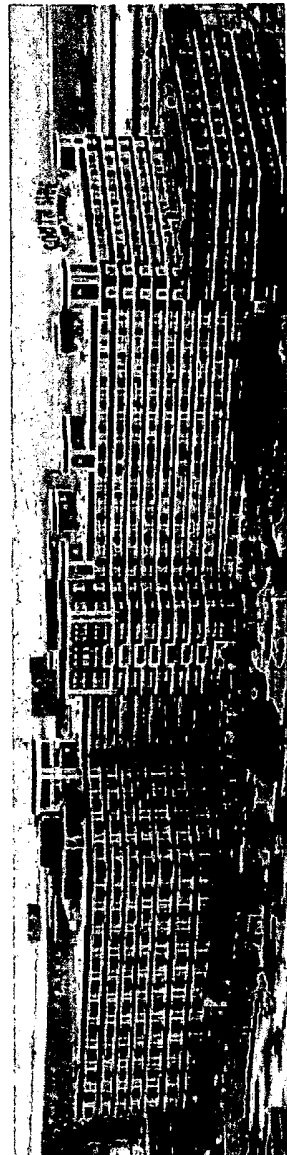
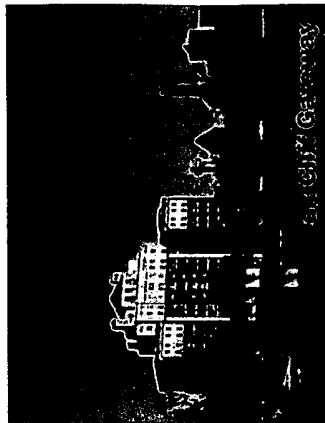
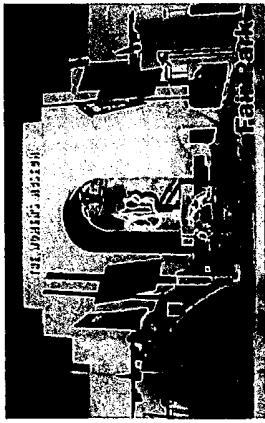
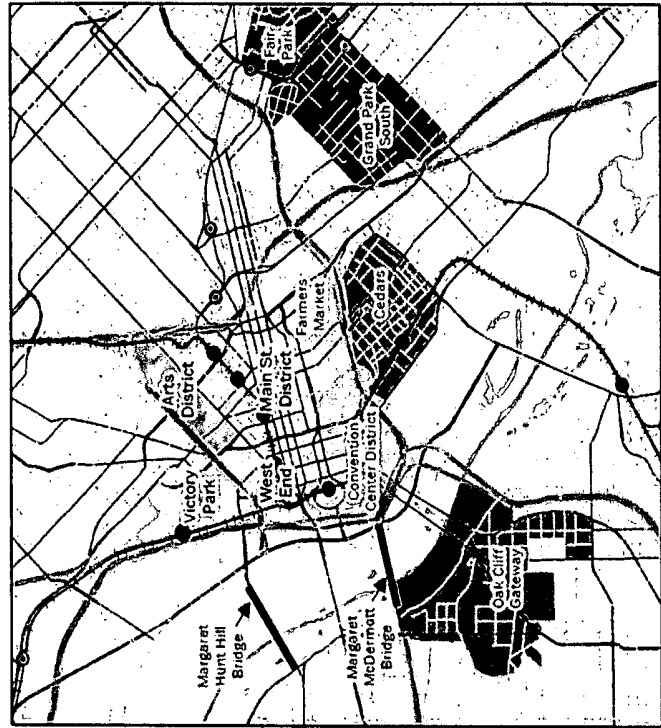


UP Intermodal Facility



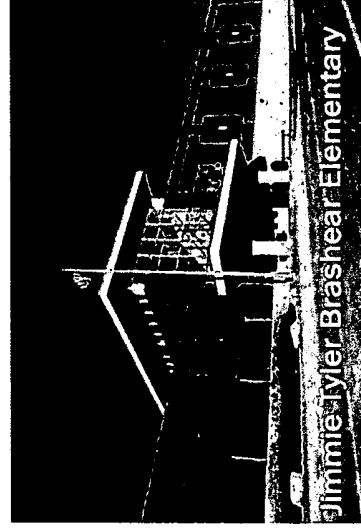
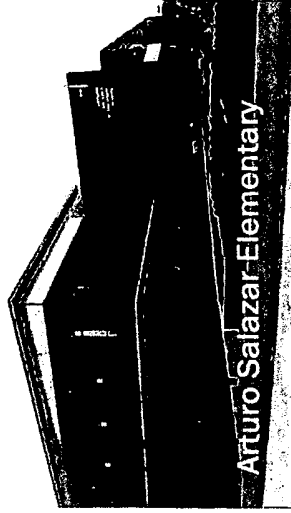
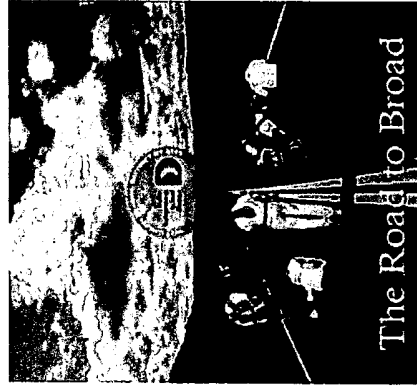
Expanded Downtown Catalyst Status

- Expanded definition of downtown includes several southern Dallas neighborhoods
- Of the nine TIF districts in the expanded downtown three are in southern Dallas
 - Oak Cliff gateway
 - Cedars
 - Grand Park South
- Calatrava bridges and DART rail will enhance connectivity between downtown and southern Dallas communities



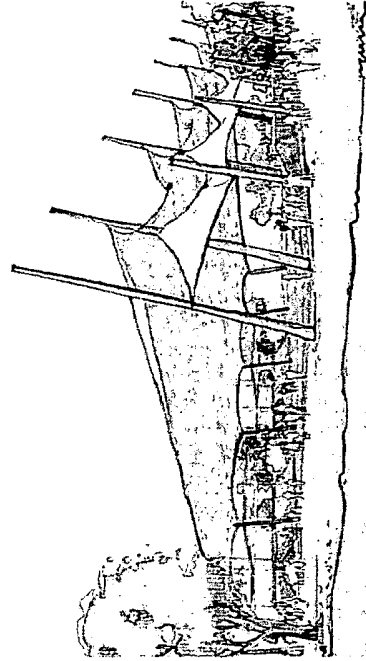
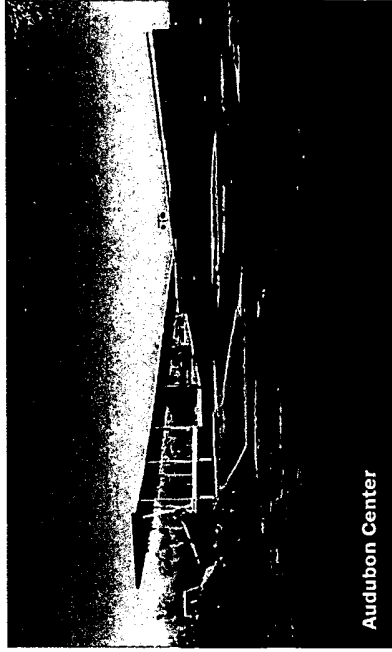
●●●●● School Reform Catalyst Status

- Dallas Achieves! initiative and the “Road to Broad” – greatest improvement in an urban district
- 18 month research and planning phase, implementation under way
 - Aspiration: every student graduates college and workforce ready
 - Data driven with best practices and benchmarks
 - Goals for each element from students and teachers to parents and the larger community
- Public schools in the city are generally rated lower on standardized tests than the northern suburbs (even though DISD as a whole is rated by the state at same level as Plano, McKinney, Allen and Frisco ISDs – all are academically acceptable)
- Facilities: \$1.4 billion program in 2002, new program pending



●●●●● Trinity Catalyst Status

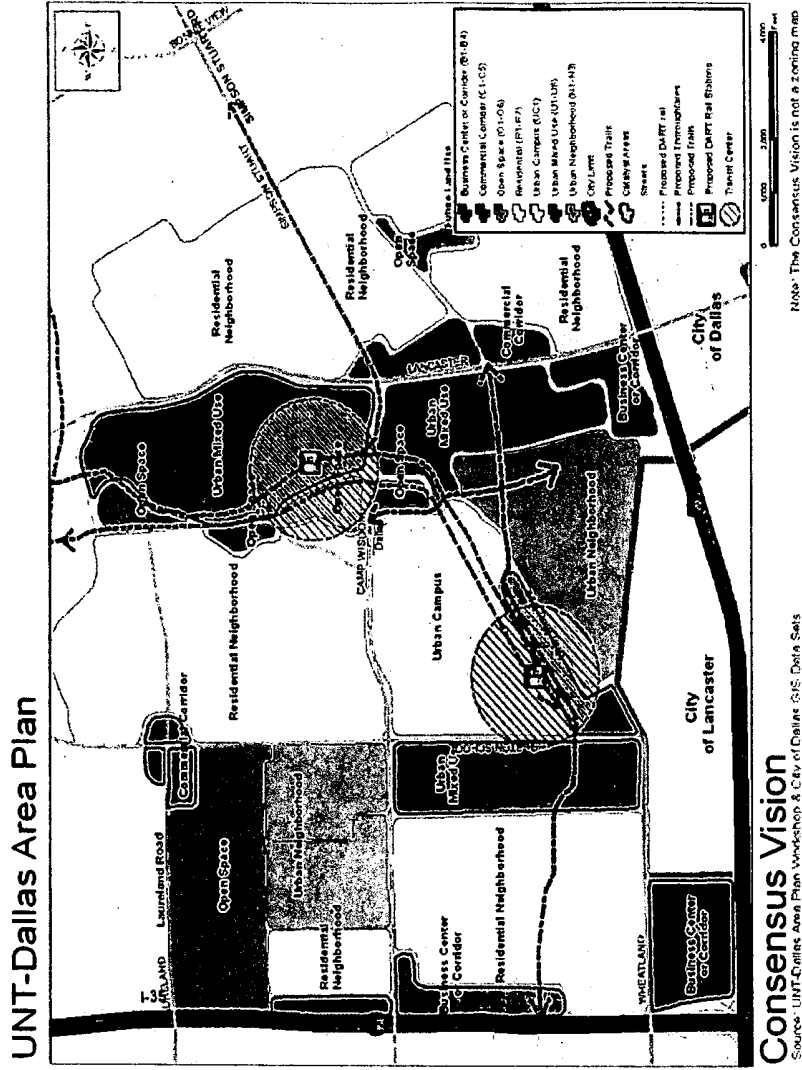
- The Trinity Audubon Center and the lower chain of wetlands under construction and will be completed in September 2008
- Moore Park improvements scheduled to begin in May 2008 and be completed in May 2009
- The standing wave [down stream of the DART bridge] is scheduled to begin construction in November 2008 and completed in March 2009
- Planning and fund raising efforts ongoing for Texas Horse Park in northeast quadrant of Loop 12 & I-45
- Economic Development Analyst hired by Trinity Office by February 2008 to focus on southern Dallas development challenges
- Reviewing credentials of Economic Development Strategy firms for possible assistance in 1 or 2 southern Dallas study areas
- Rezoning in the first phase study areas is nearing completion. Review/rezoning more areas in southern Dallas is currently being considered
- Beginning work on South Lamar Study Area



Horse Park - Arenas Concept Design

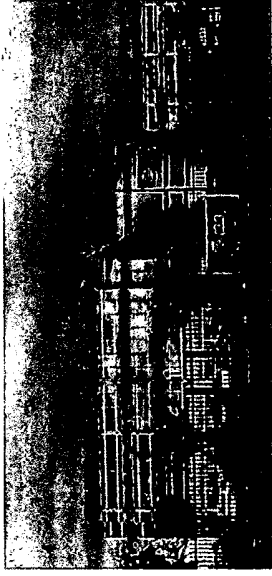
●●●●● UNT Dallas Catalyst Status

- UNT Dallas Campus:
 - 1 building complete
 - Current enrollment = 1,000
 - 25,000 enrollment by 2030
- *ForwardDallas!* Called for an area Masterplan
 - Public participation with stakeholder advisors
 - Planning to accommodate commercial and residential growth
 - University town concept
 - Mixed-use developments
 - Transit access
- Zoning changes to implement area master plan



●●●●● Business Parks Catalyst Status

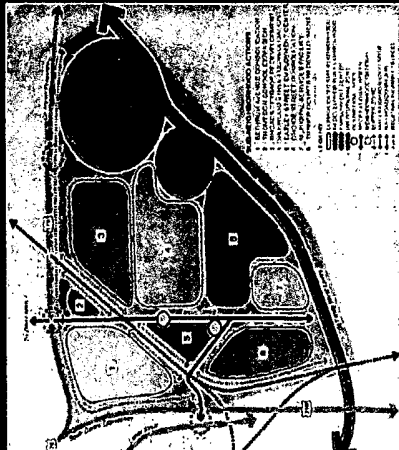
- Beginning in 1997, City began laying the groundwork to build major new industrial parks in southern Dallas near transportation corridors, these parks are still building out
- Five industrial parks in southern Dallas:
 - 2,657 acres
 - \$97.7 million in public and private infrastructure improvements made or committed
 - Over \$575 million in total investment
 - 6,654 jobs created
 - 10,000 additional jobs anticipated



●●●●● Housing Catalyst Status

- City continues its commitment to community enhancements & housing programs that focus on homeownership & neighborhood stabilization –
 - Public investment= \$117 million since 2000 including \$17 million in FY 06-07.
- Housing programs:
 - Homeownership
 - Home Repair Programs
 - Neighborhood Investment Program – focus resources in targeted areas to stimulate neighborhood investment and achieve sustainable impact
 - Urban Land Bank Demonstration Program – acquires, assembles and sells vacant tax-foreclosed property for affordable new single-family development and sale

TURNER COURTS: RHODAS TERRACE PHASE 1 DEVELOPMENT STRATEGY



NEIGHBORHOOD STRATEGY

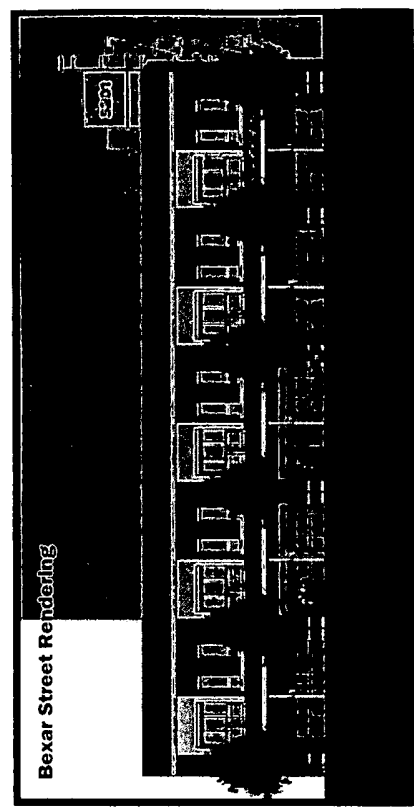
R SUB-NEIGHBORHOODS

- Budhuth Avenue (1) Situated Street
- Turner Courts (B) and Rhodas Terrace (3) REVEAL CENTER with two commercial nodes
- East Avenue (4) and West Avenue (5) Thompson School (7) and other
- Municipal Services facility (6) to define stronger edges of traffic re-organization

BUFFER ZONES with 50'x12' 5' DRIVE

3 or 4 neighborhood GATEWAYS

LEVEL 1 to 3 to 4 ACCESSIBLE ACTIVITIES (RECREATIONAL)



Appendix B:
Southern Dallas
Development Statistics

●●●●● As Big as a City

- Frequently compared to entire cities
- Would rank as 34th most populous U.S. City
- In fact, it is a mostly residential portion of a large central city. Its economic dynamics differ from an intact central city. Such comparisons should only be used to remind stakeholders of the scale involved, not to frame expectations or plan programs.

City/Area	2006 Population	Square Mile Area	Population Density per acre
Albuquerque	504,949	181.3	2,785.2
Southern Dallas	492,725	167.4	2,943.4
Atlanta	486,411	132.4	3,673.8

●●●●● More Like a Suburb

- Can also be compared to combinations of local municipalities
- Similar in size to Arlington, Duncanville, Desoto and Cedar Hill combined
- These suburbs have larger office and retail sectors, but smaller industrial sectors. Both areas have approximately 178,000 jobs within their boundaries.
- Just as a single development policy would not make sense for these four cities, a single policy for southern Dallas is a poor starting point for success

City/Area	2006 Population	Square Mile Area	Population Density per acre
Four Southern Suburban Cities	491,300	167.2	2938.4
Southern Dallas	492,725	167.4	2,943.4

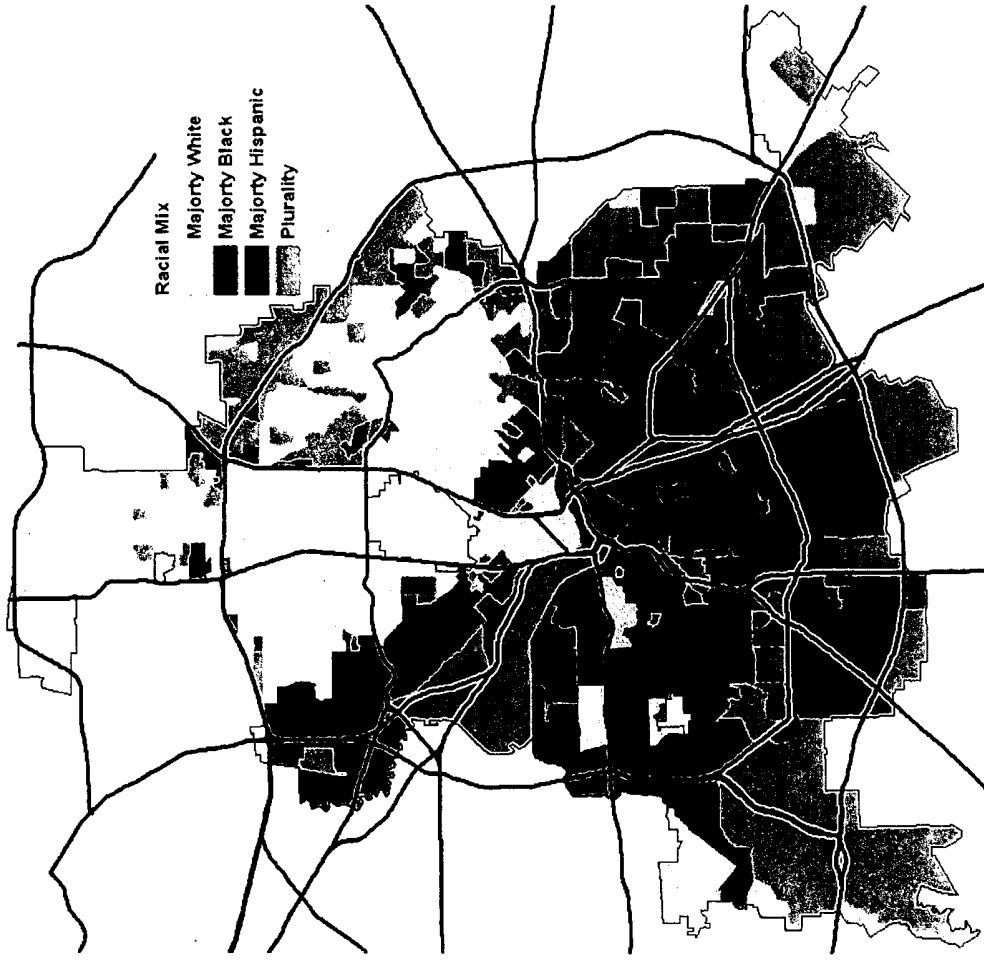
●●●●● Level Population

- Southern Dallas is a smaller share of City population today than it was in 1970
- Any renewal program should seek to increase household attraction and retention - more residents mean stronger retail and employment attractiveness

	1970	2006
Population	466,838	492,000
% of City of Dallas Population	55.3%	38%
% of DFW Population	17.8%	8.1%

●●●● Racial / Ethnic Distribution

- As a whole, southern Dallas is more diverse than much of Northern Dallas.
 - Hispanic: 237,483
 - Black: 166,419
 - White: 79,913
- However, smaller geographic areas still tend to have a majority racial/ethnic group



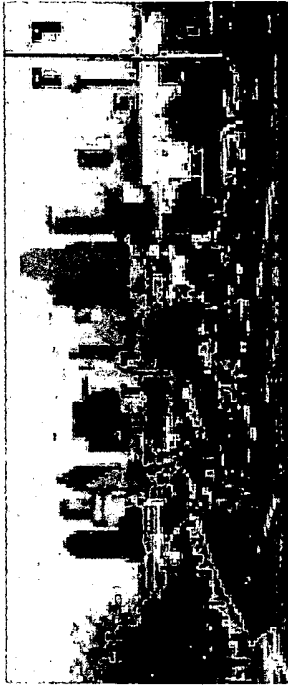
●●●●● Growth Pattern

- Southern Dallas' share of the city's total real property value has grown from 12.2% in 1986 to 16.2% today
- Most recent business development initiatives focus on the easier to develop periphery, not the core

Area	Real Property Tax Base (in billions)	Real Property Tax Base Percent	Per Acre Real Property Tax Base (in thousands)	Per Capita Real Property Tax Base (in thousands)
Southern Dallas	\$10.4	16.2	\$97	\$21.2
Northern Dallas	\$51.1	79.4	\$634	\$65.1
CBD	\$2.8	4.4	\$4,500	\$1,229

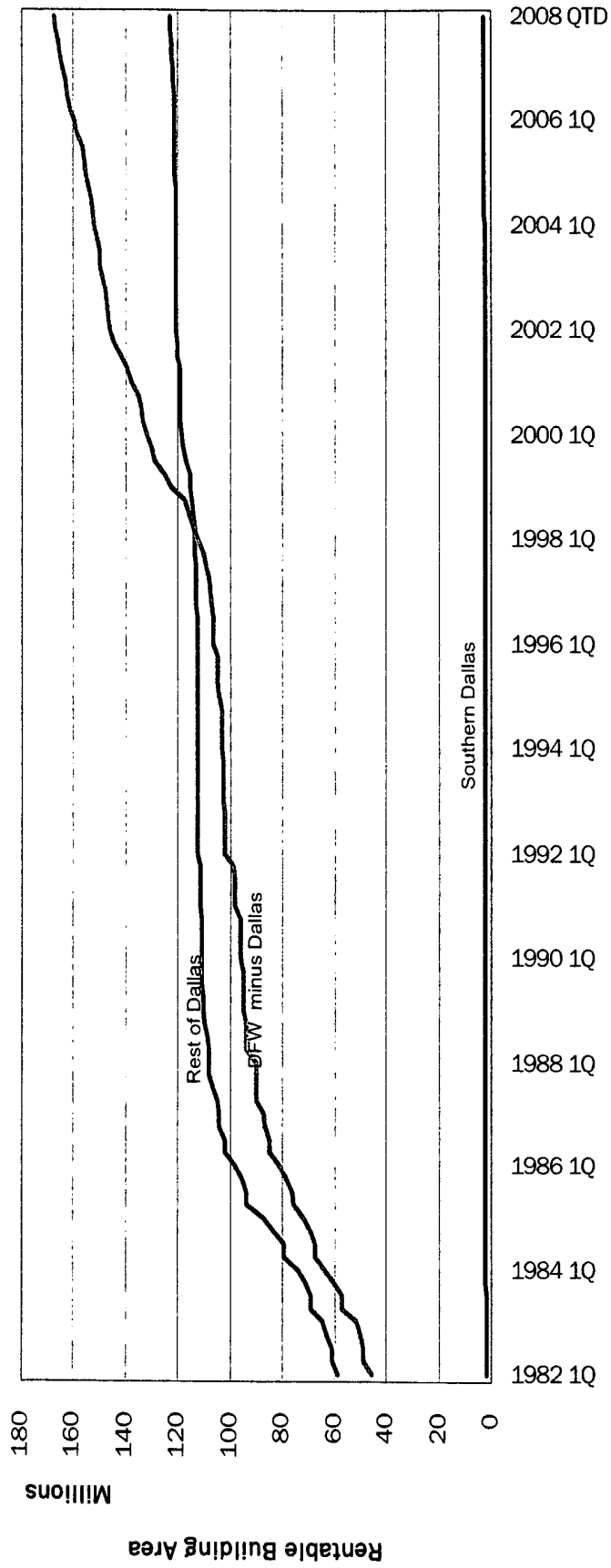
●●●●● An Open Economy

- Southern Dallas is not an isolated economy. Its households and businesses are tightly integrated into the regional economy.
- Where do its workers come from?
 - 31% from southern Dallas
 - 13% from the rest of Dallas
 - 56% from somewhere else in the region
- Where does its labor force work?
 - 16% in southern Dallas
 - 38% in the rest of Dallas
 - 46% somewhere else in the region
- Development policy should seek to increase the integration of southern Dallas to promote more efficient mobility of labor and capital (access to jobs where ever they are)
- At the same time, because it is an open economy it must become a more competitive location for both households and employers



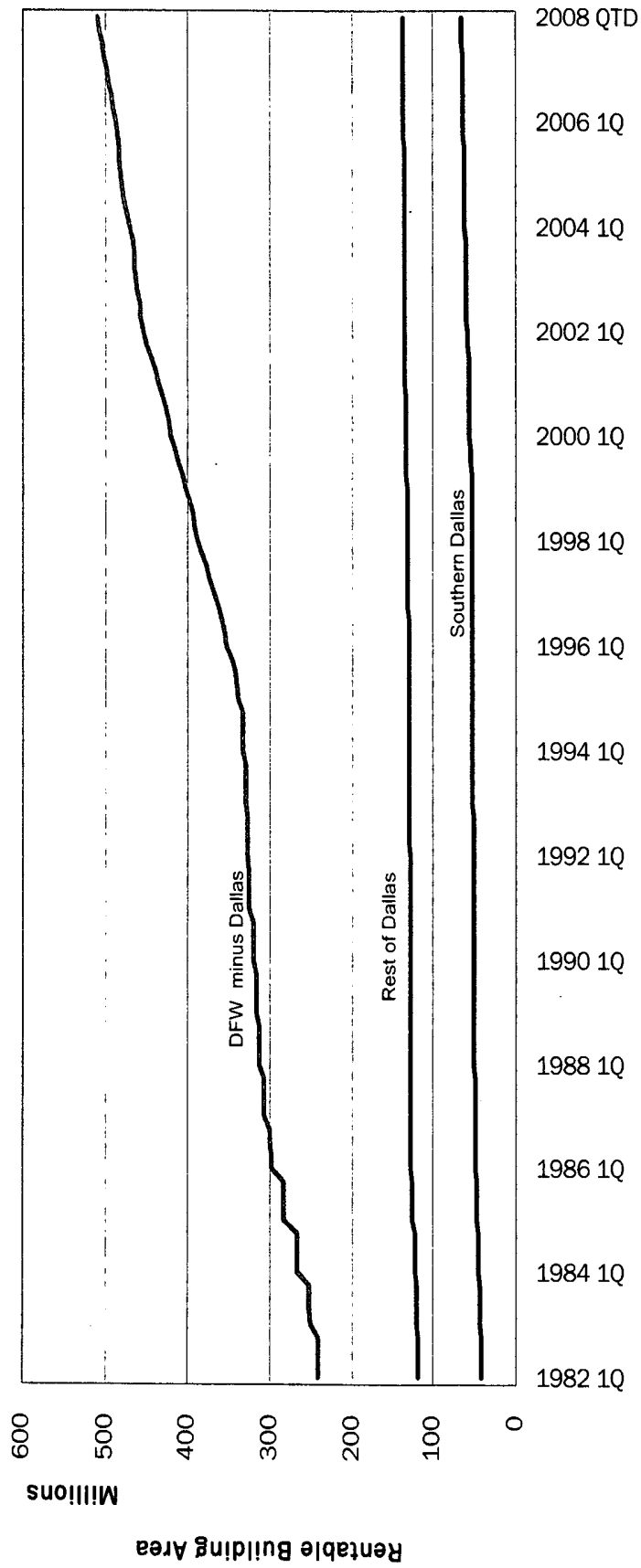
Office Facilities

- Southern Dallas has not traditionally had a large office sector.



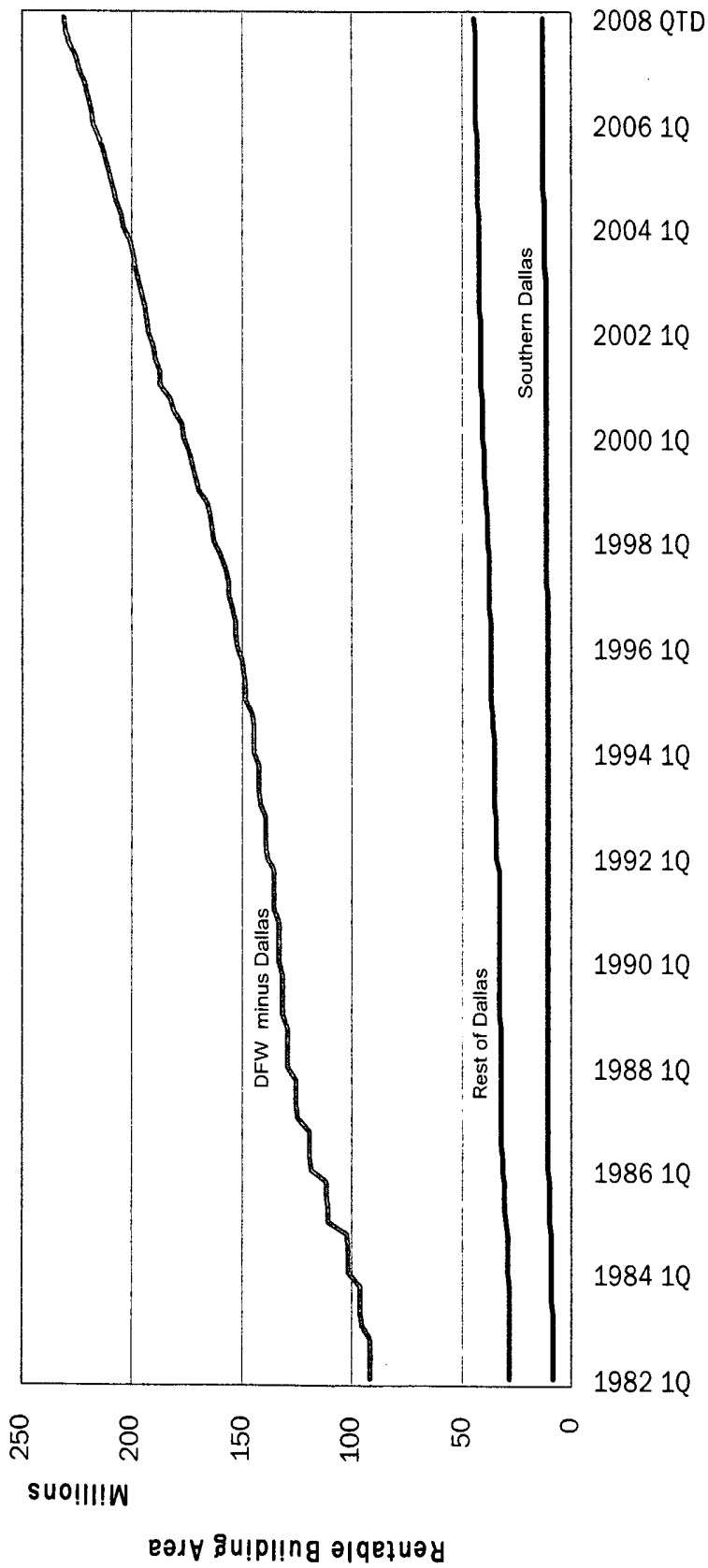
Industrial Facilities

- The industrial base has been a more important job source



●●●●● Retail Facilities

- Retail inventory has increased over time, but has seen a relative decline in quality and variety of offerings in recent years compared with region



Appendix C:
Southern Dallas
Goals and Milestones

●●●● Milestones & Success Measures

● Catalyst Initiatives

	2008	By 2012	Status
DART	<ul style="list-style-type: none"> Continued Green line construction 	<ul style="list-style-type: none"> Fair Park, MLK stations open by 2009 Hatcher, Lake June, Buckner stations open Dec. 2010 	
DART / TOD	<ul style="list-style-type: none"> Secure one southern Dallas redevelopment project 	<ul style="list-style-type: none"> Secure four southern Dallas TOD projects 	
UNT Campus	<ul style="list-style-type: none"> Enrollment = Approx. 1,700 to 2,200 UNT-Dallas Area Plan will be complete by Summer, 2008, with implementation scheduled to begin immediately thereafter 	<ul style="list-style-type: none"> Enrollment = Approx. 2,700 to 5,400 Rezoning complete Anticipated area development underway in accordance with the UNT-Dallas Area Plan 	
Trinity	<ul style="list-style-type: none"> Audubon Center open in Autumn 2008 Moore park improvements begin Open 1 or 2 study areas for rezoning Engage economic development strategy firm to target 1 study area (w/OED) Standing wave construction begins November 2008. 	<ul style="list-style-type: none"> Texas Horse Park open Begin relocating scrap metal yards in South Lamar Area Complete rezoning of all Trinity Study Areas Buckeye & Santa Fe trails and I-20 Gateway Park completed Trinity Parkway construction begins 2010 Dallas Floodway extension levees underway 	

●●●●● Milestones & Success Measures

● Catalyst Initiatives (continued)

	2008	By 2012	Status
IPOD	<ul style="list-style-type: none"> • 1M sq. ft. of distribution facilities completed • Foreign trade zone expansion approved • Agile port feasibility study completed • RFQ/RFP for master plan issued by Spring 2008, consultant selected and work initiated (collaboration with NCTCOG, Dallas County, Allen Group, IPOD communities) 	<ul style="list-style-type: none"> • BNSF intermodal facility completed and in operation • Master plan completed by June 2010 • Workforce training program in place at area educational institutions 	
Southern Dallas Business Parks	<ul style="list-style-type: none"> • 1.5 million sq. ft. of industrial space completed • \$50 million in new private investment • 500 new jobs created 	<ul style="list-style-type: none"> • 3 million sq. ft. of industrial space completed • \$250 million in new private investment • 2,000 new jobs created 	
Housing Initiatives	<ul style="list-style-type: none"> • Completion of infrastructure and substantial completion of Bexar St. Phase I • Master planning initiated for Spring Ave. 	<ul style="list-style-type: none"> • Substantial completion of Bexar St. Phase II major components • Substantial completion of Spring Ave • Two additional mixed-use catalysts under way 	

●●●●● Milestones & Success Measures

- Catalyst Initiatives (continued)

	2008	By 2012	Status
Public school reform	2008 Phase III components implementation of the Transformation Plan completed	DISD makes sufficient progress on its goal of having every student graduate workforce and college ready that it wins the Broad Prize in 2010.	

●●●●● Milestones & Success Measures

- Projects

	2008	By 2012	Status
Retail	<ul style="list-style-type: none"> • 100,000 sq. ft. delivered • Partnership formed with national retail chain to develop new full service grocery stores 	<ul style="list-style-type: none"> • One full service grocery store open by 2009, two by 2012 • Two significant new or redeveloped retail centers in southern Dallas by 2010 	
Redevelop Aging Apartment	<ul style="list-style-type: none"> • Redevelopment initiated on 7.5% problematic multifamily complexes (350 units) 	<ul style="list-style-type: none"> • Redevelop 20% (1,000 units) of problematic multifamily complexes in southern Dallas by 2010 	
New Manufacturing Center	<ul style="list-style-type: none"> • Initiate search effort and institute a proactive calling process 	<ul style="list-style-type: none"> • Have at least one production facility with an established supplier network by 2010 employing no less than 300 people in the southern Dallas 	
Housing Trust Fund	<ul style="list-style-type: none"> • Recapitalize existing Trust Fund with \$9.3M from a variety of identified sources and specific uses 	<ul style="list-style-type: none"> • Housing Trust Fund proposition approved in next GO bond election • Successful lobbying with state/federal legislatures generates additional funding support for local housing trust funds 	

●●●●● Milestones & Success Measures

- Projects (continued)

	2008	By 2012	Status
Transit-Oriented-Development	<ul style="list-style-type: none"> • Initial focus on redevelopment of Lancaster corridor and Green Line stations at Fair Park, MLK and Hatcher • One southern Dallas TOD project in 2008 	<ul style="list-style-type: none"> • Five southern Dallas TOD developments by 2012 	
Dallas Executive Airport Development	Economic Development Committee briefing on development feasibility; Aviation land decoupled from non-aviation airport property; development partners identified	TBD	

- Infrastructure

	2008	By 2012	Status
Bond Programs	2006 Bond sale proceeds continue to be prioritized and coordinated to maximize impact (flood control, streets, city facilities including public safety, parks and libraries)	Future bond sale proceeds targeted to core southern Dallas neighborhoods; continued coordination between bond infrastructure funding and redevelopment priorities	

●●●●● Milestones & Success Measures

- Services

	2008	By 2012	Status
Integration	<p>3,500 DPD personnel trained on basic municipal services to improve civilian/uniformed employee partnership in providing seamless service delivery. (Action Plan item for SAC Team)</p> <p>Continue implementation of ISO 9001 Quality Management System to document and coordinate service delivery processes. (Action Plan item for Efficiency Team)</p> <p>Begin evaluating common 311 service request (SR) types using ZIP process improvement methodology. (Action Plan item for SCS QA Team)</p>	<p>Increased number of multi-agency actions taken in collaboration with community groups within target neighborhoods. (new – not currently measured)</p>	

●●●●● Milestones & Success Measures

- Services (continued)

	2008	By 2012	Status
Enhancement	<p>311 departments to identify issues and develop standards to transition from a model SR to closure to SR resolution. (Action Plan item for SCS Configuration Team)</p>	<p>Reduction in the disparity of customer ratings of overall quality of City services in different areas of the City. (Council Objective – E3 Government)</p>	
Evaluation	<p>Procure and implement performance measurement software to provide more robust data analysis and reporting opportunities. (Action Plan item for SCS)</p> <p>Continue to refine the budgeting for outcomes process to make transparent all service contributions to achieving Council goals and objectives. (Action Plan item for OFS)</p>	<p>Increase in citywide rating of overall quality of City services. (Council Objective – E3 Government)</p>	

●●●●● Milestones & Success Measures

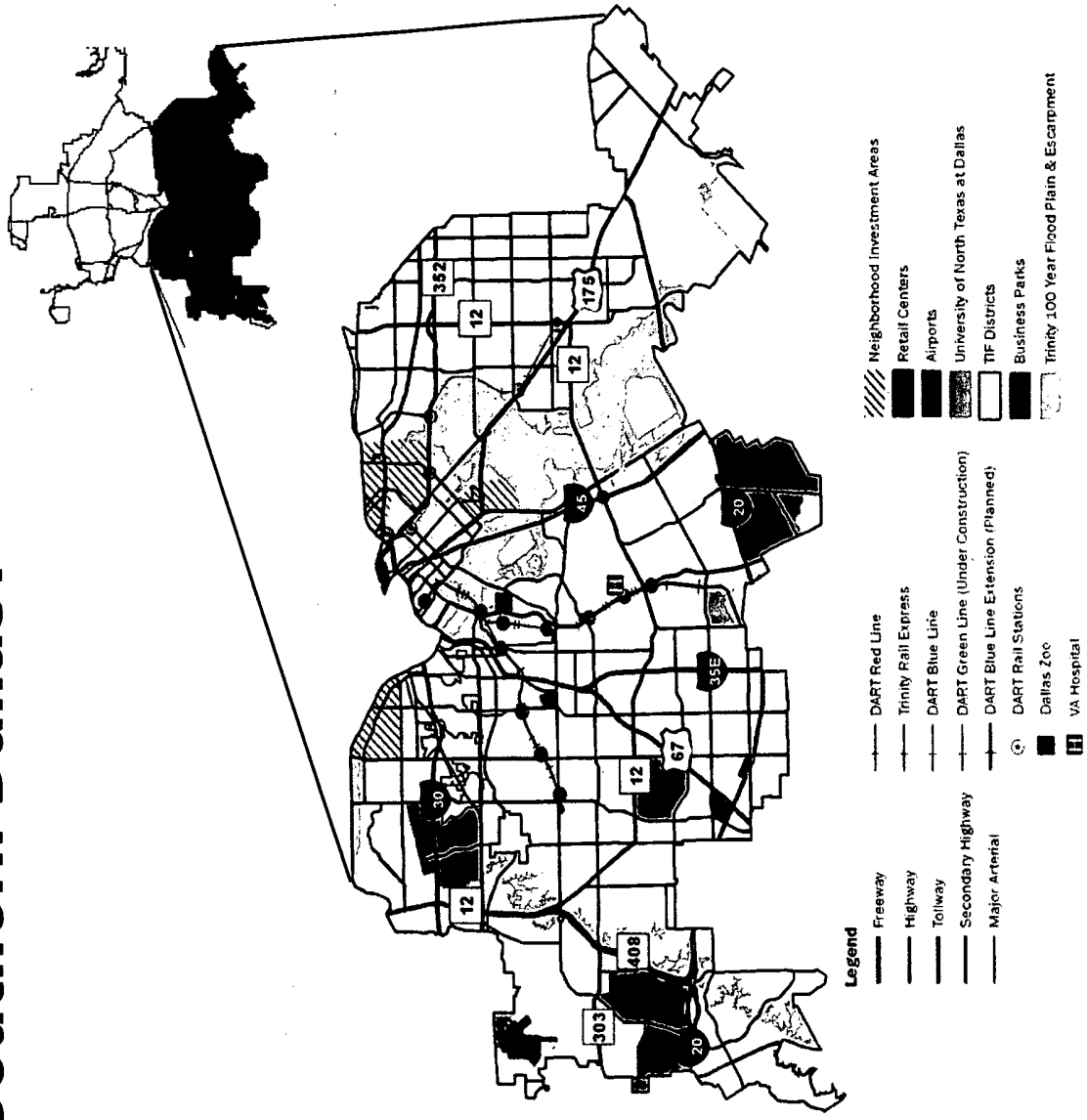
- Community Engagement

	2008	By 2012	Status
<p>Asset-Based Community Development Process</p>	<p>Interdepartmental work group assembled to inventory current city initiatives and existing funding sources; oversee initial steps</p> <p>Identify best practice cities in the community development field; create benchmarks and objectives for the next five years</p>	<p>Pilot areas identified and program being implemented in multiple neighborhoods</p>	

Appendix D:
Southern Dallas
Geographies Described

Where is Southern Dallas?

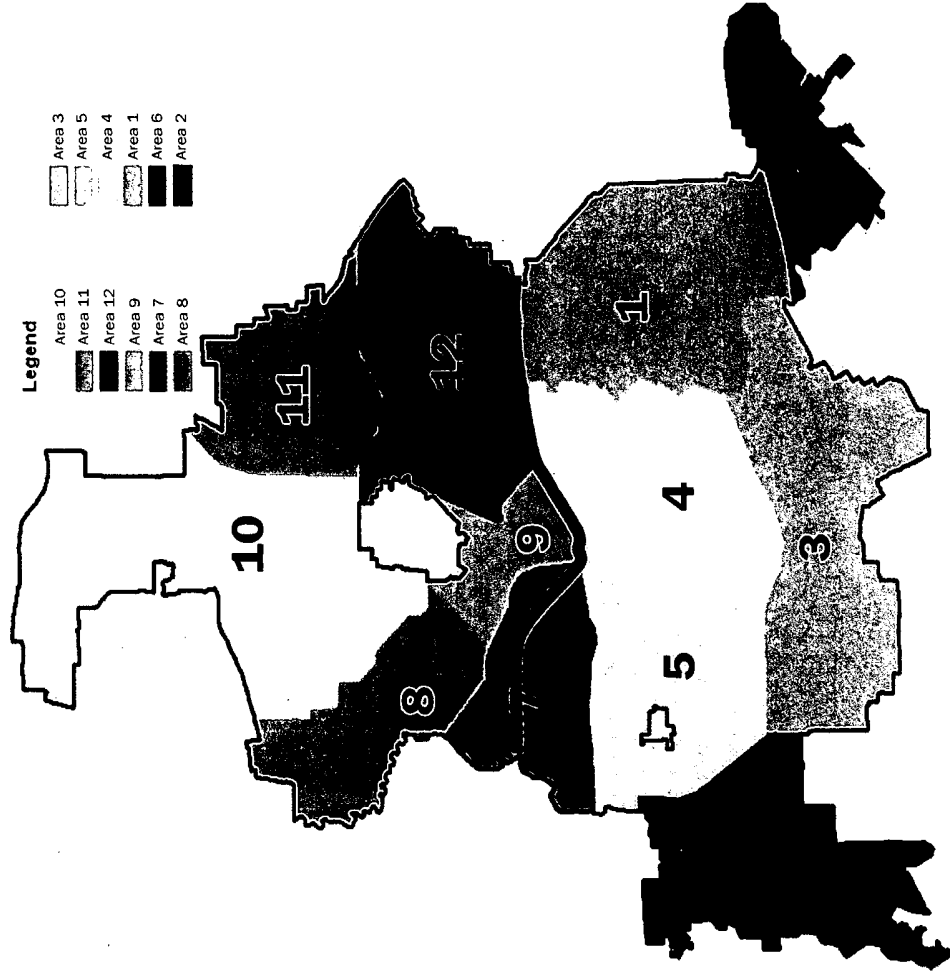
- Traditionally:
 - South of the Trinity River west of Downtown
 - South of IH-30 east of Downtown
 - 38% of Dallas population (493,000)
 - 49% of Dallas' land (167 sq miles)
 - 17% is difficult to develop (escarpment and flood plain)



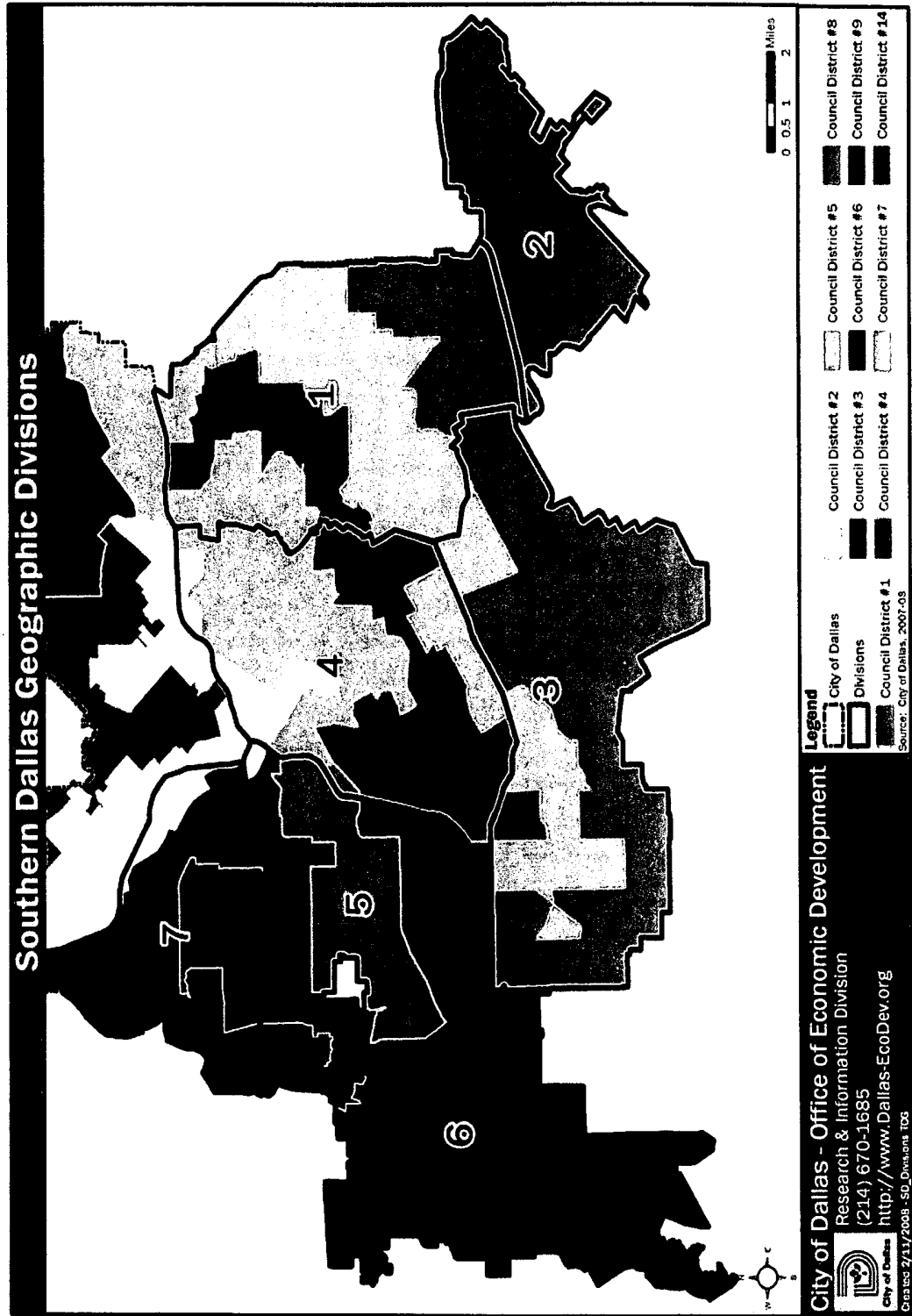
●●●●● New Geographic Perspective

- Analyze social and economic development indicators for the entire city:
 - Physical barriers and corridors (flood plains, rail, highways)
 - Construction activity
 - Demographics (education, race/ethnicity)
 - Land use
 - Employment / job patterns
 - Office, industrial, retail inventory
 - Property values
 - Assets/attractions (transit corridors, lakes and parks, etc.)
- Combined, these layers highlighted roughly defined areas of similarity
- Citywide, twelve broad geographic areas emerged – southern Dallas includes parts of seven

Dallas' Economic Development Geographies

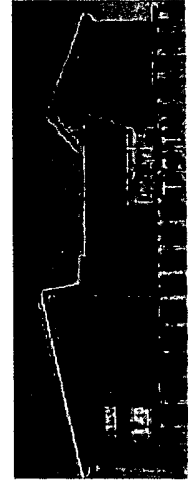
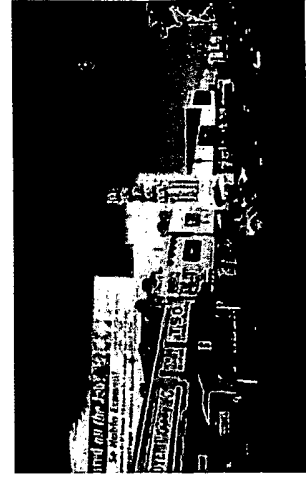
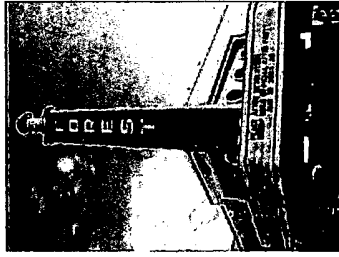


Southern Dallas - Geographic Divisions & Council Districts



●●●● Southern Dallas from the New Perspective

- Not one place – but many places
- Each area:
 - Has unique development opportunities based on its social, economic and physical assets
 - Can support different amounts and types of commercial development
 - Needs a customized development strategy including community involvement and feedback





Area 1

- **About the area:**
 - Area east of Trinity River and north of IH-20.
 - Area includes Council Districts 4, 5, 7 and 8
 - Majority Hispanic to the West of Buckner Blvd and a mix of races to the east of this Blvd.
 - Educational attainment, per capita income, real property taxable values and new construction permit values are closer to the City averages.
 - The area is majority single family with commercial along freeways.
 - The transportation network in this area lacks efficient connectivity among the freeways and major arterials but otherwise is sufficient to accommodate current and future growth.
 - Major assets: new DART line, retail along Buckner, proximity to Fair Park and the Great Trinity Forest, pleasing natural environment with open green spaces, newer single family housing stock in the north east part.



Area 2

- About the area:
 - Eastern most part of Dallas south of IH-20.
 - Area includes Council District 8
 - This is the most undeveloped part of Dallas.
 - It has mostly agricultural use
 - If the area is to be developed with more intensive uses it will need a very high level of infrastructure investment.

●●●●● Area 3

- About the area:
 - Area south of Loop 12 between Trinity floodplain and Cockrell Hill Rd.
 - Area includes Council Districts 5 and 8
 - Majority African-American
 - Educational attainment, per capita income, real property values and new construction values near City average to the west of Houston School Road but all the variables fall in the lower levels to the east of Houston School Road.
 - The network of freeways, arterials and collectors is efficient and well connected to the west of Houston School Rd. but is sorely lacking in both basic infrastructure and connectivity on the east side.
 - Major assets: UNT Dallas campus, Southport Business Park, Executive airport, SW Center Mall.

●●●●● Area 4

- About the area:
 - Area south of CBD between IH-35, IH-30, Loop 12 and west of Fair Park and Great Trinity forest (including FP and the forest).
 - Area includes Council Districts 2,4,5 and 7
 - Majority African-American
 - Lowest levels of educational attainment, per capita income, real property taxable values and new construction values Citywide.
 - Efficient network of freeways but cannot take advantage of this asset due to lack of supporting arterial, collector or residential street network.
 - Needs investment in form of a major community development initiative.
 - Major Assets include: Fair Park, Dallas Zoo, Cedar Crest Golf Course, Great Trinity Forest, Equestrian center, Audubon Center, VA Hospital, Lancaster-Kiest Shopping Center, easy accessibility to downtown, DART line and stations, proximity to UNT Dallas.



Area 5

- About the area:
 - Area surrounded by Ledbetter, IH-30 and IH-35.
 - Area includes Council Districts 1 and 3
 - Mainly Hispanic
 - Educational attainment, per capita income, real property taxable values and new construction values in middle to lower ranges compared to Citywide but higher than the rest of southern Dallas.
 - Mainly residential with commercial real estate along freeways and arterials.
 - Older but efficient network of arterial and collector streets.
 - Neighborhoods seeing some reinvestment along the edges, can be anticipated to spur the reinvestment in other neighborhoods with continued public investment support.
 - Major assets include: proximity and easy access to downtown, availability of affordable historic homes, DART line and stations, Bishop Arts district, Westmoreland DART station plan, Wynnewood Village shopping center, Three TIFs: Oak Cliff, Davis Garden District and FW Avenue.



Area 6

- About the area:
 - Area south of Jefferson Blvd and west of Ledbetter.
 - Area includes Council District 3
 - No majority race.
 - This area is mainly undeveloped and is seeing suburban type developments.
 - Area needs major investment to build up its infrastructure to support future growth.

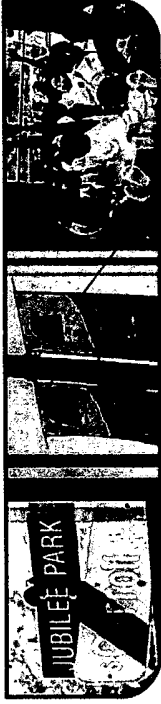


Area 7

- About the area:
 - Area west of CBD between IH-35 and IH-30.
 - Area includes Council Districts 3 and 6
 - Majority Hispanic population
 - Educational attainment, per capita income, real property taxable value and new building permit values all fall in the lower ranges
 - Residential in the center with commercial to the north and south.
 - Existing freeway and arterial network in this area is sufficient but the area lacks efficient connectivity in regards to collector and residential streets.
 - Overall transportation network in this area falls short in efficiently connecting to the rest of the City across the Trinity River, IH-35 and IH-30.

Appendix E: Community Empowerment Examples

Jubilee: a community success story



- Started with community initiative and organization:
 - The Jubilee Project chaired by Walt Humann originated in 1997 in “Jubilee Park” - a 62 block community bounded by I-30, Fair Park & East Grand
 - **St. Michael & All Angels Episcopal Church** formed Jubilee Park and Community Center Corporation (JPCCC) to work with community residents to identify and prioritize the communities needs and to coordinate programs and projects in the area
 - Community partnerships:
 - Habitat for Humanity built nearly 50 homes and two community buildings
 - Church members funded the land acquisition for Jubilee Park
 - Private businesses gave donations of material and labor for Jubilee Park
 - DISD, private donors, Texas Instruments helped create David’s Place Head Start facility
- City assisted with community efforts:
 - City of Dallas’ Parks department - advice and volunteers during construction period
 - Police department - assigned Officer to help with park security
 - City’s NIP program - \$1.2 million in Neighborhood Improvements (sidewalk, curb & gutter improvements, landscaping and community banners)
- Created a program/situation that is attracting additional private dollars:
 - T. Boone Pickens’ \$6 million donation in December 2007 – to be used for enhancing existing programs and for additional neighborhood projects and programs
- Result is a more sustainable community with empowered citizens who partner with the City and other organizations to meet their needs

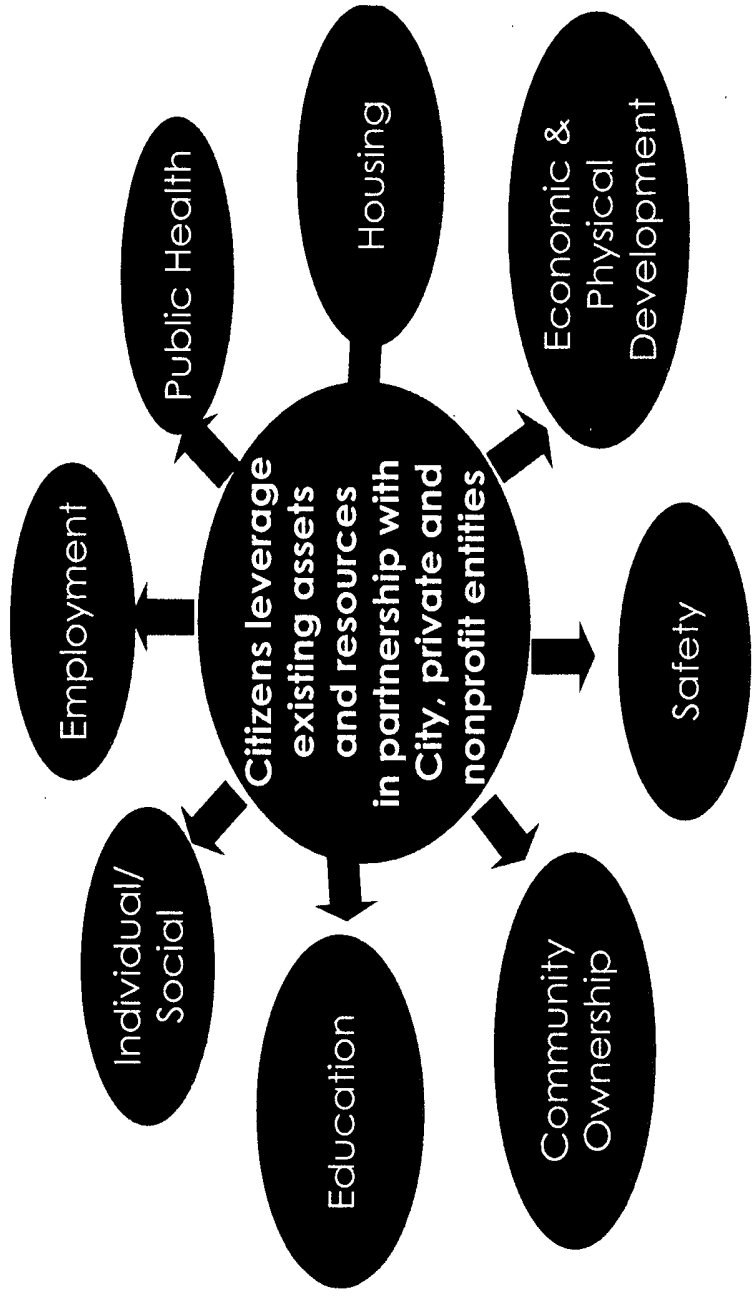
●●●●● Fort Worth Avenue: a community success story

- **Started with community initiative and organization:**
 - The Fort Worth Avenue Development Group (FWADG) began in 1999 as a committee of the Stevens Park Estates Neighborhood Association.
 - Goal: bring basic neighborhood services to the area. They wanted to be able to get “a New York Times and a cup of coffee” in Oak Cliff.
 - 2001: Group expanded to include the surrounding neighborhood associations.
 - FWADG worked with area stakeholders to create the *Fort Worth Avenue Visioning and Conceptual Land Use Planning Study*, published in December, 2003.
 - Emphasis: (1) infill and mixed-use development and redevelopment, (2) an improved roadway system, (3) open lands, and (4) an improved streetscape.
- **City assisted with community efforts:**
 - On January 26, 2005 Council adopted the *Fort Worth Avenue Corridor and Land Use and Urban Design Study*.
 - In February 2005 Council adopted PD 714, which codified the recommendations of the land use study.
 - **Created the Fort Worth Avenue TIF district** to attract additional private dollars:
 - As a volunteer project, FWADG members completed a draft of the Preliminary Plan.
 - On June 13, 2007, City Council approved the creation of a Tax Increment Financing District to help to draw more than \$1.8 billion worth of private development in the next 20 years, including the Villas at the Belmont, a \$20 million project already under way, and La Reunion Town Center, a \$200 million project set to start this summer.
- **Result: financial, technical, and political support from both the community and City ensure neighborhood revitalization responds to the community’s needs**

●●●●● Community Development Approach to Revitalization

City builds its capacity to respond to citizen initiatives

- Map community assets:
 - Talents of individuals
 - Associations among residents
 - Formal organizations
 - Physical assets
- Create a neighborhood vision
- Draft an implementation plan
- City participation to coordinate existing plans with neighborhood goals and facilitate access to necessary services



Appendix F: Historical Perspective

●●●●● Century of Unbalanced Growth

- Geography gave historic advantage to the north: downtown was on the north side of the river which meant initial transportation and industry was on the north side as well
 - Rail road facilities
 - Trinity Industrial District
 - Central expressway
 - Love Field
 - Oak Cliff was mostly residential
- Private development and investment followed:
 - NorthPark Center, Texas Instruments, EDS, the Village
- Subsequent developments facilitated and encouraged an even wider development gap:
 - DFW International, Dallas North Tollway
 - Drove stronger demand for Northern Dallas real estate
- Southern sector inherited many heavy industrial sites and land fills that made reinvestment less attractive and more expensive
- Today the economic geography of North Texas is much more complex and there is potential to link the southern sector to multiple development nodes (expanded downtown, IIPOD, southern suburbs)



Risks of Business as Usual

- Dallas' southern communities are losing ground relative to the rest of North Texas and progress is inadequate in both a global and a local competitive context
- Major risks to continuing “business as usual” approach due to magnitude of gaps in housing, education and commerce
 - Opportunity cost of large numbers of citizens not reaching their potential
 - Firms and families write off southern neighborhoods
 - Underperforming property and sales tax base is a service cost burden
 - Dallas is not a whole community and large segments remain isolated from globally integrated North Texas economy

●●●●● Reorienting

- Renewal depends on both major actions and acknowledging several issues about Southern Dallas:
 - It is not a single community – but hundreds of neighborhoods. Its renewal cannot be completed wholesale or through proliferating a cookie-cutter model
 - It is part of the City of Dallas, not a separately isolated region. Its renewal is possible only if it is integrated into the larger Dallas economy and community
 - It fell behind the north for much of the 20th century and a long term initiative by public and private sectors is needed, recent successes only partially close competitive gaps
 - Racial and ethnic prejudice contributed to its gaps. Cities like Atlanta that made progress in reconciliation have been the acknowledged development leaders in the South
 - Even though attitudes are changing, crime and schools are still major barriers to attracting and retaining middle and upper income residents
- Public and private acknowledgment of such issues are crucial in starting and maintaining the kind of long-term commitment needed to make a difference in the lives of Dallas' citizens, north and south.



●●●●● Reorienting

- Too many past initiatives have focused on delivering a few projects and faded away because they lacked the moral and economic imperative that is required for the task at hand as well as the institutional framework to keep the program alive
- Additional funding is also needed at the operating level, for infrastructure and for targeted development incentives
- This new campaign cannot take the approach of completing a few projects and claiming success
- The gaps are long term and systematic and require a broad spectrum, long-run approach

●●●●● Enormous Opportunities Exist...

- Reduce long-term need for incentives as local markets become healthier
- Improve quantitative indicators – another \$1B in total personal income results from each 15% increase in southern Dallas residents' per capita income
- Improve visitors and residents perceptions creating opportunities for collaboration and innovation
- Build neighborhoods that satisfy the aspirations of residents and attract new families
- Achieve greater citizen participation in civic process
- Position Dallas' southern neighborhoods to compete for residential, retail and service support opportunities associated with the global trade zone emerging around the inland port
- Improve confidence of the City as a whole – wealthier, more competitive Dallas is good for all of North Texas (think Chicago's influence on its region)
- Using these opportunities to change the trajectory of redevelopment and achieve the vision needs a new more aggressive integrated approach

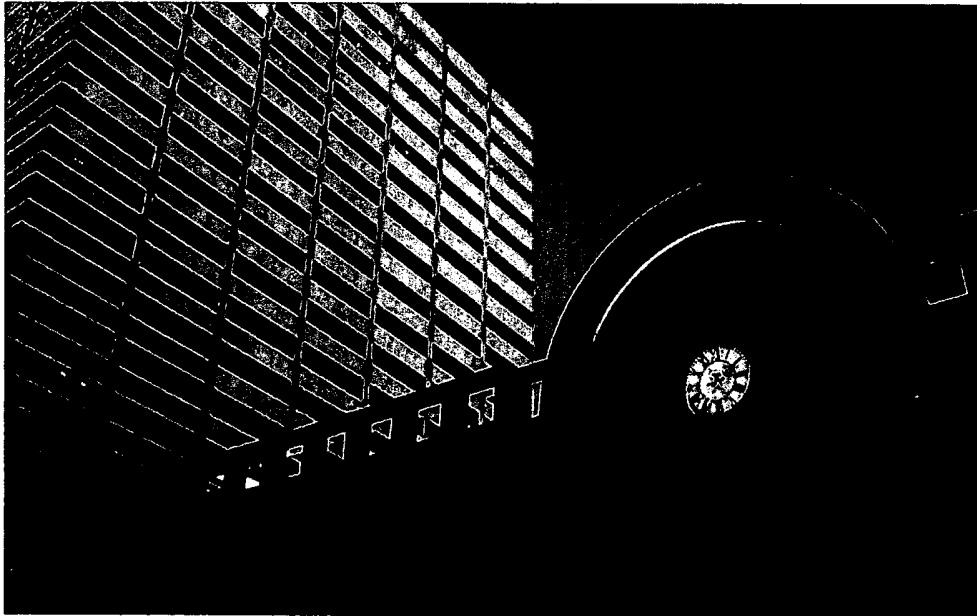


Economic Development Incentives

As the region's largest city, Dallas is committed to growth and prosperity. For 150 years, Dallas' business and civic communities have worked in unison to make Dallas one of the best places to work, live and enjoy life. Whether your company is a small operation or a major manufacturing firm, the City of Dallas is working to provide a business infrastructure that helps your company grow.

The Office of Economic Development provides services to stimulate and assist economic development. Our staff will facilitate access to City programs and services for business expansion and/or relocation within the City of Dallas. The services include: Corporate Site Selection assistance, Business Retention and Expansion; Redevelopment Initiatives and International Business; Brownfields Remediation, and Retail Recruitment. Our economic development staff understands your business challenges and is prepared to help you with timely, innovative, and confidential assistance throughout the process.

Dallas Wants to be a Partner in Your Company's Success!



Offices in North Dallas, part of the Galleria Dallas complex.

A component of that support is one of the most competitive incentive packages in the United States. The City of Dallas has designed an incentive package that can assist your company to establish a facility in Dallas or help a Dallas company achieve its expansion dreams. Working through a public/private partnership, Dallas can offer:

- Real or Business Personal Property Tax Abatements
- Freeport Tax Exemptions
- Infrastructure Cost Participation
- Development Fee Rebates
- Tax Increment Financing
- Public Improvement Districts

The public/private partnership program has served as the catalyst for numerous flourishing redevelopment projects throughout Dallas. All incentives are subject to City Council approval. For more information call **(214) 670-1221**.

Economic Development Incentives

Infrastructure Participation - Funding for a portion of required city infrastructure up to a maximum of 50 percent of eligible costs. Participation above 30 percent requires bidding procedures.

Development Fee Rebates - Rebate city fees charged in the regulation of land and building development.

Right-of-Way Abandonment and credits - A 25 percent rebate/credit against city fees for abandoning public rights-of-way in southern Dallas and in Enterprise Zones.

Tax Abatement - Abatement of a portion of the value added to real property or new business personal property from new investment projects.

Historic Tax Incentives - Abatement of city real property taxes for a period up to 10 or 15 years if a building has been designated as a Dallas landmark and a restoration is planned.

Freeport Tax Exemption - A 100 percent city, Dallas County, and School District property tax exemption is available to companies for inventory leaving the state within 175 days.

Foreign Trade Zone - Dallas' two Foreign Trade Zones allow duty-free importing of foreign-made components that are assembled, manufactured, processed or packaged. Duties are charged when completed products are distributed into the U.S. market. Products for export are not taxed.

Tax increment Financing (TIF) - TIF districts finance new public improvements in designated areas that stimulate new private investment and neighborhood revitalization. Additional tax revenues from higher property values are used for public roadways, utilities, streetscapes and lighting.

Public improvement Districts (PID) - PIDs are special assessment areas created at the property owners' request. Owners pay a supplemental tax assessment, which is used for activities such as additional security, landscaping or lighting.

Brownfields Program - Dallas' nationally recognized Brownfields program supports the revitalization of contaminated commercial sites and facilities through tools such as environmental site assessments.

Job Training - Workforce development in Dallas is coordinated and implemented by the Dallas County Community College District (DCCCD) and Worksource for Dallas County. DCCCD opportunities include: basic skills, GED preparation, and skills enhancement. Worksource facilitates employer access to qualified employees, as well as provides job training, workplace education, child care and educational initiatives.

When you are ready to discuss your business or development needs contact OED staff at 214-670-1685.

INCENTIVES NEGOTIATED OR PROPOSED BY CITY STAFF ARE SUBJECT TO SPECIFIC FEDERAL, STATE AND LOCAL GUIDELINES, FUNDING AVAILABILITY AND CITY COUNCIL APPROVAL. DEPENDING ON THE INCENTIVE, THERE MAY BE ADDITIONAL RESTRICTIONS BASED ON GEOGRAPHY, PROJECT SIZE AND OTHER FACTORS.

Last updated July 2007



Office of Economic Development
214-670-1685
www.dallas-ecodev.org

Tax burden: Local and State Taxes in Texas

Texas

State-Local Tax Burden Compared to U.S. Average (1970-2007)

Year	State				U.S. Average				
	State-Local Tax Burden	State Rank (1 is highest)	Federal Tax Burden	State Rank (1 is highest)	Total Tax Burden*	State Rank (1 is highest)	Average State-Local Tax Burden	Average Federal Tax Burden	Total Tax Burden*
1970	8.0%	49	20.1%	19	28.1%	44	10.0%	19.9%	29.9%
1971	8.2%	48	19.3%	12	27.5%	41	10.2%	19.0%	29.2%
1972	8.5%	48	20.4%	11	28.9%	35	10.6%	19.8%	30.3%
1973	8.3%	47	21.0%	9	29.3%	32	10.3%	20.1%	30.4%
1974	8.3%	48	22.0%	6	30.3%	28	10.3%	20.7%	31.0%
1975	8.2%	49	19.4%	13	27.6%	38	10.3%	19.1%	29.4%
1976	8.2%	48	20.4%	10	28.6%	36	10.4%	19.7%	30.1%
1977	8.3%	47	21.1%	6	29.4%	30	10.4%	20.0%	30.4%
1978	8.2%	47	21.3%	7	29.5%	29	9.9%	20.4%	30.4%
1979	7.8%	48	22.0%	6	29.8%	28	9.5%	20.9%	30.4%
1980	7.7%	49	22.8%	6	30.6%	24	9.5%	21.2%	30.7%
1981	7.7%	49	23.7%	4	31.4%	21	9.4%	21.9%	31.3%
1982	7.9%	48	22.6%	4	30.5%	22	9.8%	20.9%	30.7%
1983	7.9%	48	21.3%	4	29.2%	23	9.8%	19.8%	29.7%
1984	8.2%	48	20.9%	6	29.1%	22	9.8%	19.6%	29.4%
1985	8.5%	44	20.7%	7	29.1%	27	9.9%	19.9%	29.8%
1986	8.9%	41	20.2%	13	29.1%	27	10.1%	19.9%	29.9%
1987	9.6%	36	20.9%	15	30.4%	21	10.3%	20.7%	31.0%
1988	9.8%	30	20.8%	13	30.5%	21	10.3%	20.5%	30.7%
1989	9.8%	29	21.1%	10	30.9%	19	10.3%	20.7%	31.0%
1990	9.7%	33	20.8%	11	30.5%	23	10.3%	20.5%	30.8%
1991	10.0%	32	20.4%	11	30.4%	23	10.6%	20.1%	30.7%
1992	9.9%	33	20.1%	15	30.0%	29	10.6%	19.8%	30.5%
1993	9.8%	38	20.2%	15	30.0%	28	10.5%	20.1%	30.7%
1994	9.8%	38	20.7%	17	30.5%	32	10.6%	20.6%	31.2%
1995	9.6%	43	21.1%	15	30.7%	31	10.5%	21.0%	31.6%
1996	9.5%	42	21.5%	18	31.0%	30	10.5%	21.5%	32.0%
1997	9.2%	45	21.8%	21	31.1%	38	10.4%	22.1%	32.5%
1998	9.2%	45	22.5%	20	31.8%	33	10.5%	22.7%	33.2%
1999	9.1%	45	22.4%	23	31.5%	37	10.5%	22.9%	33.3%
2000	9.1%	46	22.7%	24	31.8%	36	10.5%	23.5%	34.0%
2001	9.4%	44	21.9%	20	31.3%	32	10.5%	22.5%	33.0%
2002	9.5%	40	19.6%	20	29.1%	26	10.3%	19.9%	30.3%
2003	9.4%	40	18.8%	19	28.2%	30	10.4%	19.1%	29.5%
2004	9.4%	42	18.6%	22	28.0%	33	10.6%	19.1%	29.7%
2005	9.4%	43	19.7%	26	29.1%	40	10.9%	20.6%	31.5%
2006	9.1%	43	20.2%	26	29.4%	42	10.8%	21.5%	32.3%
2007	9.3%	43	20.5%	27	29.8%	41	11.0%	21.7%	32.7%

Source: Tax Foundation calculations based on data from the Bureau of Economic Analysis, Department of Commerce

Last updated July 2007



Office of Economic Development
214-670-1685
www.dallas-ecodev.org

Tax burden: Local and State Taxes in Texas

State and Local Tax Burdens Compared to Other U.S. States (2007)

Combined State and Local Tax Burdens by Rank			Adding Federal Taxes to State/Local Changes Rankings		
State	Tax Burden	Rank	State	Tax Burden	Rank
Total	11.0%		Total	32.7%	
Vermont	14.1%	1	Vermont	35.1%	5
Maine	14.0%	2	Maine	33.9%	10
New York	13.8%	3	New York	37.1%	2
Rhode Island	12.7%	4	Rhode Island	35.1%	6
Ohio	12.4%	5	Ohio	32.4%	18
Hawaii	12.4%	6	Hawaii	33.0%	16
Wisconsin	12.3%	7	Wisconsin	33.3%	13
Connecticut	12.2%	8	Connecticut	38.3%	1
Nebraska	11.9%	9	Nebraska	31.8%	22
New Jersey	11.6%	10	New Jersey	35.6%	3
Minnesota	11.5%	11	Minnesota	33.9%	11
California	11.5%	12	California	34.3%	8
Arkansas	11.3%	13	Arkansas	30.7%	32
Michigan	11.2%	14	Michigan	31.9%	21
Kansas	11.2%	15	Kansas	31.0%	27
Washington	11.1%	16	Washington	34.0%	9
Louisiana	11.0%	17	Louisiana	29.1%	44
Iowa	11.0%	18	Iowa	30.6%	33
North Carolina	11.0%	19	North Carolina	31.3%	24
Kentucky	10.9%	20	Kentucky	30.4%	34
West Virginia	10.9%	21	West Virginia	29.8%	40
Illinois	10.8%	22	Illinois	33.2%	14
Maryland	10.8%	23	Maryland	33.1%	15
Pennsylvania	10.8%	24	Pennsylvania	31.9%	20
Indiana	10.7%	25	Indiana	30.8%	30
South Carolina	10.7%	26	South Carolina	30.3%	35
Utah	10.7%	27	Utah	30.3%	36
Massachusetts	10.6%	28	Massachusetts	34.4%	7
Mississippi	10.5%	29	Mississippi	28.1%	47
Colorado	10.4%	30	Colorado	31.8%	23
Arizona	10.3%	31	Arizona	31.3%	25
Georgia	10.3%	32	Georgia	30.9%	28
Virginia	10.2%	33	Virginia	32.9%	17
Missouri	10.1%	34	Missouri	30.2%	38

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Tax burden: Local and State Taxes in Texas

State and Local Tax Burdens Compared to Other U.S. States (2007)

Combined State and Local Tax Burdens by Rank			Adding Federal Taxes to State/Local Changes Rankings		
State	Tax Burden	Rank	State	Tax Burden	Rank
Idaho	10.1%	35	Idaho	29.6%	42
Nevada	10.1%	36	Nevada	35.2%	4
Oregon	10.0%	37	Oregon	30.7%	31
Florida	10.0%	38	Florida	33.6%	12
North Dakota	9.9%	39	North Dakota	30.2%	37
New Mexico	9.8%	40	New Mexico	28.8%	45
Montana	9.7%	41	Montana	29.8%	39
Wyoming	9.5%	42	Wyoming	32.1%	19
Texas	9.3%	43	Texas	29.8%	41
South Dakota	9.0%	44	South Dakota	29.3%	43
Oklahoma	9.0%	45	Oklahoma	27.8%	50
Alabama	8.8%	46	Alabama	28.0%	49
Delaware	8.8%	47	Delaware	31.2%	26
Tennessee	8.5%	48	Tennessee	28.8%	46
New Hampshire	8.0%	49	New Hampshire	30.8%	29
Alaska	6.6%	50	Alaska	28.1%	48
D.C.	12.5%	-	D.C.	36.4%	-

Source: Tax Foundation calculations based on data from the Bureau of Economic Analysis, Department of Commerce

* During the past three decades Texas' state and local tax burden has been consistently below the national average. Estimated at 9.3% of income, Texas's state and local tax burden percentage ranks 43rd highest nationally, well below the national average of 11.0%. Texans pay \$3,533 per capita in state and local taxes, and per capita state income is \$38,005. (Source: Tax Foundation)

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Tax burden: Local and State Taxes in Texas

Specifics on Dallas and Texas taxes:

Income Tax - The State of Texas does not have a personal or corporate income tax nor does Texas have a State unitary tax.

Sales Tax - The State of Texas sales tax rate is 6.25 percent. The City of Dallas and Dallas Area Rapid Transit each levy a 1 percent sales tax resulting in an 8.25 percent total sales tax. This tax applies to the sale of tangible personal property, with exemptions for items such as utilities, raw materials, manufacturing equipment and groceries.

Corporate Franchise Tax - The Corporate Franchise Tax or Capital Values Tax is a business privilege tax assessed by the State of Texas and is applicable to all corporations operating in the state. Corporations are taxed on the greater of 0.25 percent of taxable capital or 4.50 percent of net taxable earned surplus.

Unemployment Insurance - Texas has low unemployment insurance tax liability. New employers pay unemployment insurance at a rate of 2.7 percent per employee, per year for the first \$9,000 of gross earnings with a maximum of \$36 per employee annually. After six quarters, companies received a reduced experience rate of 0.67 percent up to 8.26 percent of the first \$9,000 of gross earnings on a historical base.

Hotel/motel Occupancy Tax - The State of Texas hotel room rates are taxed at 6 percent. The City of Dallas levies a city tax of 9 percent making a total tax rate of 15 percent.

Last updated July 2007



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City of Dallas

**Public/Private Partnership Program
Guidelines and Criteria for Non-Residential Projects**

Office of Economic Development
Dallas City Hall, Room 5CS
Dallas, Texas 75201
Phone: (214) 670-1685
Fax: (214) 670-0158

	Minimum Eligibility	Tax Abatement*	Infrastructure Cost Participation	Development Fee Rebates	ROW Abandonment Rebates/Credits
SOUTHERN DALLAS ENTERPRISE ZONES and COMMERCIAL ZONE (Non-EZ Sites)	<p>Criteria</p> <ul style="list-style-type: none"> • projects creating or retaining 25 plus jobs OR • minimum \$1 million investment 	<ul style="list-style-type: none"> • up to 90% abatement for 10 years on added real estate value OR • up to 50% abatement for 5 years on net new business personal property 	<ul style="list-style-type: none"> • case-by-case • up to 50% maximum • over 30% requires City bidding procedures • participation shall not exceed 25% of total on site improvement costs 	<ul style="list-style-type: none"> • case-by-case • 100% rebate on not-to-exceed basis • payable after Certificate of Occupancy issued 	<ul style="list-style-type: none"> • 25% rebate • credit for special public improvements
NORTHERN DALLAS ENTERPRISE ZONES	<ul style="list-style-type: none"> • projects creating or retaining 200 plus jobs OR • minimum \$10 million investment 	<ul style="list-style-type: none"> • up to 50% abatement for 10 years on added real estate value OR • up to 50% abatement for 5 years on net new business personal property 	<ul style="list-style-type: none"> • case-by-case • up to 50% maximum • over 30% requires City bidding procedures • participation shall not exceed 25% of total on site improvement costs 	<ul style="list-style-type: none"> • case-by-case • 100% rebate on not-to-exceed basis • payable after Certificate of Occupancy issued 	<ul style="list-style-type: none"> • 25% rebate • credit for special public improvements
NORTHERN DALLAS COMMERCIAL ZONE (Non-EZ Sites)	<ul style="list-style-type: none"> • projects creating or retaining 250 jobs OR • minimum \$15 million investment 	<ul style="list-style-type: none"> • case-by-case 	<ul style="list-style-type: none"> • not available 	<ul style="list-style-type: none"> • not available 	<ul style="list-style-type: none"> • not available
CENTRAL BUSINESS DISTRICT	<ul style="list-style-type: none"> • projects creating or retaining 250 plus jobs OR • minimum \$25 million investment 	<ul style="list-style-type: none"> • up to 75% abatement for 5 years on net new business personal property OR • projects in non-TIF District sites require a minimum 750 jobs and \$100M investment for a tax abatement on real property up to 90% for 10 years 	<ul style="list-style-type: none"> • case-by-case • up to 50% maximum • over 30% requires City bidding procedures • participation shall not exceed 25% of total on site improvement costs 	<ul style="list-style-type: none"> • case-by-case • 100% rebate on not-to-exceed basis • payable after Certificate of Occupancy issued 	<ul style="list-style-type: none"> • rebate not available • credit for special public improvements
NON-CONFORMING	<ul style="list-style-type: none"> • case-by-case 	<ul style="list-style-type: none"> • negotiable terms 	<ul style="list-style-type: none"> • negotiable terms 	<ul style="list-style-type: none"> • negotiable terms 	<ul style="list-style-type: none"> • negotiable terms

The information contained herein shall not be construed as implying or suggesting that the City of Dallas is offering or is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis. Pawnshops, Sexually Oriented Businesses, Bars, Trucks Stops and Truck Dealerships are excluded from consideration for incentives provided under this program.

- Firms willing to pay at or above Living Wage levels for certain job classifications may be considered for 10% bonus tax abatement.

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

City of Dallas Public/Private Programs

It is the purpose of the following programs to provide assistance only for projects where such assistance is necessary to stimulate private investment. Accordingly, these programs are available when agreements between the City and private parties that are not tax-exempt are approved by City Council prior to private investment occurring. Projects seeking economic incentives must provide written assurance that 'but for' the incentives sought, the proposed project would be substantially altered such that the economic returns to the city would be reduced or the project would not otherwise occur in the city. Projects occurring in Southern Dallas and Strategic Investment Areas are provided special consideration.

Tax Abatement

Temporary abatement of either real estate or business personal property taxes for a period not to exceed 10 years. In limited cases, Southern Dallas projects may be considered for a combination of both real and personal property tax abatement when the combined amount does not exceed 90 percent of the City taxes on total new improvement value. Recipient firms provide initial certification of required improvements and annual certification of job requirement. City staff may consider Dallas resident employment, contracting with local and minority and women owned businesses, efforts to exceed minimum environmental regulations, wage rates, community activities, and target industry projects when negotiating this incentive. In support of the City's MWBE Program, a goal is set that two-thirds of the City's real property tax abatement agreements for new construction include a Fair Share and local contractor component. Real property tax abatement is not available in TIF Districts within the Central Business District (CBD) or in portions of the Downtown Connection TIF District located outside the CBD. All financial incentive terms must begin by January 1 of the second calendar year following City Council authorization.

Infrastructure Cost Participation

Without complying with competitive sealed bidding procedure, the City may participate in the costs of constructing infrastructure improvements at a level not to exceed 30 percent of the total contract price or at a level not to exceed 100 percent of the total cost for any over sizing of improvements required by the City, including, but not limited to increased capacity of the improvements to future development in the area. Projects wherein City participation exceeds 30 percent of infrastructure costs require compliance with public competitive sealed bidding procedures.

Development Fee Rebates

On a 'case by case' basis the City may approve an economic development grant in the amount of fees charged in the regulation of land development on a not-to-exceed basis. The rebate is payable after a Certificate of Occupancy is issued and contingent upon funding availability.

ROW Abandonment Rebates and Credits

City may approve an economic development grant in the amount of monetary fees charged by the City for abandonment of public right-of-way and contingent upon funding availability. Such rebates are payable after City issues a Certificate of Occupancy; credits are offset against the costs of constructing certain negotiated public improvements which are not otherwise required of the developer.

Business Development Grant Program

Companies considering a relocation/expansion in the city of Dallas may be eligible for a grant in lieu of tax abatement or to defray project costs such as: land purchase, building costs, loan guarantees, training costs, relocation costs, etc. Grants will be considered on a case-by-case basis and are subject funding limitations. Companies will be required to meet eligibility requirements of the Public/Private Partnership Program.

Transit-Oriented Development (TOD) Program

Minimum eligibility for consideration of city incentives through the Public/Private Partnership Program will require a cumulative investment of \$300 million for new mixed-use, commercial, retail and/or residential development in proximity of at least two DART light-rail transit (with one or both in Southern Dallas) stations. TOD projects are eligible for consideration for the full complement of necessary and appropriate incentives available through this program including, but not limited to, tax increment financing, tax abatement, grants and loans, infrastructure cost participation. Residential developments seeking incentives will be required to have a 20 percent affordable housing set aside in North Dallas and mixed-income housing in Southern Dallas. Further, projects must meet the City's established Good Faith Effort guidelines for MWBE participation.

Economic Development GO Bond Program for Southern Dallas

General Obligation Bond funding may be used as described in this paragraph for private commercial, industrial, retail, residential, and mixed-use development in the Southern area of the city that promotes economic development. Funding may be provided as a catalyst to promote private economic development and may be used for planning, designing, extending, constructing and acquiring land for public streets, utilities and other related infrastructure facilities or uses consistent with this purpose. Funding is also available in support of mixed-use or residential development, for the acquisition of improved and unimproved properties and for the cost of demolition of existing structures. Private developments may be eligible for economic development grants and loans pursuant to Chapter 380 of the Texas Local Government Code. Grants and loans will be considered for infrastructure improvements and/or land acquisition consistent with the scope of funding and other uses described above. Grants or loans will be considered on a 'case by case' basis subject to funding limitations and development agreements approved by City Council, which agreements will contain appropriate conditions, safeguards and benchmarks to ensure that the public purpose of economic development will be carried out. Further it is anticipated that resources and other forms of development assistance from other applicable City economic development programs may be utilized to support this program.

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

Local Government Corporation (LGC) Grant Program

The City of Dallas will consider making grants from its general fund to a LGC, subject to annual appropriation of funds and the approval of the Dallas City Council. These funds will be restricted to the payment of project costs, including the payment of debt service on any bonds issued by the LGC to finance project costs, and the funding of any necessary reserve fund or capitalized interest accounts and the payment of the cost of issuance of bonds.

Target Industry Projects

Target Industry projects are generally defined as follows: Brownfields or recycling, information technology, building materials, media, advanced instruments and food processing/distribution. Target Industry projects must be confirmed in advance by the City in order to receive consideration under this designation.

Non-Conforming Projects

Non-Conforming projects are considered on a case by case basis for high impact projects, unique developments and competitive situations where projects may receive competing offers of incentives. These projects require a simple majority vote of City Council in Southern Dallas and a 3/4 vote of City Council in the CBD and in Northern Dallas. High Impact Project - Projects creating/retaining a minimum of 500 jobs with substantial capital investment. In addition, this status may be granted to major projects by Fortune 500, Manufacturers 400 or Global 500 listed firms.

Unique and Special Developments

Projects which have a metro-wide market area, and bring significant outside income into the City's economy and/or non-residential projects located in blighted areas as defined by the reinvestment zone provision in the Property Redevelopment and Tax Abatement Act.

Competitive and Retention Projects

In special cases, companies receiving competing offers of incentives or those currently located in the city of Dallas considering a relocation/expansion are eligible to apply for financial incentives with negotiable terms. Existing firms must expand job base by 25 percent to be eligible for consideration. Incentives may be offered in specific cases to 'match other offers.' Companies may be required to demonstrate competing cities, offers, land/lease costs, taxes at current rates, utility rates, relocation costs, other significant costs and 'gap' to be filled, etc.

Brownfields

Brownfields program may provide no-cost Phase I and Phase II Environmental Site Assessments for eligible properties. To be eligible, each site must: be within City limits and abandoned or underutilized; have a near-term economic redevelopment plan; not be under federal or state enforcement actions or a Resource Conservation and Recovery Act (RCRA) permitted facility. In addition, the owner and

applicant must authorize, in writing, permission to designate the site a Brownfield and applicant or prospective purchaser will consider entering site into the Texas Voluntary Cleanup Program. Brownfield sites are real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Other Sources of Financial Assistance

Tax Increment Districts

Special districts funding public improvements (not services) with increased tax revenues resulting from new private development. Tax rates are the same as elsewhere in the City and no added cost to private parties is incurred.

Public Improvement Districts

Special districts created by petition to privately fund public improvements or special supplemental services over and above those provided by City, when such services are supportive of related City investments in capital improvements.

Public Improvement Districts

Special districts created by petition to privately fund public improvements or special supplemental services over and above those provided by City, when such services are supportive of related City investments in capital improvements.

Freeport Exemption

The City offers property tax exemption on eligible goods in transit-those to be sent out of state within 175 days from acquisition to be assembled, stored, manufactured, processed or fabricated. Oil and natural gas do not qualify.

Foreign Trade Zone

Allows duty-free importing of foreign-made components into the Zone, where they may be assembled, manufactured, processed or packaged. Duties are charged only when products are subsequently distributed into the U.S. market- if they are shipped to international markets, no duty is levied.

Enterprise Zone Project Designation (State)

For qualified and approved businesses of 100 or more new jobs to the state of Texas, the City may apply to the State to rebate sales and use taxes paid, on a per-job basis. Also available is a reduction on a firm's franchise tax.

Grants and Loans

For qualified and approved businesses, the City will consider special programs for loans and grants to promote local economic development.

To obtain more detail on these programs, or to inquire regarding other assistance, contact: Office of Economic Development, Dallas City Hall, Room 5CS, Dallas, Texas 75201, Phone: (214) 670-1685, Fax: (214) 670-0158



City of Dallas

City of Dallas

**Public/Private Partnership Program
Guidelines and Criteria for Residential Projects**

	<i>Minimum Eligibility Criteria</i>	Tax Abatement*
CENTRAL BUSINESS DISTRICT	<ul style="list-style-type: none"> • minimum of 75 residential units added and more than four floors, • Minimum of \$15 million in private investment, • located within the CBD downtown freeway loop but outside DC and CC TIF Districts and within CBD downtown freeway loop. • Project not receiving tax abatement must have a minimum of 75 residential units, \$15 Million in private investment, and develop more than four floors, • Both projects are required to have the same developer. 	<p style="text-align: center;">percentage on <u>added</u> real estate or personal property value</p> <ul style="list-style-type: none"> • Projects that meet the minimum eligibility criteria can qualify for tax abatement on real property up to 90% for up to 10 years on added real estate value <li style="text-align: center;">OR • Economic development grant in lieu of a tax abatement in an amount to be based on this criteria.

Office of Economic Development
Dallas City Hall, Room 5CS
Dallas, Texas 75201
Phone (214) 670-1685
Fax: (214) 670-0158

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

Non-conforming projects within the Central Business District are considered on a case by case basis and may be approved by a super majority (three-fourths) vote from the voting members of City Council.

Any developer receiving incentives for a residential project must verify the completion of the required improvements to City Staff and complete all contingencies outlined in the agreement. In support of the City's Good Faith Effort Program, a goal is set that two-thirds of the City's real property tax abatement agreements or economic development grants in lieu of tax abatement agreements include a Fair Share and local contractor component. In addition, all residential projects approved for tax abatement or such economic development grants will be subject to a ten percent affordable housing set-aside requirement. All Residential Project incentives are provided at the City's discretion and are subject to City Council approval.

For residential development projects that are rental-occupied, the tax abatement agreements will outline all required contingencies that must be met before tax abatements may be granted each year. The agreement may only be entered into with the developer/owner of the project.

For residential development projects that are owner-occupied, the economic development grant agreements will outline all required contingencies that must be met before grant payments will be made each year. An agreement may be entered into with the developer/owner of the project. In addition, economic development grant amounts will be determined as of January 31st of every year the agreement is active based on applicable tax payments made.

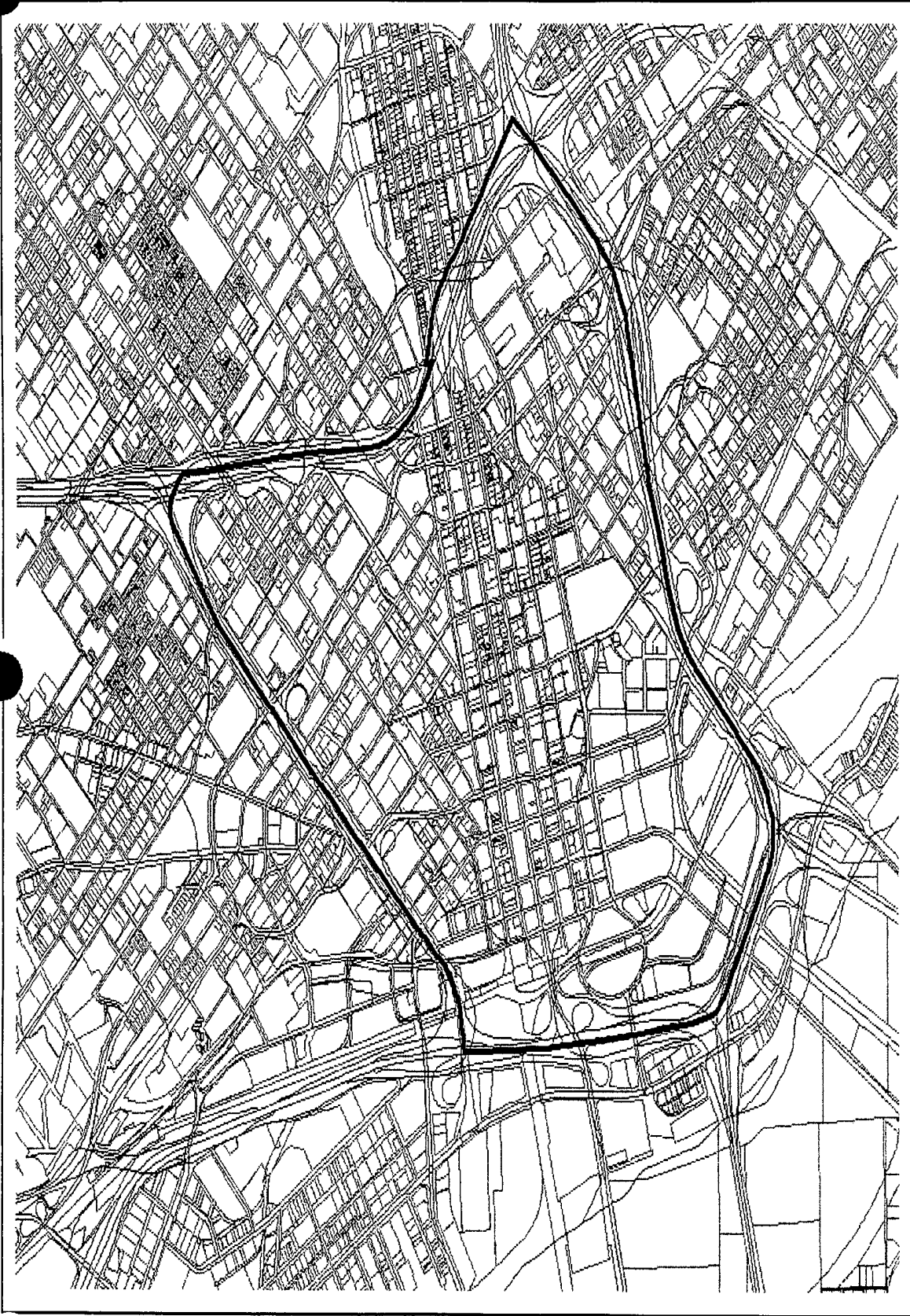
City of Dallas Public/Private Partnership Program Guidelines and Criteria Summary for Residential Projects

City of Dallas Public/Private Programs

It is the purpose of the following program to provide assistance for projects in the Central Business District (the "CBD") only where such assistance is necessary to stimulate private investment. Accordingly, this program is available when agreements between the City and private parties that are not tax-exempt are approved by City Council prior to private investment occurring. Projects seeking economic incentives must provide written assurance that "but for" the incentives sought, the proposed project would be substantially altered such that the economic returns to the city would be reduced or the project would not otherwise occur in the city.

Tax Abatement / Grant in Lieu of Tax Abatement

These mechanisms will allow for temporary abatement of real estate property taxes or economic development grants in lieu of tax abatement for an amount not to exceed 90 percent of the City's taxes on the total new improvement value of a property for a period of up to 10 years. To qualify for this type of incentive the project must be a residential project within the Downtown Freeway Loop but outside the Downtown Connection or City Center TIF District during the term of each district. A "Residential Project" receiving tax abatement must be a development or redevelopment that will create a minimum of 75 additional residential units, will have more than four floors and will include a minimum of \$15,000,000 in private investment. The residential development must be developed in conjunction with another development project located within either the Downtown Connection or City Center TIF Districts and within the CBD downtown freeway loop by the same or affiliated developer/owner. The second project not receiving tax abatement must have a minimum of 75 residential units, \$15,000,000 in private investment, and have more than four floors. Catalyst projects that create a minimum of 375 residential units and \$55,000,000 in private investment may have the two project criteria waived.



**Public/ Private
Partnership Program -
Residential Projects**



Central Business District
Inside the Freeway Loop



City of Dallas
Office of Economic Development

Dallas:

**From International Crossroads
to Global Destination'**

**Economic Development Committee Briefing
March 3, 2008**



Office of Economic Development www.Dallas-EDD.org





Introduction

- All the **world's great cities** have become **destination locations** and have vibrant international business and cultural communities
- **Changing trade patterns** and the tremendous **explosion of global trade volume** greatly **benefit Dallas' centralized** geographic location and **create opportunities** as an international destination
- By **leveraging the region's logistics** and **distribution strengths** and promoting our strategic initiatives (Trinity River, Arts District, IPOD), Dallas is well positioned to **attract both global investment capital** and **human resources**
- **Focused promotional efforts in Asian and the NAFTA countries** as well as opportunities in Africa support and **complement our strategic priorities** downtown and in the southern portion of Dallas

New International Vision

Dallas is one of the most enviable destinations in the world

... A thriving, vibrant location encompassing high quality, and internationally recognized retail, office, diverse residential, entertainment, cultural, meeting and lodging spaces

... Is an environment marked by world class architecture and inviting green spaces

... Is affordable

... Appealing to Dallas residents as well as visitors from around the world



International Vision - Key Elements

Business

Companies and entrepreneurs from around the world are drawn to Dallas.

Entertainment & Retail Activity

Diverse entertainment, retail shops, and eateries.

Culture

Recognized internationally as a cultural hub.

Hospitality

Premier host to visitors and conventioners, with a variety of hotels, restaurants and shopping centers.

Education

Nationally recognized educational institutions, drawing internationally.



International Vision - Key Elements

Vibrancy

Vibrant center of urban life, recognized globally for the quality of its business, hospitality, entertainment and cultural environments.

Connectivity

Components linked together through efficient transportation options.

Housing

Diverse, meeting a wide-range of income levels.

Environment & Perception

Safe and welcoming.

Briefing Overview

- This briefing underscores the significant and growing **importance of the Dallas area on the world stage**, identifies **actions taken to date and proposed a strategy** that complements and enhances key economic development priorities.
- Although major opportunities exist and real progress has been made, **Dallas still lags major coastal cities in global name recognition**.
- **Forming relationships**, face to face meetings and creating a culturally appealing environment are **as important** to achieving the international vision as **building the business case**.
- **Measurable progress requires a focused strategy**, **strong partnerships** with the business and cultural communities and a **sustained commitment** from the **public sector**.

● ● | Changing World Trade Patterns ● ●

Fact! World trade grew 300% between 1988 and 2005 and world GDP grew 200%

Fact! Container traffic was non-existent in 1980 but grew to 300 million TEU's (20 foot equivalent units) in 2005

Fact! 10 of the world's top 15 container ports are in Asia (LA/Long Beach is #5)

Fact! Canada, China and Mexico are the top U.S. trading partners

Fact! Dallas area global trade totaled \$58.2 billion in 2006, a 17% increase (\$8.6B) from 2005 (mostly air cargo, not including rail/truck intermodal traffic) and 265,000 related jobs



Changing World Trade Patterns (cont.)

Fact! China is Dallas' top trading partner (\$17B of \$58B) and 8 of our top 10 trading partners are from Asia

Fact! 177% growth from Latin American countries in the last 10 years

Fact! Dallas metroplex is home to over 2,250 global companies, 22 Fortune 500 headquarters, 7 global headquarters and 425 foreign-owned businesses

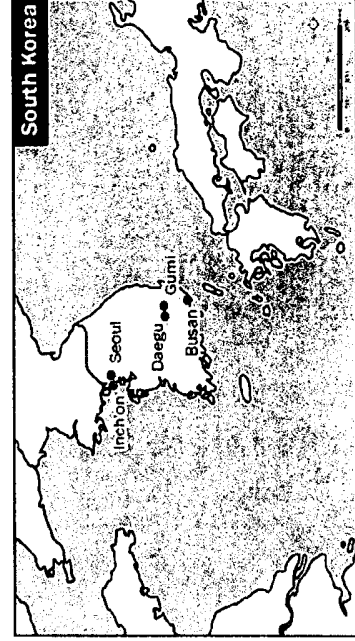
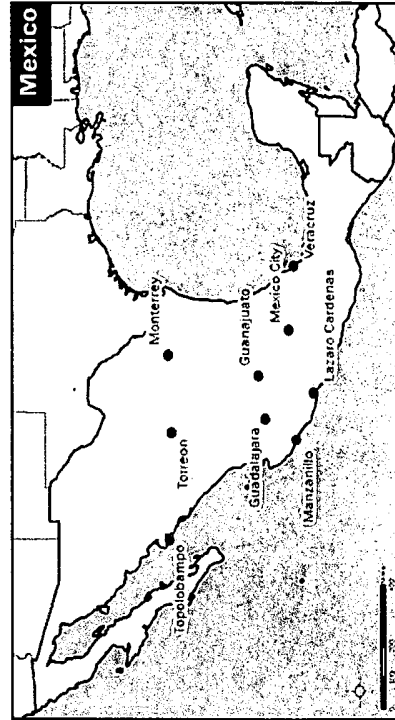
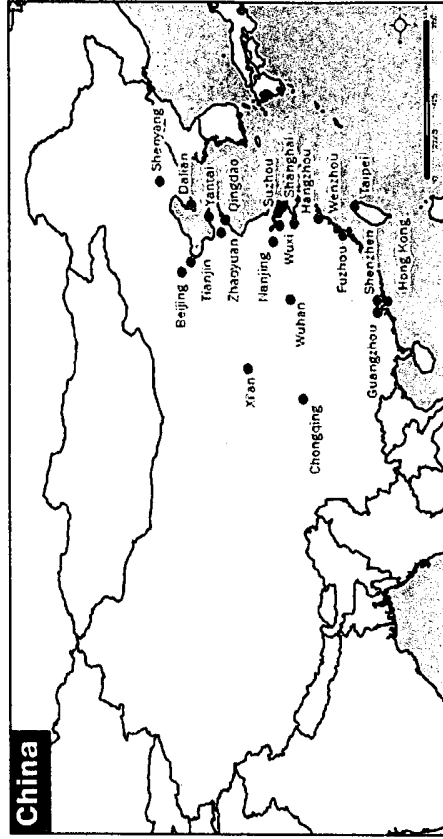
Fact! DFW is the world's third busiest airport, serving 60 million passengers including 5.6 million international passengers in 2006

City of Dallas International Initiatives Since October 2005

- o International Business Division formed in October, 2005
- o Contract with World Affairs Council for protocol services and management of Sister City program
- o 7 trips to China (21 cities), 1 trip to Korea (5 cities) and 7 trips to Mexico (9 cities) to establish relationships and promote doing business in Dallas
- o Received more than 65 foreign delegations and conducted 25+ partnership programs with other international organizations, including the GDC, WAC and DCFR
- o 22 international companies recruited in two years (13 China, 3 Mexico, 1 UK, 1 France, 1 Peru, 1 Australia, 1 Canada, 1 Spain) representing 200+ jobs

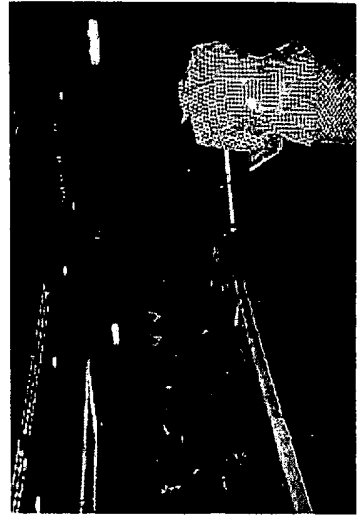
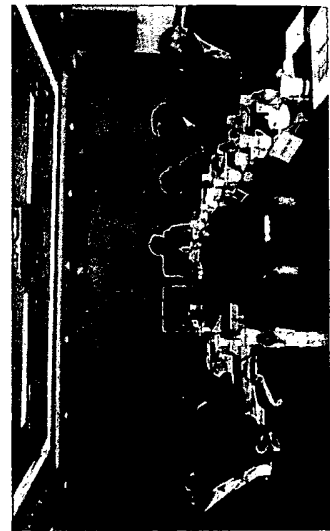
Maps and Pictures

- China Map – Visited 21 cities
- Mexico – Visited 9 cities
- S. Korea – Visited 5 cities



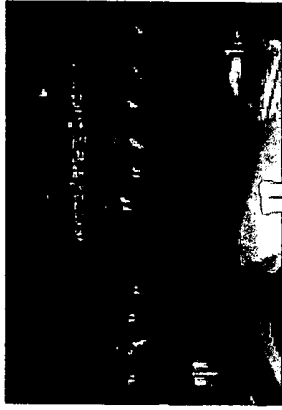
International Business Development Trip Photos

- o International Business Development Trips - conducted seminars and meetings in Qingdao, Xian, Wenzhou, Shenzhen and Taipei

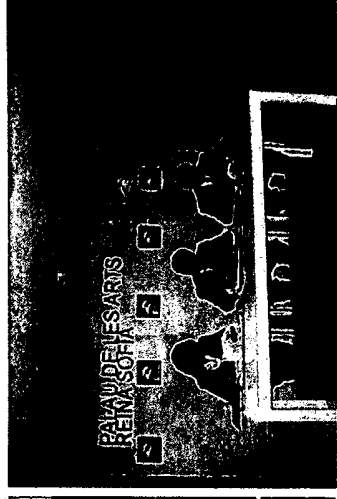
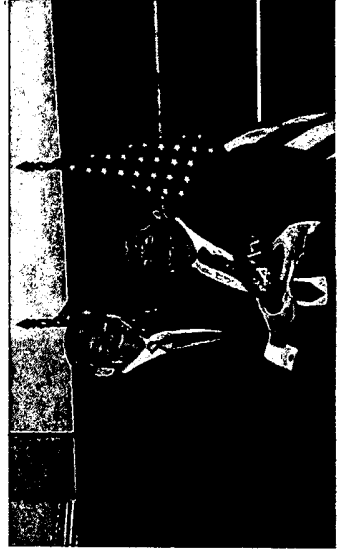
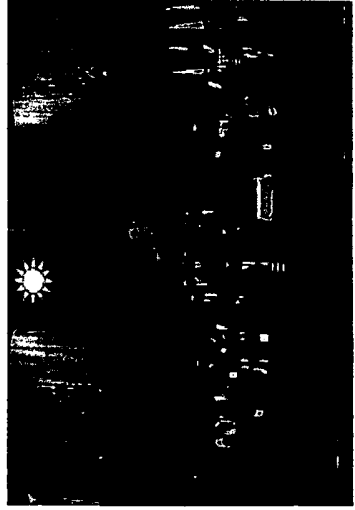


International Business Development Trip Photos

- o Reciprocal Visits from China



- o Sister City Program - Taipei, Monterrey and Valencia



Enormous Opportunities Exist to Attract Foreign Investment

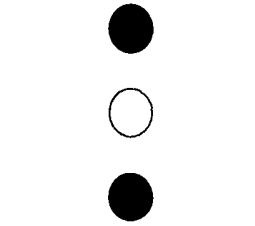
- Located in the **heart of America**, equidistant from either coast and a natural connector between North and South America
- **Outstanding transportation distribution and logistics system**, 5 interstate highways, the world's 3rd busiest airport, three class I railroads, 600+ motor carriers and 100+ freight forwarders
- Good weather and year round freight rail service
- **Very competitive costs**-third lowest distribution costs of top 50 U.S. consumer markets, second lowest warehouse cost per sq. foot of major metro cities, competitive housing price points and no personal or corporate state income tax
- Access to **high quality healthcare**
- **Big, diverse regional economy** that is the nation's fourth largest

Enormous Opportunities Exist to Attract Foreign Investment (cont.)

- o Significant and growing international community
- o Major public sector initiatives (Trinity River project, IIPOD, TOD, Convention Center hotel) offer partnership opportunities

Several Key Challenges Remain

- Although great strides have been made on many fronts, several key **challenges** remain:
 - Dallas is **not well known** to the world (other than Cowboys, Mavericks and J.R.)
 - **Visa difficulties** for businesses and trade mission visitors as well as students (not unique to Dallas)
 - **No top tier non-medical research university**
 - **Limited numbers of direct flights** to major international destinations (China and India in particular)



Focused Strategy

1. Marketing and Branding
2. Partnership Programs
3. Foreign Investment Program (EB-5 Regional Center)
4. IIPOD Business Park Promotion
5. Targeted Cities
6. Cultural Activities
7. Tourism

Focused Strategy

- Marketing and Branding
 - Outbound Promotion
 - Inbound Delegation and Protocol Services
 - Research
 - Direct Mail
 - Trade Shows
 - Entrepreneur Visits to Dallas
 - MBA Foreign Graduates
 - International Company Directory

Focused Strategy – Partnership Programs

- o Dallas Chamber and other local chambers
- o World Affairs Council of Dallas/Fort Worth
- o Dallas Committee on Foreign Relations
- o US Mexico Chamber
- o Chinese, Korean and Mexican governmental trade officers
- o International Business Advisory Task Force

Focused Strategy – Foreign Investment Program(EB-5 Regional Center)

- o U.S. citizenship and Immigration Service (USCIS) administers an employment based preference (EB-5) immigrant visa category
- o 3,000 immigrant visas set aside annually for foreign investors who make qualifying investments (commercial enterprises with a minimum \$1 million investment/\$500K in enterprise zones and 10 full-time jobs created)
- o Regional Centers can be created which allow programmatic investment versus individual business criteria
- o There is currently no Regional Center in North Texas (North Texas Commission designation dormant)
- o The City of Dallas is preparing a Regional Center application for USCIS approval that will tie qualified immigrant investment to the City's Public/Private Partnership Program.
- o Epstein Becker Green Wickliff & Hall P.C. is assisting the City in the application process and development of a business/administrative model
- o Provides a **potential new capital source for targeted investment in priority economic development initiatives**

Focused Strategy

— Promotion of IIPOD Business Parks

- There are 2,000 acres of land available in the city of Dallas for industrial uses in the I-20/I-45/I-35 “box” area
- Represents an estimated 7,000 new direct jobs for Dallas and 30,000 in the “box” area with an additional 30,000 indirect jobs (including supporting warehouse, commercial and retail) over a 20-year period
- Equates to \$3.2 B in potential taxable property, \$26M in property taxes at today’s rate and \$34M in total general fund impact (all revenue sources from business operations)
- Major developers include Allen, Crow and Prologis
- **IIPOD is a focal point of all international presentations**

Focused Strategy

— Targeted Cities

- **China and Mexico are two major targeted countries**
- China targeted cities: **Qingdao, Fuzhou, Chongqing, Dalian**, and **Shenzhen** have been chosen for further business development after visiting 21 cities in two years; 100 mid to large manufacturers are identified to contact
- Mexico targeted cities: **Mexico City, Monterrey, Guadalajara**
- A specific plan is being developed for each city
- One or two more cities may be added for new business ties each year thereafter
- Canada, Korea, Brazil and Africa are being evaluated for future initiatives



Focused Strategy

— Cultural Activities

- Promote Downtown Arts District, signature parks, Trinity River and Fair Park
- Encourage international schools and foreign language training, and international student exchange programs
- Work with international organizations and Office of Cultural Affairs to highlight cultural events and activities to Dallas community
- Continue to support Sister City program

Focused Strategy

- Tourism
 - o Designate an international one-stop center for foreign tourists (DCVB)
 - o Promote Dallas as a major retail, culinary, cultural and sports destination
 - o Leverage the Asian Trade District

Recommended Next Steps

- Develop an enhanced marketing and branding program
- Continue and deepen partnership relationships with international organizations, governmental trade offices, DFW International Airport, area universities and the hospital community
 - Actively address regional issues regarding **direct international flights** and a development of a **top tier research university**
 - Exploit **competitive advantages** of our **hospital and healthcare resources**
- Expedite the creation of an **EB-5 Regional Center** in Dallas to promote foreign investment in support of the City's Public Private Partnership program
- Continue to **promote foreign investment in IPOD** business park
- Complete **business plans for targeted cities in China and Mexico** and integrate mayoral trade visits and other investment recruiting trips to enhance these initiatives
- **Energize cultural and tourism** programs with DCVB, DFW International Airport and local cultural institutions
- **Refine measurable annual goals** related to recruitment of foreign companies, job creation, foreign investment and partnership programs

APPENDICES

Appendix A: Regional Overview and International Business Growth

- DFW Context
 - Texas is one of five states that dominate the US economy – the five combined account for 38% of the GDP and 35% of employment
 - Within Texas, DFW is the primary engine with 27% of population, 28% of labor force, 28% of jobs and 34% of Gross State Product
 - DFW as national and international player
 - 8th largest employment center in US (2.8 million jobs)
 - If the area were a nation, it would rank 27th in the world in Gross Domestic Product (GDP), \$264 billion, between Denmark and South Africa.

Appendix A: Regional Overview and International Business Growth

- DFW History
 - 50 years from regional trade center to international gateway
 - Growing from fewer than 1.5 million residents and 500K jobs to 6.2 million and 2.8 million jobs
 - Average annual growth of 229 residents and 112 jobs per day every day for more than half a century
 - Ranked 3rd in population growth in 1990s (1.2M total)
 - Ranked 1st in employment growth (760K total)
 - One in every three DFW jobs today added during 1990s

Appendix A: Regional Overview and International Business Growth

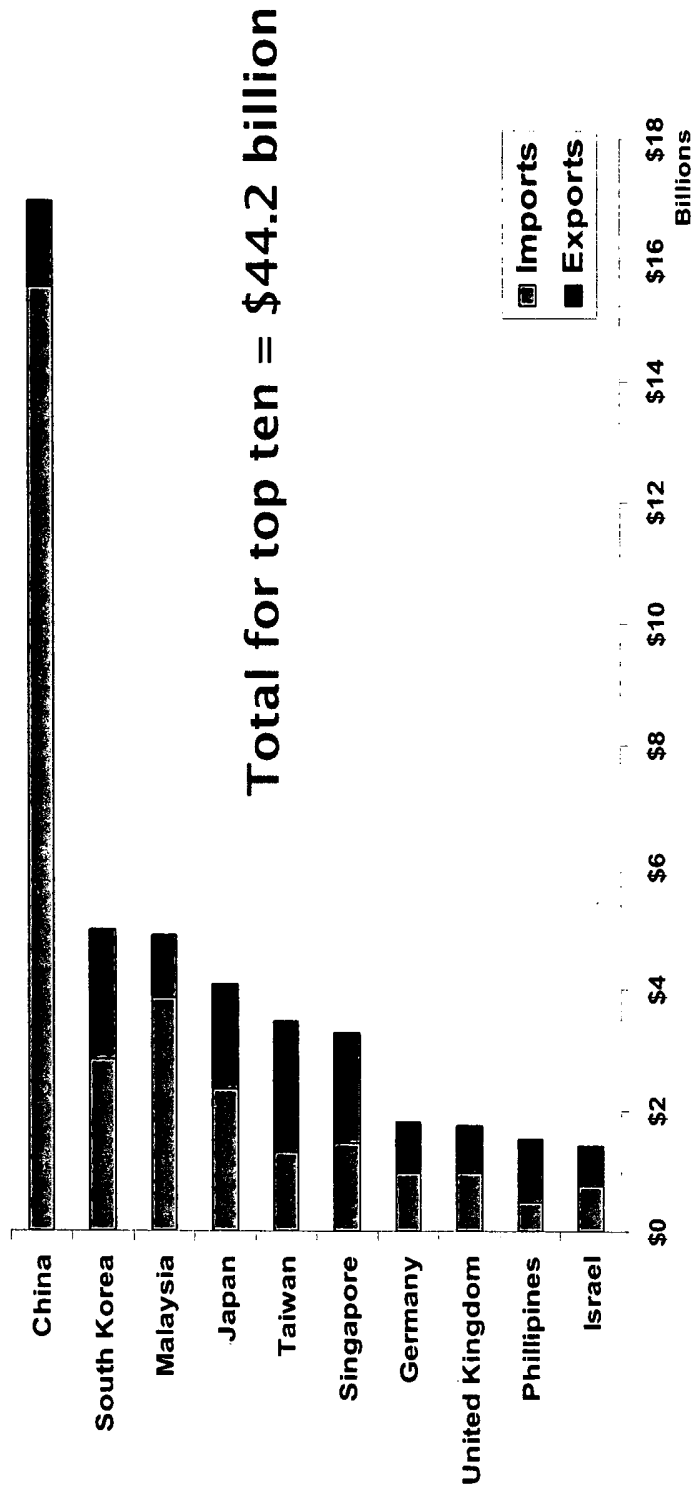
- o Total global trade in the Dallas area increased by over \$58.2 billion in 2006, a 17.3% , or up \$8.6 billion from 2005 to 2006
- o Metroplex is home to over 2,250 global companies, 22 Fortune 500 headquarters and 7 Global 500 headquarters
- o 425 foreign-owned businesses
- o DFW International Airport is world's 3rd busiest airport, serving 60 million passengers including 5.6 million international passengers.

Appendix A: Regional Overview and International Business Growth

- o The Dallas Area accounts for 13% of international trade in the state of Texas. Texas has been the number one exporting State in the U.S. for 6 consecutive years (2002-2007).
- o The Dallas Area is the 4th largest population center in the U.S. and produces 1/3 of all goods and services in Texas, with 1/4 of the state's population.

Appendix A : Regional Overview and International Business Growth

Dallas Area's Top Ten Trading Partners 2006



Appendix B: Success Measures

- **What major indicators are we using to evaluate international business development?**
 - △ **Number of inbound delegations and foreign investors briefed on Dallas' business development opportunities, as well as outbound trips to Asia (mainly to China) and Latin America (mainly to Mexico) to promote and attract foreign companies to invest in Dallas**
 - **Result: 65 in two years (FY 05-06 & 06-07)**
 - △ **Number of companies recruited to Dallas; or number of jobs created as a result of recruiting**
 - **Result: 22 foreign companies open Dallas offices in two years with more than 200 jobs as of January, 2008**
 - △ **Meetings and contacts made through the local and international business community and individuals in order to identify and recruit prospective foreign investors and companies to Dallas**
 - **Result: 300 in two years (FY 05-06 & 06-07)**

Appendix B: Success Measures (cont.)

- ▲ Partnerships with other agencies such as chambers of commerce, government entities or economic related or non-profit organizations to conduct or initiate international-related programs to attract business to Dallas
 - Result: 25 partnership programs conducted in two years
- ▲ Percentage of requests for information resolved within 5 business days
 - Result: 99%
- ▲ Future measure:
 - Amount of investment brought in for Public/Private partnership projects as a result of establishment of the Dallas Regional Center

Appendix C: City Strategies

Detailed – Qingdao, China

- Qingdao is one of largest industrial bases in China and strong in chemical, petroleum, machinery, rubber and electronic appliance manufacturing
- Strategies:
 - △ Focus on mid to large size manufacturers in machinery, electronic appliances/supply equipment and rubber/tire companies
 - △ 30 manufacturers targeted
 - △ Market through visits, direct contacts, workshops, sharing success stories, direct mail of Chinese brochures and follow up
 - △ Invite executives of targeted companies to visit Dallas
 - △ Promote Dallas by establishing an official friendship city relationship with City of Qingdao

Appendix C: City Strategies

Detailed – Fuzhou, China

- Fuzhou is an industrial center and seaport in S.E. China with abundant mineral resources. Strong in prefabricated building materials, medical devices, light manufacturing with aggressive business owners who are eager to set up overseas operations
- Strategies:
 - ▲ City of Xiamen is also included since Fuzhou and Xiamen are geographically close to each other
 - ▲ Focus on prefabricated building materials and lighting industries
 - ▲ 20 companies targeted
 - ▲ Establish contact with Fuzhou Expo Center and explore opportunity to participate in the largest building materials show in Fuzhou
 - ▲ Invite company executives to visit Dallas during their trip to Las Vegas' Asian Commodity Exhibition in August 2008
 - ▲ Use Fuzhou Rockywood Stone & Cabinet's success story to promote Dallas

Appendix C: City Strategies

Detailed – Chongqing, China

- Chongqing is the biggest municipality in China and designated by Central Government as a major economic development engine in central and western region of China
- Chongqing is China's oldest heavy industry base and strong in automobiles, motorcycles, iron, steel and aluminum manufacturing
- Japan and Germany have heavily invested in Chongqing
- U.S. ranked second in importing Chongqing's aluminum materials
- Strategies:
 - Focus on automobiles, motorcycles and aluminum companies
 - 30 companies targeted
 - Market through visits, direct contacts, workshops, sharing success stories, direct mail of Chinese brochures and follow up
 - Invite executives of targeted companies to visit Dallas
 - Use Chongqing Lifan's success story in motorcycle business to promote Dallas

Appendix C: City Strategies

Detailed – Dalian, China

- **Dalian is the largest port in northeast of China and strong in chemical, shipbuilding, machinery, medical equipment, IT, food processing and fashion design**
- **Strategies:**
 - **Focus on machinery, medical equipment and food processing companies initially**
 - **20 manufacturers targeted**
 - **Market through visits, direct contacts, workshops, sharing success stories, direct mail of Chinese brochures and follow up**
 - **Invite executives of targeted companies to visit Dallas**
 - **Promote Dallas by establishing an official friendship city relationship with City of Dalian**

Appendix C: City Strategies

Detailed – Shenzhen, China

- Shenzhen is the first Chinese City to invest outside China. Concentration on exporting high-tech chips, computer devices, video/audio products, energy and biotechnology related businesses
- Shenzhen businessmen have a strong entrepreneur mentality
- Strategies:
 - 70 companies have been in direct contact
 - 10 companies have engaged in more detailed discussions on setting up overseas operations in Dallas
 - Continue to visit through direct contacts, visits and follow up
 - Consider signing official agreement with the powerful local high-tech industries chamber of commerce
 - Attract the biggest Shenzhen's telecommunication and computer companies to Dallas

Appendix C: City Strategies

Detailed – Monterrey, Mexico

- Third largest city in Mexico with a metro population of 3.6 million.
- Industrial leader for Mexico.
- One of the best cities for business in the world.
- Known for producing steel, glass, beer and food processing
- Home to world's largest industrial conglomerates
- Companies below are leaders in their industries throughout Mexico and Latin America
 - Cemex (world's third largest cement company)
 - Femsa (Coca-cola Latin America)
 - Alfa (petrochemicals, food, telecommunications, auto parts)
 - Axtel (telecommunications)
 - Vitro (glass)
 - Selther (leading mattress and rest systems firm in Latin America)
 - Gruma (food)
 - Banorte (financial services)
- Plan trip to Monterrey to meet with 8-10 companies in these conglomerates
- Target these companies for expansion to Dallas because of large Hispanic community that knows Mexican brands-easy to penetrate U.S. market

Appendix C: City Strategies

Detailed – Guadalajara, Mexico

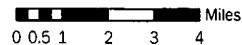
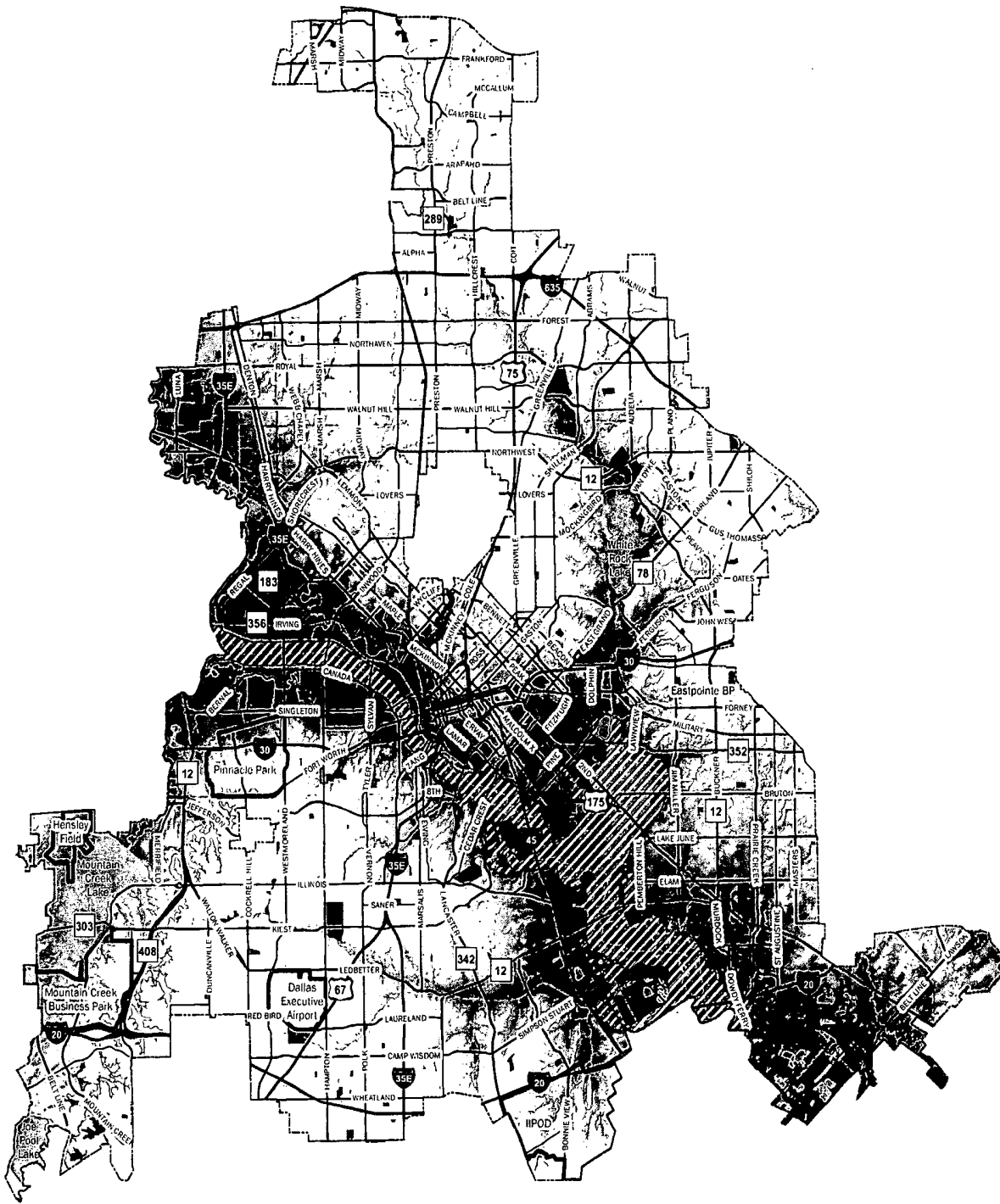
- Second largest city in Mexico with a population of 4 million
- Known as the "the Mexican Silicon Valley," due to its electronics industry.
- Guadalajara is the main software producer in the country, and also is a leading producer of electronic and digital components.
- Guadalajara is home to General Electric, IBM, Intel, Hitachi, Hewlett Packard, Seimens, Flextronics, Solectron and many suppliers to these companies in the high-tech field
- Plan trip to Guadalajara to meet with domestic suppliers of these major companies
- Target those companies for expansion to Dallas because of large Hispanic community that knows Mexican brands-easy to penetrate U.S. market
- Also focus on fact that sometimes it is cheaper to manufacture in Dallas because of advances in technology

Appendix C: City Strategies

Detailed – Mexico City, Mexico

- Mexico City is the Capital of Mexico
- Most important economic, industrial and cultural center in the country, and the most populous city with almost 9 million inhabitants in 2005.
- Population of Greater Mexico City in 2006 reached 19.2 million, making it the largest metropolitan area in the western hemisphere and the second largest in the world
- From 1980 to 2000, the economic base of Mexico City shifted to the service sector, which as of 2000, employed close to 70% of the economically active population in greater Mexico City
- The City's major industries include trade, financial services, insurance companies, telecommunications, informatics and transportation
- Mexico City produces 21.8% of the nation's GDP
- Mexico's government is promoting investment in tourism and logistics as the two main industries for expansion.
- Plan trip to Mexico City to meet with domestic suppliers of these major companies
- Target those companies for expansion to Dallas because of large Hispanic community that knows Mexican brands-easy to penetrate U.S. market
- Also focus on fact that sometimes it is cheaper to manufacture in Dallas because of advances in technology

City of Dallas - Environmental Features

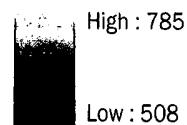


City of Dallas
Office of Economic Development
Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>
City of Dallas
Created 1/8/2008. Updated 1/18/2008. Environmental Map.TCG

Legend

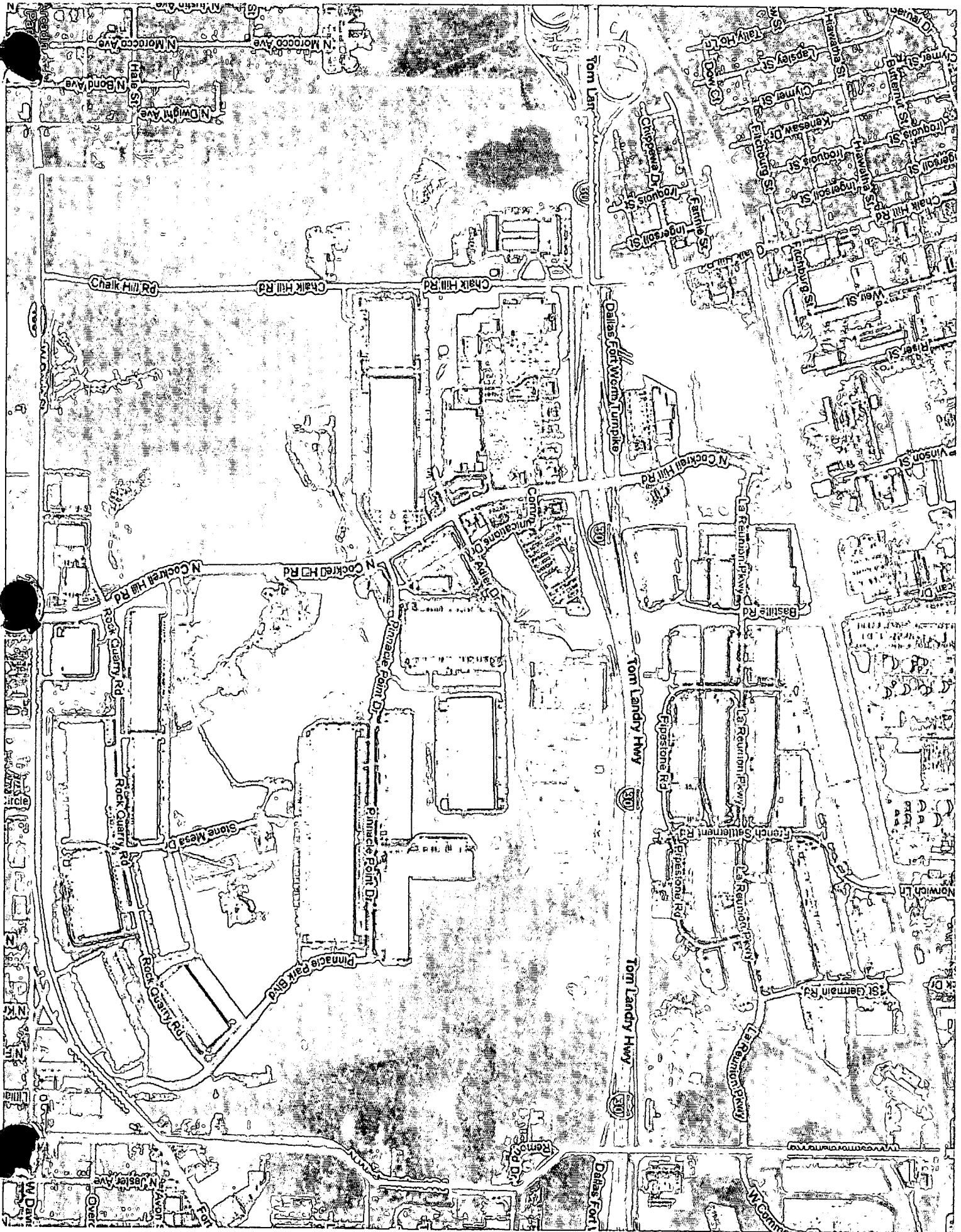
- Freeway
- Tollway
- Highway
- Major Arterial
- Business Parks
- Turtle Creek Environmental Corridor
- Parks
- Escarpment
- Trinity 100 Yr Flood Zone
- Water

Elevation in Feet



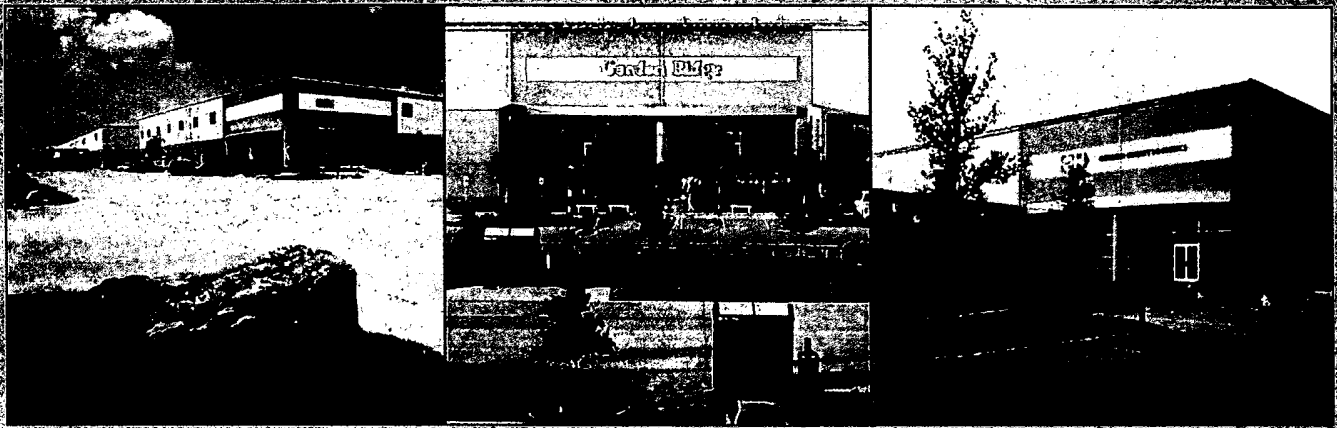
Sources: Elevation - USGS DEMs 7.5 Series; All Other Data - City of Dallas, 2007





PINNACLE PARKSM

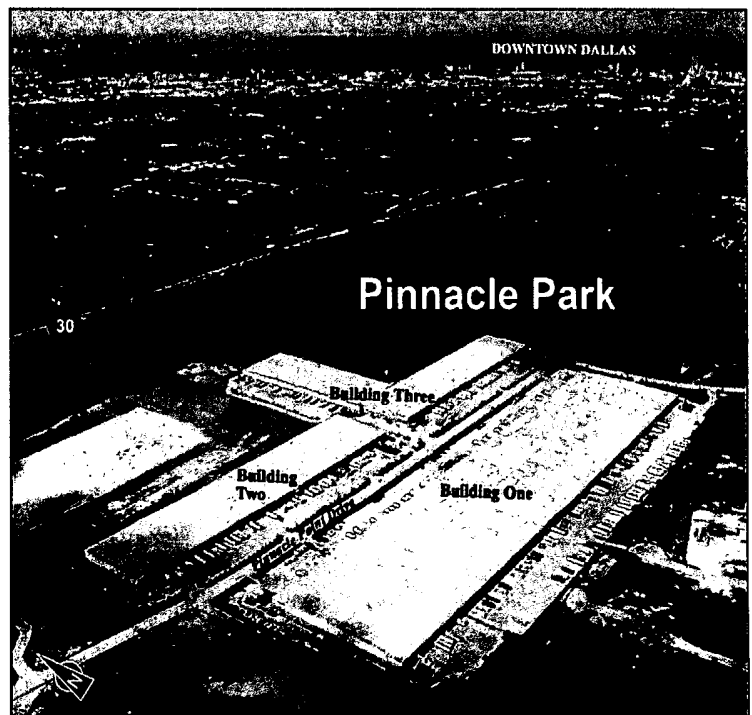
MASTER PLAN



*Pinnacle ParkSM is strategically located on
Pinnacle Point Drive near IH-30 and Loop 12
in Dallas, Texas*

Amenities:

- Triple Freeport Tax Abatement
- City of Dallas Tax Abatement of 90% for 10 years
- Seven Minutes to Dallas CBD
- Twenty Minutes to Fort Worth CBD
- Fifteen Minutes to DFW Airport
- Access to IH-30 viavterchange at Cockrell Hill Road
- New Infrastructure: Roads, Utilities and Fiber Optics
- DART Mass-Transit Service
- Retail Component Planned



For Leasing Information:

H HILLWOOD

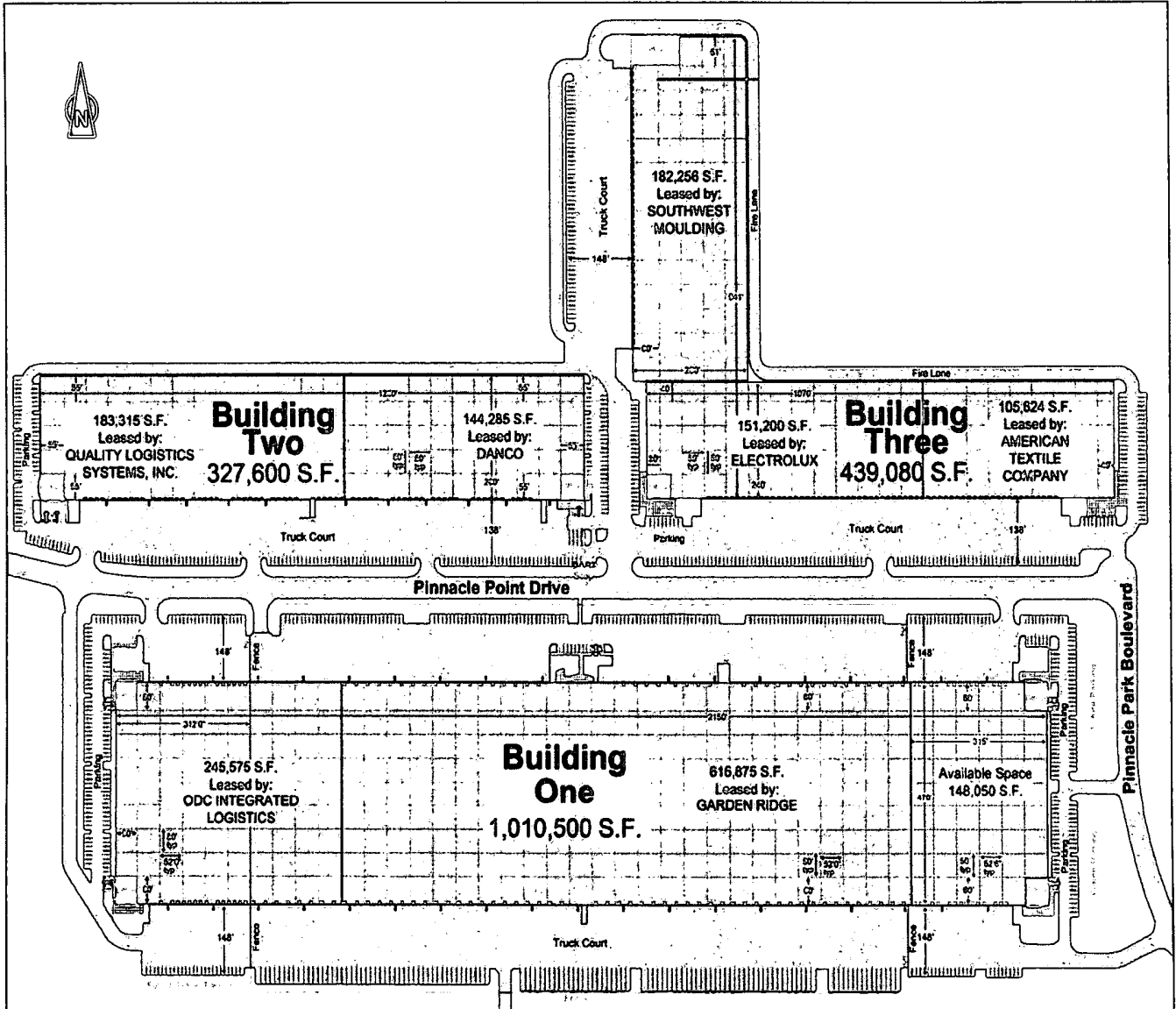
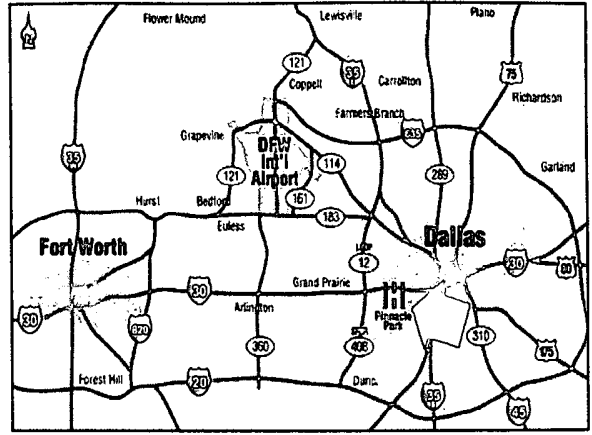
A PEROT COMPANY®

Three Lincoln Centre
5430 LBJ Freeway, Suite 800
Dallas, Texas 75240
www.hillwoodinvestmentproperties.com

Toby Rogers
972.201.2810
972.201.2989-Fax
toby.rogers@hillwood.com

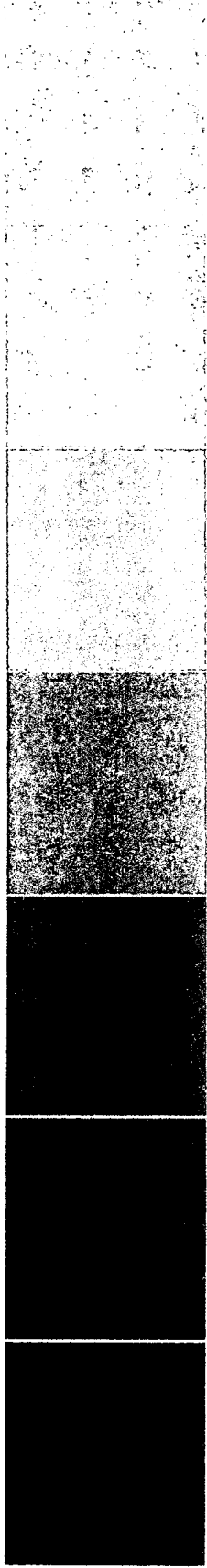
PINNACLE PARKSM

MASTER PLAN
 Pinnacle Point Drive near IH-30 and Loop 12
 Dallas, Texas



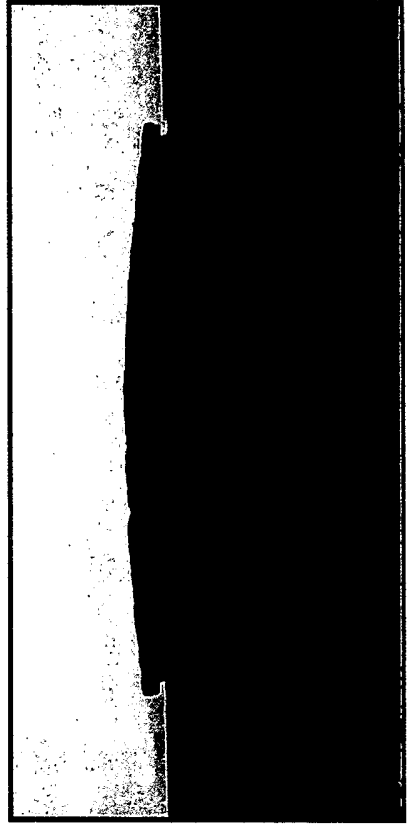
Buildings One, Two and Three:

- 327,600 S.F. – 1,010,500 S.F. Total Space
- 30' and 32' Clear Height
- Standing-Seam Roof System with R-10 Insulation and 20-Year Weather-Tightness Warranty
- ESFR Fire Sprinkler System
- Ample Car Parking
- 138' and 148' Truck Courts
- Cross-Dock and Front-Loading
- 50' x 50' and 52'6" x 50' Typical Bays
- 3 Air Changes Per Hour
- Office Finish to Suit



Pinnacle Park Redevelopment Dallas, Texas

Winners of the Phoenix Awards for EPA Region 6



What is Pinnacle Park?

A SITE TRANSFORMED:

To a *Final* *Development*



The Pinnacle Park Team



Bill Voshell of Lafarge North America — Owner of the cement plant and limestone quarry



Joe Georgusis, Lewis Frank & Rick Niedzwiecki of Morning Park, Inc. — Developer who purchased the site from Lafarge in 1994 and constructed Pinnacle Park



Steve Haverl and Ron Zurlinden of The RETEC Group, Inc. — Remediation contractors to Lafarge North America



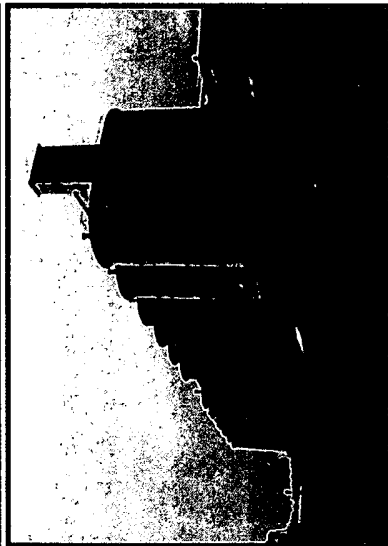
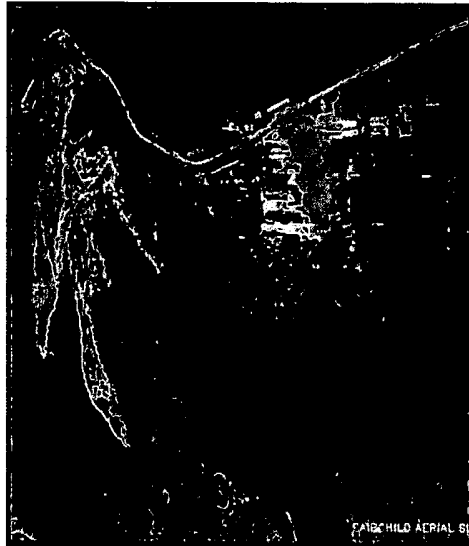
John Terrell and Jim Christon of the Christon Company — Marketing lead, exclusive broker, and project manager for Morning Park, Inc.

Overview

1. Site History
2. Demolition and Remediation
 - a. Remediation Challenges
 - b. Remediation Solutions
3. Redevelopment
 - a. Redevelopment Challenges
 - b. Redevelopment Solutions
4. Community Impact

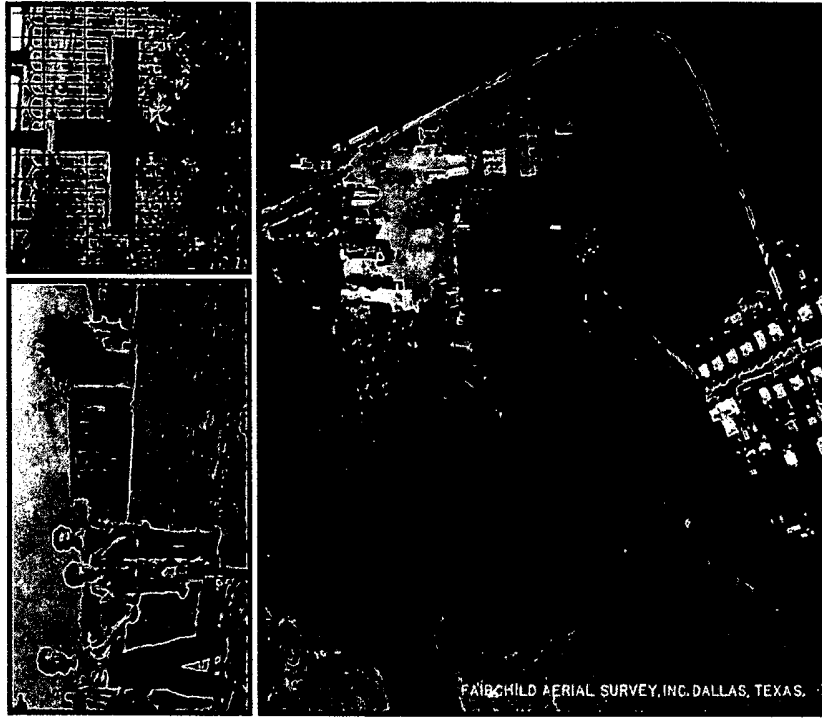
Site History

- Located 3 miles west of downtown Dallas, in the South Dallas area
- In 1855, this 900-acre site was first settled by La Reunion, a commune
- Commune members became the first citizens of the city of Dallas after the commune disbanded
- Descendants of La Reunion found limestone on the property, sold to Southwestern States Portland Cement
- Property owners: Southwestern States, Trinity, General Portland, Lafarge North America
- Two cement plants operated on site:
 - ♦ Plant 1: 1909 to 1957
 - ♦ Plant 2: 1951 to 1987
- Limestone quarry was operated on site for 78 years
- In 1994, Morning Park, Inc. purchased site from Lafarge North America



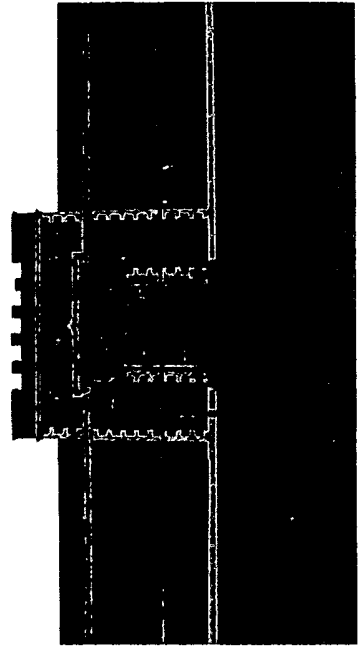
A Mixed-Use Site from the Start

- Cement workers lived on site in two villages called Cement City, with:
 - ♦ A hotel
 - ♦ Gas station
 - ♦ General store
- The cement plant provided its employees:
 - ♦ Eagle Ford School
 - ♦ A doctor
 - ♦ Cemetery for Mexican workers
 - ♦ A golf course
 - ♦ A baseball stadium
 - ♦ A lake for fishing
 - ♦ Later, a drive-in movie theater



With Some Infamous Citizens

- Bonnie Parker, of Bonnie & Clyde fame, attended Eagle Ford School, the school built by Trinity for Cement City
- Bonnie and Clyde met on site when she was 19 and Clyde was working at the cement plant



Remediation Challenges

1. Disposing of demolition debris from 650 acres of the cement plant
2. Disposing of cement kiln dust and other waste piles generated by cement manufacture
3. Demolishing above and underground storage fuel tanks and cleaning up soils



Remediation Solution

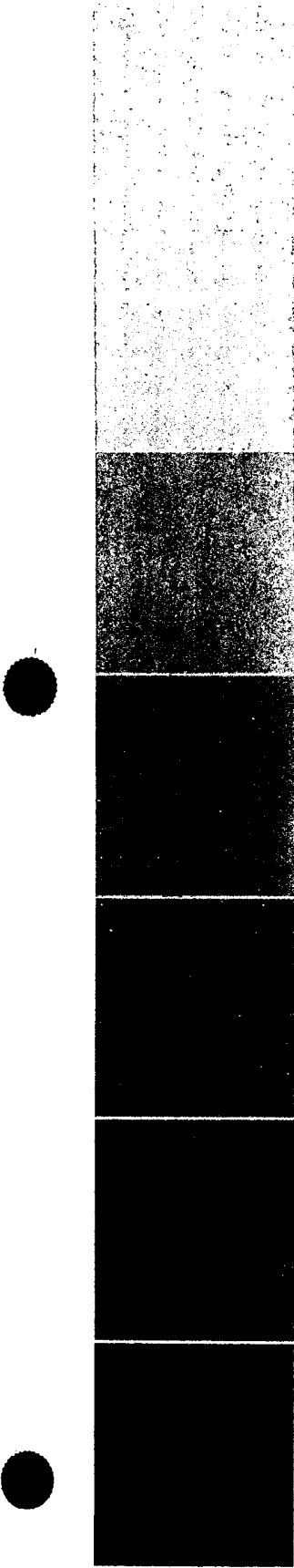
- Consolidated waste into four solid waste landfills on site
- Preserved 17 acres for redevelopment
- Capped CKD landfills with clay resources from the site
- Closed landfills voluntarily working with the Texas Commission on Environmental Quality
- Manage TNT, transformers, petroleum waste, and other waste associated with both cement plants
- Accomplished cleanup in 7 years
- Plan to donate the 88-acre landfills and an additional 112 acres to the city of Dallas for recreational purposes



In Gratitude

Lafarge worked closely with Texas Commission on Environmental Quality's voluntary cleanup program and risk reduction regulations and wants to recognize their cooperation and assistance with this project.





Redevelopment

John Terrell

Marketing Lead, Broker, and Project Manager for
Morning Park, Inc.



Redevelopment Challenges

- **Physical Redevelopment Challenges**
 1. Connecting Pinnacle Park to the Transportation Network
 2. Designing the Park around mine-scarred lands, 88 acres of landfills, and a property transected by an escarpment
- **Socioeconomic Redevelopment Challenges**
 1. Attracting investors to a socially risky area
 2. Attracting investors to an economically risky area

Bringing Access to Pinnacle Park

- I-30 is an old toll road running adjacent to property
- For the Park to succeed needed access to I-30
- Won funding from the Federal ISTEA program
- ISTEA funded 80% of interchange; Morning Park, 20%
- City of Dallas invested in internal roads and utilities



Diamond Interchange at I-30

Designing a Mixed-Use Property

- Used lands flattened by mining to build enormous warehouses
- Landfills provide open space around the commercial development
- Built around mined walls
- Multifamily residence on top of escarpment, with spectacular views



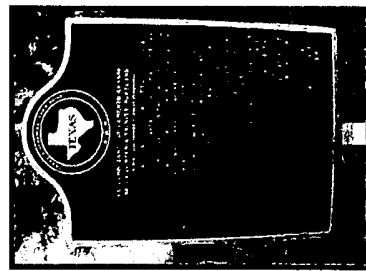
Improving the Negative Image of South Dallas

- South Dallas:
 - ◆ High crime rates
 - ◆ 22% with a high school diploma

2004 Estimate	Radius from Pinnacle Park	
	1-Mile	3-Mile
Population	2,906	77,748
Hispanic Population	81%	78%
Median Income	\$27,562	\$33,950
Income below Poverty	29%	23%
Unemployment	5.34%	4.93%
Education Level (Age 25+)		
w/o High School Diploma	66%	57%
w/ High School Diploma	21%	22%
Occupations w/ Most People		
Sales and Office	26%	25%
Prod., Trans., Material Moving	29%	25%

Listening to the Community

- Met with local citizens in schools and churches
- Community was enthusiastic about
 - ♦ Jobs Pinnacle Park would provide
 - ♦ Availability of retail it would bring to their neighborhood
- Community wanted to preserve and renovate the Mexican cemetery on site

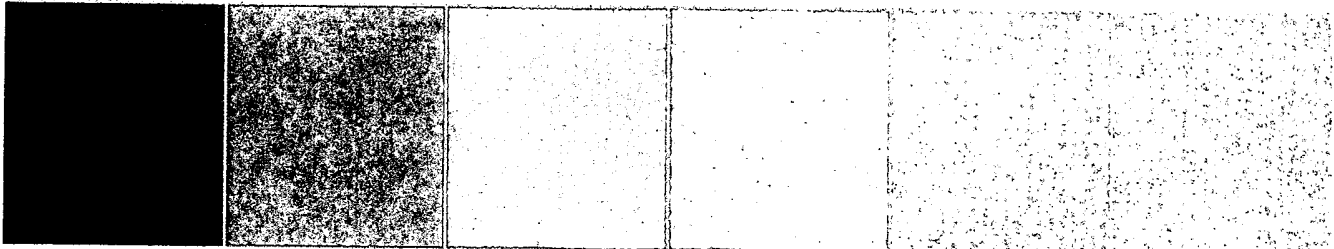


Aligning Pinnacle Park with the City of Dallas' Strategy

- Revitalizing South Dallas was a key component to the city of Dallas' strategic plan
- Hired McKinsey & Co. to evaluate investment in South Dallas
- According to the McKinsey Study and local community, South Dallas Needed:
 - Local labor
 - Retail developments
 - More of a tax base
- Pinnacle Park team aligned Pinnacle Park to meet the needs of the local community and the conclusions of the McKinsey Study

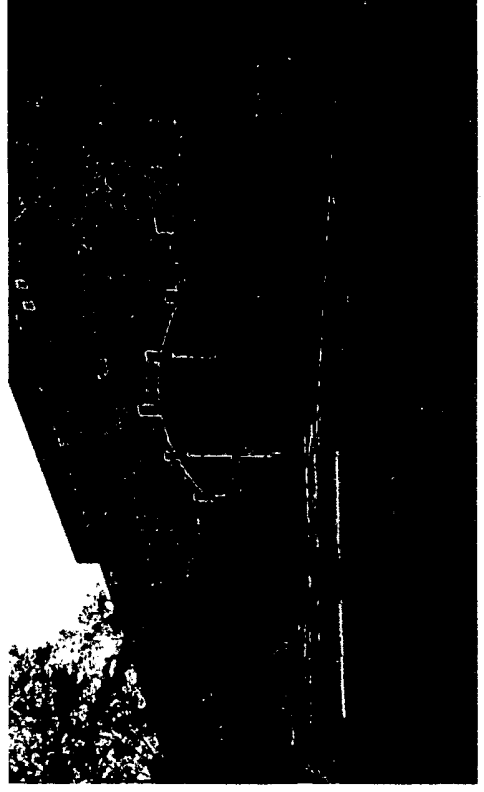
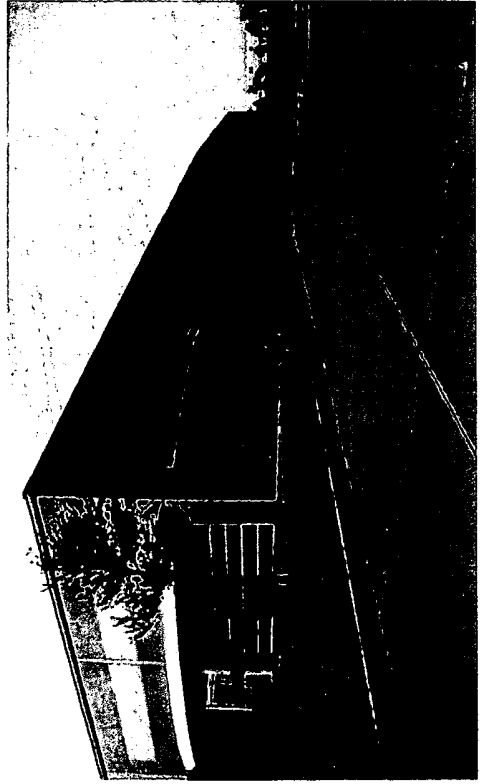
McKinsey Study Concluded	Pinnacle Park Implemented
<ul style="list-style-type: none"> ▪ Retail market is currently under-served relative to its aggregate buying power ▪ Southern Dallas spends more than 35 percent of their retail dollars outside the region 	<ul style="list-style-type: none"> ▪ The Pinnacle Park Retail center attracted Walmart and Lowes, restaurants like Chili's and Golden Corral ▪ Pinnacle Park won the Best New Development in Retail in 2002
<ul style="list-style-type: none"> ▪ A South Dallas site would prove competitive for a range of labor-intensive manufacturing, distribution and business services industries ▪ South Dallas has convenient freeway access and the transportation network is less congested than North Dallas 	<ul style="list-style-type: none"> ▪ Pinnacle Park commercial businesses are primarily distribution centers, which match these conclusions and directly benefit the local labor force
<ul style="list-style-type: none"> ▪ South Dallas residents depend on public transportation and travel long distances to jobs out of South Dallas 	<ul style="list-style-type: none"> ▪ Pinnacle Park created 7,000 jobs, with 11,000 jobs projected at full build-out ▪ With easy access to the site, these jobs are available for citizens of the South Dallas

Businesses the Team Brought to South Dallas



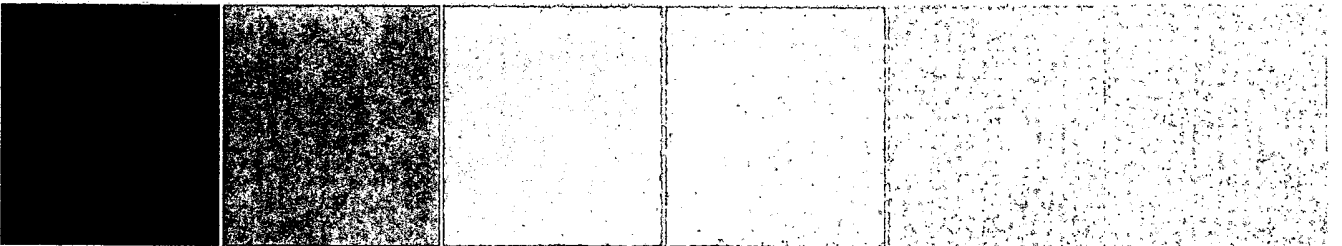
Community Impact

- Brought 7,000 jobs to the community
- Anticipate 11,000 jobs at full build out
- Increased community wages by \$400 million, with an anticipated \$600 million at full build out
- Increased government revenues by \$35 million, with an anticipated increase of \$15 million at full build out
- Created a retail center for the local citizenry
- Preserved the Mexican Cemetery, an important local landmark
- Constructed a nice-looking business park with open natural areas and great views
- Donate 200 acres to the city of Dallas for recreational purposes



Pinnacle Park

WHAT THE SPACESTAY:



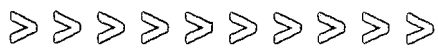


Academic Plan

for the new



University of
North Texas
at Dallas



May 11, 2006

"The Foundation of every state is the education of its youth."

-Diogenes

The University of North Texas at Dallas is established as an institution of higher education and component institution of the University of North Texas System in the city of Dallas ...

Notwithstanding any other provision of this subchapter, the University of North Texas at Dallas may operate as a general academic teaching institution with its own chief executive officer, administration, and faculty only after the Texas Higher Education Coordinating Board certifies that enrollment at the University of North Texas System Center at Dallas has reached an enrollment equivalent to 1,000 full-time students for one semester.

-Excerpts from Subchapter J, Section 105.501(a) and (b) of the Texas Education Code

Executive Summary

Purpose: The purpose of this proposal is to present an academic plan for Phase I of the development of the University of North Texas at Dallas. It begins the process of development whereby the new university can grow rapidly into a premier institution.

Scope: The proposal covers the first-five years of the new institution and outlines a proposed mission, vision, core values, educational themes, educational clusters, academic governance structure, and centers of excellence.

Mission: The proposed mission of the University of North Texas at Dallas is to enhance access to high quality education, and to prepare students to become exemplary citizens who can assume leadership positions in a global environment.

Vision: The proposed vision of the University of North Texas at Dallas is to become a highly valued university serving Dallas, surrounding communities, and the State of Texas, recognized for its distinctive interdisciplinary approaches to education, for innovative research, and for its commitment to the well-being and full development of all students.

Core Values: The teaching, research, and civic engagement of the University of North Texas at Dallas will be conducted in an environment guided by respect for and understanding of diverse viewpoints and the core values of virtue, civility, reasoning, and accountability.

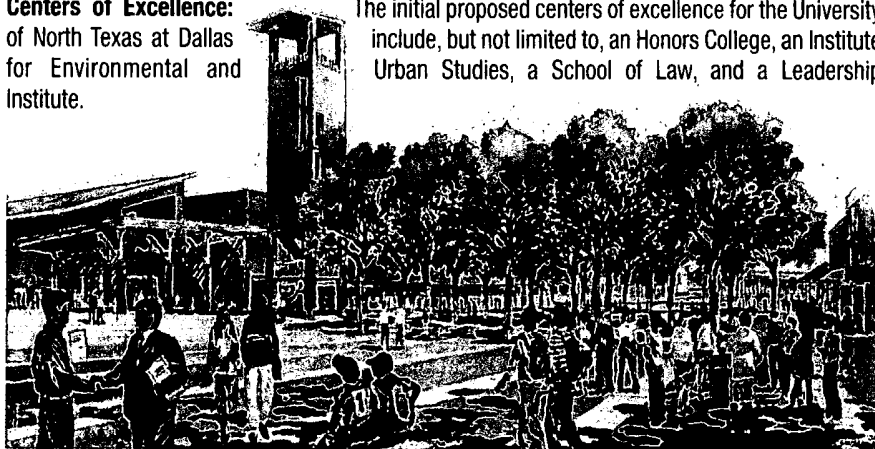
Educational Themes: The proposed educational themes will be service leadership, interdisciplinary focus, partnerships and community outreach, global connectivity, information technology, and bilingual focus. They will be essential components of the UNT at Dallas curriculum.

Educational Clusters: The curriculum will focus on the five educational clusters of Business, Education, Technology and Information Management, Public and Human Services, and the Life Sciences.

Academic Governance Structure: The academic governance structure will have a provost/vice president of academic affairs leading initially two division chairs and a director of the library who will serve on provost's advisory council. The provost will report directly to the president. Divisions will also have team leaders for each discipline in the division and the team leaders will make up the division chair's advisory council.

Centers of Excellence: of North Texas at Dallas for Environmental and Institute.

The initial proposed centers of excellence for the University include, but not limited to, an Honors College, an Institute Urban Studies, a School of Law, and a Leadership



I. Forward: The Three Phases of the UNT at Dallas Academic Plan

Before UNT at Dallas can become reality, enrollment at the UNT Dallas Campus must reach 1,000 full-time equivalent students. Because of this limitation and the uncertainty of funding, the academic planning process for UNT at Dallas will be divided into three phases. See Appendix A for a discussion of the history of UNT at Dallas.

This section outlines the three phases of the UNT at Dallas Academic Plan followed by an overview of the planned academic environment at the new University.

Academic Plan Phases

Phase I will begin when the University of North Texas at Dallas is created and will end five years from that date. Phase I is the primary focus of this document and will encompass transition from the UNT Dallas Campus to the creation of UNT at Dallas and will end after five years. UNT at Dallas will begin as a four-year institution offering undergraduate, graduate, and professional degree programs. Because UNT at Dallas will be committed to developing an undergraduate curriculum that is interdisciplinary, the core curriculum will be offered through a University College. All entering lower division students will initially enroll in the University College.



The focus of the University College will be on student success and interdisciplinary approaches to teaching and learning. Resources necessary to ensure student success will be housed in the University College. University College resources will include a faculty committed to teaching and mentoring beginning students, advisors who will be intrusive in their approach to facilitating student success, a first year experience seminar to orient students to the demands of learning, and tutorial and technology based learning centers to ensure student success. University College will be headed by a dean and staffed by faculty, academic advisors, tutors, and learning center personnel.

During Phase I, the University will work to achieve a minimum enrollment of 2,500 full-time equivalent students. The University will achieve accreditation by the Southern Association of Colleges and Schools during Phase I.



Phase II will cover the period of years six through ten. During Phase II, the University will institute an Honors College, will introduce new undergraduate programs in the Life Sciences Cluster, will significantly expand its offerings at the graduate and professional degree levels and will develop a dynamic entrepreneurial distance and continuing education program. As part of the distance education program, UNT at Dallas will

develop an e-university which will offer at least one undergraduate and one graduate degree program totally on-line from each educational cluster. Program specific accreditation will also be pursued during this phase. Residence halls will be introduced during Phase II.

Phase III will cover the period of years eleven and beyond.

The proposed process for the creation of the UNT at Dallas Academic Plan is contained in the Appendix B.



Planned Academic Environment

The University of North Texas at Dallas will be an institution that draws on the strengths of the City of Dallas, its surrounding communities, the State, and other higher education agencies and advocates in helping to ensure that the North Texas region reaches its potential in the global arena. Through its academic, research, and outreach programs; emphasis on technology; and life-long learning activities the University will help stimulate the economy, improve the quality of life for area citizens, and connect the area to the State's future prosperity.

UNT at Dallas will offer academic programs leading to bachelor and master's degrees (including professional degree programs), and ultimately, doctoral degrees. In addition, certificate programs will be offered to help re-educate citizens to meet those new challenges that will be encountered by the future workforce.



The University will be a place where faculty, staff, students, and the community can create a learner-centered environment that prepares high-quality graduates to be leaders in the local community, region, state, and nation. Graduates will leave UNT at Dallas with (1) an extensive knowledge of how to use technology to contribute to their discipline and meet future workforce needs; (2) the skills to be catalysts

for change in urban metropolitan areas; (3) the experience in community-based learning that equips them to embrace their civic responsibilities; (4) a broad understanding and respect for diverse cultures and socio-economic conditions; (5) a basic foundation in the liberal arts that helps them continue to learn across time; and (6) an understanding of the responsibilities necessary to sustain a healthy environment for future generations.

The University will be known for research that helps discover and apply knowledge to problems in urban/metropolitan areas. Students will benefit from the inclusion of research activities in the requirements for undergraduate degrees, in addition to graduate degrees.

Through its Institute for Environmental and Urban Studies, UNT at Dallas will develop partnerships with businesses, corporations, and other organizations and agencies to help (1) serve as a growth engine for southern Dallas and the north Texas region as a whole; (2) create

new solutions to public policy issues; (3) handle transportation and logistical issues in urban areas; (4) achieve and maintain high-quality K-12 education; (5) find ways to sustain the environment in densely populated areas; (6) increase the international focus on the north Texas region; and (7) deal with other issues important to urban/metropolitan areas.

II. Proposed Mission

Today's world is interconnected in a way that could not have been imagined a hundred years ago. The discoveries in and development of communication and transportation technologies have made the notion of a global village not just an idea, but a reality. Business can now be transacted from Dallas, the region, and the state with the other side of the world through the use of teleconferencing and the worldwide web. Governments can communicate with each other at the speed of light through fiber optic cable and satellite technology. Friends can talk with each other across continents and oceans through instant messaging and e-mail and can see and speak to each other through digital cameras connected to the worldwide web. To succeed, tomorrow's graduates will need to be better prepared to work in a world that is culturally and linguistically diverse, that is ever changing, that requires committed engagement, and that literally moves information at the speed of light. The University of North Texas at Dallas is committed to providing access to higher education that will prepare students to succeed in this exciting, interconnected world.

The proposed mission of the University of North Texas at Dallas is to enhance access to high quality education, and to prepare students to become exemplary citizens who can assume leadership positions in a global environment. Our mission is accomplished through an interdisciplinary approach to teaching and learning, the pursuit of innovative research and technologies, and a commitment to improve the quality of life through civic engagement. Our teaching, research, and civic engagement will be conducted in an environment guided by respect for and understanding of diverse viewpoints and the core values of virtue, civility, reasoning, and accountability.



III. Proposed Vision

The city of Dallas is one of the few cities of its size that does not have a state-supported University within its city limits. As a result, an affordable institution of higher education that drives innovation through research and provides a highly educated workforce has not been available to ensure that the needs of businesses, schools, and the community are met.

The proposed vision of the University of North Texas at Dallas is to become a highly valued University serving Dallas, surrounding communities, and the State of Texas, recognized for its distinctive interdisciplinary approaches to education, for innovative research, and for its commitment to the well-being and full development of all students.

IV. Core Values

The teaching, research, and civic engagement of the University of North Texas at Dallas will be conducted in an environment guided by respect for and understanding of diverse viewpoints and the core values of virtue, civility, reasoning, and accountability. These attributes, instilled in all of our students, will establish our brand.



Virtue

The University of North Texas at Dallas is committed to truth, ethics, and morality, the essence of virtue. The pursuit of truth is the cornerstone of the pursuit of knowledge. In teaching and in research, the facts must be allowed to speak for themselves. Faculty, staff, and students must hold the highest ethical standards. They must be honest in their dealings with each other in their learning and in their teaching, and they must be honest in their interaction with the community. Students, staff, and faculty behavior toward each other and toward the community will be guided by the highest principals of morality.

Civility

The University of North Texas at Dallas is committed to treating everyone with respect, politeness, and caring in such a way as to honor the diversity of the community, the student body, the staff, and the faculty.

Reasoning

The University of North Texas at Dallas is committed to using those critical thinking skills needed to make logical and just decisions in day-to-day activities and to instilling them in its students. While recognizing the importance of emotions in the conduct of our daily lives, the University will be committed to making decisions that are based on facts, using data to drive decision making.

Accountability

We will do what we say and will honor our commitments in such a way as to be demonstrably transparent. The University will laud its accomplishments and acknowledge its shortcomings, knowing that only through an honest understanding of them can the institution become better. The University will be good stewards for the community and for posterity. The University will also instill in its students a commitment to individual responsibility with an understanding that the acceptance of responsibility is the cornerstone of mature citizenship.



V. Educational Themes

The following educational themes will be essential components of the UNT at Dallas curriculum: service leadership, interdisciplinary focus, partnerships and community outreach, global connectivity, information technology, and bilingual focus.

Service leadership

Every major will have a service learning component which will encourage each student to take part in an internship or in community service. The purpose of the service learning component will be to foster a sense of volunteerism in graduates or to introduce them to the workplace at a point in their academic careers when their experience can be a part of their learning. UNT at Dallas recognizes that a fundamental part of leadership is service to others, and the institution will encourage the student body to serve others as a requirement in their degree programs.

Interdisciplinary focus

To ensure that graduates of the University of North Texas at Dallas have the skills and knowledge needed to succeed in an increasingly diverse and globally-interconnected work environment, it will be necessary to think outside of the box and recognize that the traditional single discipline approach to education needs to be modified. The critical thinking skills that students will need for success and the valuing of other languages and cultures that will make UNT students leaders can only come from an interdisciplinary approach to educating them. However, it is also clear that many of the accrediting agencies have strictly defined what constitutes a degree in their discipline; and as a result, they have fairly well outlined what can be offered in their programs in the upper level. Thus the interdisciplinary focus of UNT at Dallas will have to come in the core curriculum, which will not be implemented until Phase II of the academic plan.

Partnerships and community outreach

The central function of a university is to educate the citizens of its community. As a community increases the level of education of its citizens, it has an opportunity to attract better jobs for its people by being able to ensure prospective employers that they will have a technologically prepared, literate workforce from which to hire. The University of North Texas at Dallas acknowledges this role and will work hard to fulfill it for the benefit of the citizens of Dallas, the region and the state.

Since another central function of any university is to promote research and the development of new knowledge, the University of North Texas at Dallas will seek to use this function to reach out to the community and to business to enhance economic development and improve the quality of life of Dallas, the region, and the state. Just as the new University will need the support of these two constituencies to ensure its success, these two constituencies will benefit from partnerships with the University by taking advantage of the innovations that new knowledge developed from research can bring and by having readily at hand a well trained and highly educated workforce.

The University of North Texas at Dallas also recognizes that key partners in its success are the area community colleges. UNT at Dallas will continue to develop effective articulation agreements with these colleges as new degree programs are implemented and will modify and adjust existing 2+2's as curriculum changes are made on either the community college campus or the UNT at Dallas campus. Annual reviews of existing 2+2's will be encouraged so that advisors on all campuses will have accurate information to share with students. Joint admissions agreements will be developed and accurately maintained for all area community colleges.

Global connectivity

Though still divided by a strong sense of nationalism and separated by oceans and continents, the peoples of the world are becoming more and more interconnected through developments in communication and technology that make possible the instantaneous sharing of information. To succeed in and to become leaders in such an environment, students must develop a greater awareness of societies and cultures other than their own. Therefore, the University of North Texas at Dallas will foster international exchanges of students and faculty and will encourage UNT at Dallas students and faculty to participate in such exchanges.

Information technology

The key to success in business, education, and government is access to information. Those in the know succeed when others fail. Graduates today have to be literate in the use of information technology, whether it be used to develop lesson plans for effective instruction, used to develop cutting edge business plans to get the jump on the competition, or used to develop a community presentation to convince a constituency of the soundness of a government decision. Therefore, the University of North Texas at Dallas will ensure that a central part of all degree offerings are technology based. All graduates will have accessed all the important data bases in their discipline and will know how to develop presentations that are technology based.

Bilingual focus

The demographics of Texas are changing rapidly with an ever increasing percentage of the state's population speaking a first language other than English. The growing interconnectivity of the world and the increasing globalization that is changing the way business is done and the way governments interact make it essential that students graduate with second language ability. Therefore, the University of North Texas at Dallas will develop courses in Spanish for specific purposes that will be discipline specific so that prospective teachers can communicate with their students who do not yet speak English, so that business students can move readily into jobs that have an international focus, so that professional degree students will be better able to serve their clientele, and so that graduates working in governmental agencies can better communicate with their constituencies.

VI. Educational Clusters _____

UNT at Dallas will build its brand through a strong core curriculum that emphasizes its core values and educational themes. The curriculum will focus on the five educational clusters of Business, Education, Technology and Information Management, Public and Human Services, and the Life Sciences. These clusters represent occupational areas that are projected to have the largest workforce demands to the year 2012. Within each cluster, high-demand degree programs will be offered with a specific focus. For example, the Business Cluster will offer a major in accounting which might offer specialty tracks in forensic accounting, state and local taxation, or casino accounting. Specialty tracks or program focus will be determined by faculty using market research.



The initial majors to be offered by the University of North Texas at Dallas in its five educational clusters are reflected below:

Business Cluster

- o **Bachelor's Degree Programs**
 - ✓ Accounting
 - ✓ Entrepreneurship
 - ✓ Finance
 - ✓ General Business
 - ✓ Marketing
 - ✓ Human Resources and Organizational Behavior
 - ✓ International Trade and Finance
 - ✓ Logistics
- o **Master's Degree Programs**
 - ✓ MBA

Education Cluster

- o **Bachelor's Degree Programs**
 - ✓ Interdisciplinary Studies (EC-4 and 4-8 certification programs)
 - Teacher Certification
 - Generalist Bilingual
 - Generalist ESL
 - Generalist Special Education
- o **Master's Degree Programs**
 - ✓ Counseling
 - ✓ Educational Administration
 - ✓ Developmental Education
- o **Certificate/Certification Programs**
 - ✓ Community Counseling Certificate
 - ✓ Education Diagnostician Certificate
 - ✓ Special Education Certificate
 - ✓ Crisis Intervention Certificate

Technology and Information Management Cluster

- o **Bachelor's Degree Programs**
 - ✓ Business Computer Information Systems
 - ✓ Computer Science
 - ✓ Health Information Management
 - ✓ Legal Information Management
- o **Certificate/Certification Program**
 - ✓ Computer Security

Public and Human Services

- o **Bachelor's Degree Programs**
 - ✓ Criminal Justice
 - ✓ Human Services
 - ✓ Organizational Development
 - ✓ Rehabilitation Studies
 - ✓ Sociology
- o **Master's Degree Program**
 - ✓ Criminal Justice

Life Sciences Cluster

- o **Bachelor's Degree Programs**
 - ✓ Healthcare Administration
 - ✓ Kinesiology
 - ✓ Health Information Management
- o **Master's Degree Programs**
 - ✓ Environmental Health

VII. Core Academic Structure

a. University College

Beginning students will enter UNT at Dallas through a University College, which will house all first-year experience programs - orientation, first-year seminars, tutoring, living learning communities, learning centers, and supplemental instruction - and will house the core curriculum. University College will be the students' college for their first two years. The University's core curriculum will be organized around modes of inquiry while fulfilling all Texas Higher Education Coordinating Board and state requirements. The core will emphasize an interdisciplinary approach to student learning, and the emphasis for University College faculty will be on effective and innovative teaching.

b. Honors College

The Honors College will be designed for highly motivated and academically talented students whose record of academic success warrants their being part of a highly selective academic program. The Honors College will be organized around an interdisciplinary approach to higher education and will prepare students for leadership roles in business, education, and public service. The Honors College will provide the services of the first-year experience to its students, but at an honors level. Admissions to the Honors College will require an ACT of 30 or an SAT of 1300 for first-time students and a grade point average of 3.5 for transfer students. UNT at Dallas will provide competitive scholarships to attract these academically talented students and will seek to recruit a number of national merit scholars to its program.

c. Academic Appointments

The University of North Texas at Dallas will have three categories of faculty appointments: renewable contract faculty, tenure-track faculty, and faculty with joint appointments.

Renewable Contract Faculty

Renewable contract faculty (33 to 40 percent of the faculty) will be responsible for excellent teaching and will be mentors to students in University College. They will deliver core courses and will have a four-course, twelve-hour teaching load per semester. Their initial appointments will be as lecturers or assistant professors, depending upon whether or not the faculty member has a terminal degree in his or her discipline. Though primarily teaching faculty, these contract renewable faculty will have all rights and privileges of tenured and tenure-track faculty except for the right to gain tenure. They will be faculty whose passion is for teaching and preparing students for careers in their disciplines.

Tenure-Track Faculty

Tenure-track faculty (60 to 67 percent of the faculty) will be both teaching and research faculty whose initial teaching appointment will be a three-course, nine-hour teaching load per semester. Tenure-track faculty will be encouraged to apply for and bring in grants "to buy additional teaching reductions." The tenure-track faculty will be housed in the division to which their academic discipline belongs.

Joint Appointments

Joint appointments will be of three types a.) appointments within an academic department and within University College, or within an academic department and within the Honors College, b.) appointments with both UNT at Dallas and the University of North Texas Health Science Center, and c.) appointments with both UNT at Dallas and UNT at Denton. Joint appointments will make up no more than five to ten percent of the faculty.

All three categories of faculty appointment will provide opportunities for visiting appointments so that experts in particular disciplines can be given the opportunity to be a member of the UNT at Dallas campus for one semester or up to three academic years. For example, a politician who is in or has completed a distinguished political career and holds at least a master's degree or holds some other SACS approved qualification would be invited to teach political science at the campus.

d. Graduate Faculty

The graduate faculty will be composed of tenured, tenure-track faculty, jointly appointed faculty, and distinguished visiting faculty. Graduate faculty will be required to have an active research agenda. Accrediting agencies and best practices in specific disciplines require that graduate faculty be active in research and publication. Faculty who are guiding the research of graduate students should be researchers themselves. Distinguished visiting faculty will be required to have appropriate academic qualifications for their discipline as well as having completed distinguished research in their discipline.

Graduate faculty will be housed in their individual divisions, and the division will be responsible for administering its graduate programs.

e. Academic Organizational Structure

UNT at Dallas will need to maintain maximum flexibility in its early years to grow and adapt and will, therefore, adopt a more flexible, non-traditional academic governance structure. This structure will allow the University to add, change, or reorganize programs in its formative years as programs take shape and attract community and student support. The proposed Phase I organizational chart for UNT at Dallas appears in Appendix C.

Initially, UNT at Dallas will be organized into two divisions: 1.) Humanities and Social Thought and 2.) Scientific Inquiry. Humanities and Social Thought will house the Public and Human Services Cluster and such disciplines as English, history, sociology, and political science. Scientific Inquiry will house the Business Cluster, the Education Cluster, the Technology and Information Management Cluster, and the Life Sciences Cluster. As the campus grows and demand for additional programs increases, additional divisions such as Fine and Performing Arts and Languages will be added.

Each division will have a division chair who will be the budget unit head for the division and will report to the Provost/Vice President for Academic Affairs. Specialty areas will have a team leader elected by his or her colleagues in the discipline. The team leaders will present faculty concerns to the division chair and will function as an advisory council for the division chairs. Division chairs and the director of the library will serve on an advisory council to the Provost/Vice President for Academic Affairs.

f. Delivery of Instruction

Instruction will not only have an interdisciplinary approach, but it will be active learning in that it will be a blend of lecture and technology-based learning. The use of technology such as Web-CT will allow for maximum flexibility in scheduling and will involve students actively in the learning process. Faculty will be both instructors of key knowledge and basic/advanced concepts and facilitators of learning so that students can take more responsibility for and



be more active in their learning through the creative use of technology. Also the use of technology-based instruction will allow for greater flexibility for students to determine when and where they will receive instruction. And it will allow faculty flexibility in how and when they will deliver instruction. The flexibility of instructional delivery will also allow for the development of a weekend college in which classes meeting all day on Saturdays can be a combination of faced-to-face meetings and Web-CT active learning. For example, students can meet face to face all day on one Saturday, do active learning by way of Web-CT the next Saturday or meet face-to-face for half a day on Saturday and do active learning for the remainder of the day.

VIII. Centers of Excellence

Centers of Excellence at UNT at Dallas will initially include, but will not be limited to, an Honors College, and Institute for Environmental and Urban Studies, a School of Law, and a Leadership Institute.

a. Honors College

As a center of excellence, the Honors College will provide opportunities for the best and the brightest to receive an undergraduate education from an honor's faculty noted for excellence in teaching and research. The Honors College will attract students with high entrance scores and many who are national merit scholars. The academic emphasis of the Honors College will be interdisciplinary and will provide undergraduates the opportunity to be actively involved in academic research as part of their learning. The Honors College will also have a leadership component for all students receiving a degree from the college.

b. Institute for Environmental and Urban Studies

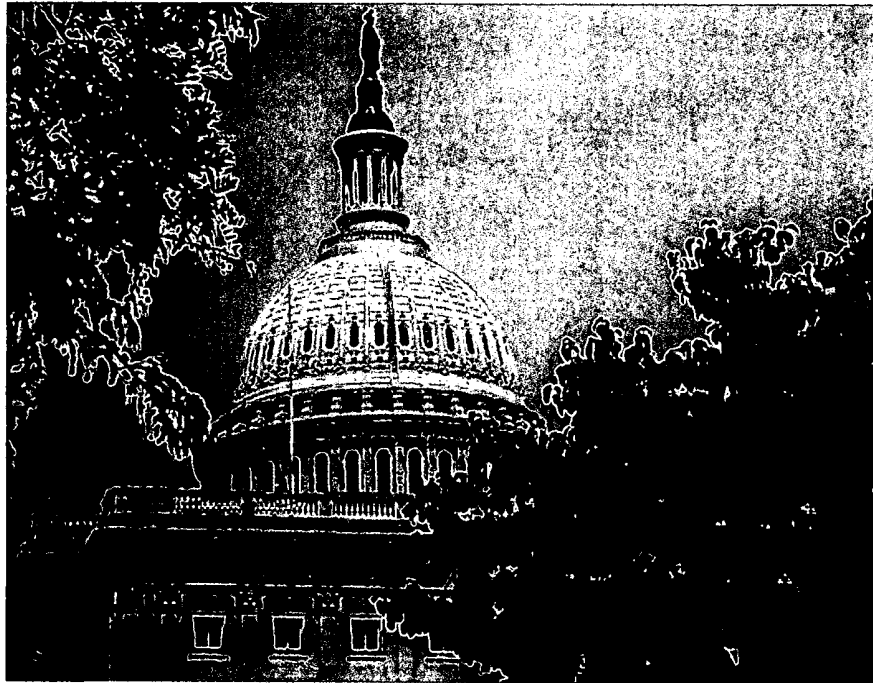
The Institute for Environmental and Urban Studies will provide the community with a focused and effective urban policies center. The institute will serve as a thought leader and will partner with public and private local efforts in economic development, public policy, education, social services, and transportation and logistics for Dallas and the surrounding areas. At the appropriate time, the Institute will offer masters degrees in urban planning, urban sociology, and environmental health. The faculty of the Institute will be joint appointments with UNT at Denton, the UNT Health Science Center, and the School of Law.

c. School of Law

The School of Law will bring an opportunity to Dallas that has been lacking. It will be the only state-supported school of law in North Texas and will provide opportunities for an education in the law that have been traditionally available at private high cost educational institutions. The School of Law will be located in downtown Dallas and will offer articulation agreements that will provide students enrolled at UNT in Denton, UNT at Dallas, and other area universities a pathway into the UNT at Dallas School of Law. At the appropriate time after the establishment of both the law school and UNT at Dallas, it is anticipated that the law school will be a school within UNT at Dallas.

d. Leadership Institute

The students at the University of North Texas at Dallas should expect to become leaders in business, education, and the public sector. The Leadership Institute will provide students an opportunity to take courses in leadership training, as well as with opportunities to hear from leaders throughout the state and nation. Research in leadership studies has shown that leadership qualities can be learned and that, while some leaders are born with leadership qualities, most have become successful leaders after an extended learning process. The institute will take advantage of that learning process by making what is known about it available to highly motivated students.



Appendix A: History

At its August 29, 1998 meeting, the University of North Texas System Board of Regents passed a resolution affirming its support for the UNT System's efforts to meet the higher education needs of the southern Dallas area, to include the ultimate creation of a four-year university campus in Dallas. On September 17, 1998, the Southern Dallas County Feasibility Study Community Task Force chose the UNT System as its partner in developing a university in southern Dallas.

In January 1999, the Texas Higher Education Coordinating Board (THECB) approved a proposal to establish the University of North Texas System Center at Dallas. THECB subsequently granted UNT permission to use the moniker UNT Dallas Campus which is used throughout this document. The UNT Dallas Campus operates as an upper-division off campus location of the University of North Texas campus in Denton. The UNT Denton campus serves as the UNT System Institution that is responsible for the operation of the Dallas Campus. All students enrolled at the Dallas Campus have the same admission requirements as students enrolled at the Denton campus. Enrollment and credit hours earned through courses offered at the Dallas Campus are part of UNT's enrollment and hours for formula funding. As an off-campus location of the UNT Denton campus, the Dallas Campus does not have separate degree-granting status.

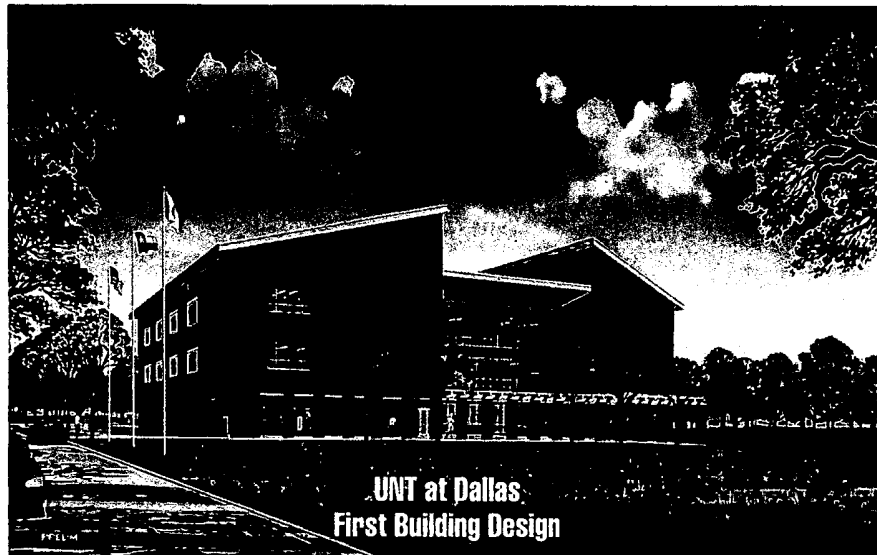
The upper-division courses offered by the Dallas Campus complement programs at the Dallas and Tarrant County Community College Districts as well as other community colleges in the north Texas area. Masters and doctoral level courses are also offered. The current program inventory of the Dallas Campus includes 16 undergraduate, 7 masters, 1 doctoral, and 9 certificate programs.

On May 8, 2001 at a ceremony at the UNT Dallas Campus, Governor Rick Perry signed Senate Bill 576 sponsored by Senator Royce West to create the University of North Texas at Dallas. House Bill 1417 was the companion bill to Senate Bill 576 and was co-sponsored by Representatives Jesse Jones and Helen Giddings. Under the terms of the subsequently amended statute, the University of North Texas System can open the University of North Texas at Dallas when enrollment at the Dallas Campus reaches 1,000 full-time equivalent students. The University of North Texas at Dallas will be the first public university within the Dallas city limits.

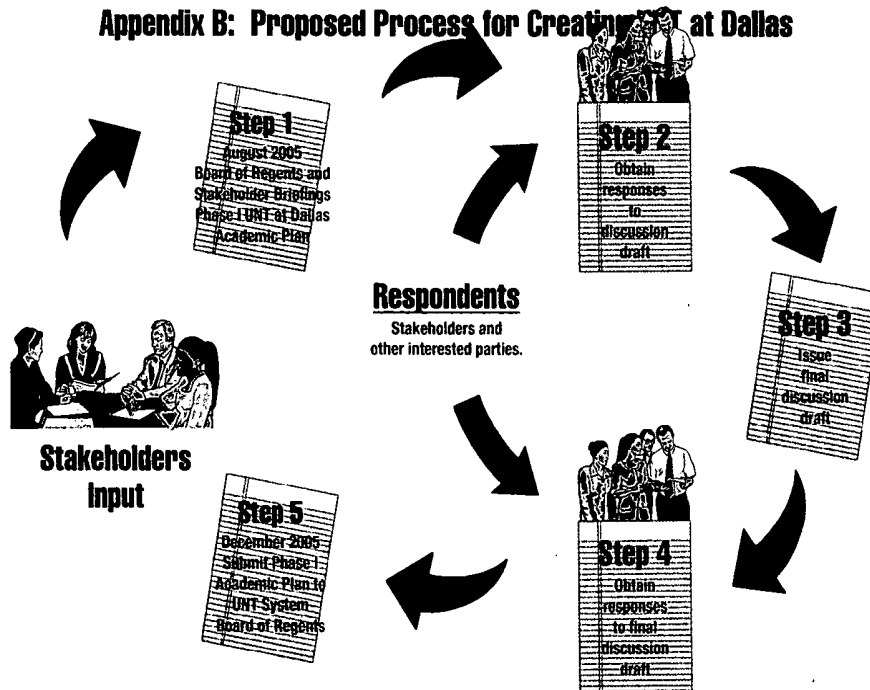
The City of Dallas contributed \$3 million to help the University of North Texas System purchase 264 acres of land in the I-20 corridor of southern Dallas for the establishment of a permanent campus. Located at the corner of Camp Wisdom and Houston School Roads, the rolling hills and mature forests of the UNT at Dallas property offer a dramatic setting as well as ready access to the surrounding communities in southern Dallas County. In October 2003, the Communities Foundation of Texas awarded the University of North Texas System a \$500,000 planning grant to fund a master plan for the new permanent campus for the University of North Texas at Dallas. This planning grant along with the beauty of the 264 acres of undeveloped land gives UNT at Dallas a unique opportunity: the chance to envision and to build an entire campus from a central master plan with unifying architecture, integrated campus life, new technologies, and a strong connection to the surrounding community.

The process of developing the campus master plan will include the academic and student life issues as well as a wider range of other factors including economic development considerations, community interests and city and regional objectives. These factors and others will be synthesized through a collaborative process involving the various stakeholders. A communication and collaboration plan will be incorporated into the planning process and include focus groups, forums, public meetings and internet communications.

The 2003 Texas Legislature authorized \$25.4 million for the construction of the initial academic building at UNT at Dallas. This building will be the center of the campus, housing administrative offices and classrooms. Its architecture will include gathering spaces for students as well as space for community conferences and meetings.



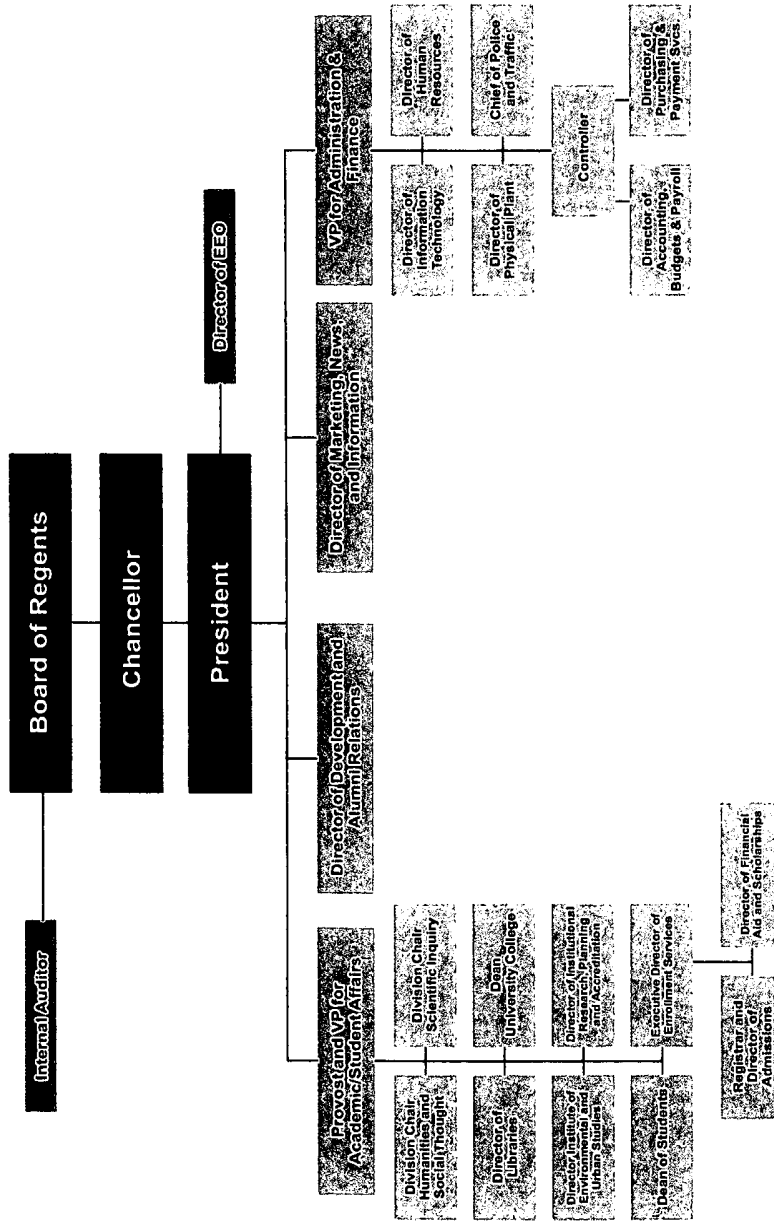
Appendix B: Proposed Process for Creating UNT at Dallas



Legend:

1. Stakeholders include, but are not limited to, the UNT System Board of Regents, Chancellor, faculty, staff, students, and administration of the University of North Texas and the University of North Texas Dallas Campus, Southern Dallas County Feasibility Study Community Task Force, City of Dallas, Best Southwest cities of Lancaster, DeSoto, Duncanville, and Cedar Hill and the citizens, business communities, and elected officials of Dallas and Ellis counties, and the Texas Higher Education Coordinating Board.
2. Respondents include, but are not limited to, stakeholders and feedback gathered from presentations of the Phase I Academic Plan to various groups and comments from the website - www.unt.edu/unt-dallas.
3. The final Phase I Academic Plan will be presented to the UNT System Board of Regents at its December 2005 meeting and will include a detailed budget.

UNT at Dallas Initial Organizational Chart



**REQUEST FOR PROPOSAL FOR
REGIONAL CENTER INVESTMENT MANAGER
FOR CITY OF DALLAS REGIONAL CENTER**

**City of Dallas
Office of Economic Development**

November 20, 2008

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**REQUEST FOR PROPOSAL FOR
REGIONAL CENTER INVESTMENT MANAGER
FOR CITY OF DALLAS REGIONAL CENTER**

No:

SECTION I. INTRODUCTION

The Office of Economic Development of the City of Dallas (the "Dallas OED"), acting on behalf of the City of Dallas (the "City"), has prepared and is distributing this Request for Proposals ("RFP") to identify investment management firms capable of both sourcing and deploying equity capital invested by foreign investors who seek to participate in the visa program established under section 203(b)(5) of the Immigration and Nationality Act (INA), 8 U.S.C. § 1153(b)(5) (the "EB-5 Program") within the City of Dallas Regional Center (the "CDRC") presently being proposed to the United States Citizenship and Immigration Service (the "USCIS") by the Dallas OED.

By soliciting qualifications, the Dallas OED is not obligated to award a contract. The Proposer must be the company that, if selected, will be contracting with the Dallas OED, or its designee, and provide the investment management and related services described in this RFP and the resulting agreement (the "Proposer" or the "Proposing Firm").

SECTION II. SCOPE OF REQUEST

This RFP is seeking to identify investment management firms capable of (A) sourcing and deploying equity capital invested by foreign investors seeking to participate in the EB-5 Program via an investment in a pooled investment vehicle(s) established by the Proposer (the "Proposed EB-5 Fund") that will invest within the CDRC with a primary focus on businesses located in low- to moderate income areas within the CDRC, and (B) facilitating investor compliance with the regulatory regime overseen by the USCIS.

The City of Dallas requires an experienced investment management team that will focus on fund alignment with the City of Dallas' Public Private Partnership (PPP) objectives; independent underwriting capability; capacity to market the fund; administrative experience related to fund management as well as USCIS and SEC compliance; and independent governance/transparency.

Investment activity of the Proposed EB-5 fund will be focused on the DCRC, with 50% of investments to be located in Targeted Employment Areas (TEAs) within the CDRC. Under the requirements of the EB-5 program, a minimum of 10 direct or indirect jobs must be created per \$1,000,000 of assets invested (\$500,000 in certain cases).

There are a number of technical compliance issues affiliated with this program and respondents should have substantial background and experience within foreign and domestic capital investment, as well as the abilities to ensure that the program is in compliance with SEC and USCIS rules. In addition, it is envisioned that this program would augment—but not comingle with—funds available through the City of Dallas' Public Private Partnership program, and familiarity with the PPP program is necessary.

The Proposer may only present qualifications that would support it organizing and operating a pooled investment limited partnership such as the Proposed EB-5 Fund, including compliance with applicable rules and regulations.

SECTION III. EVALUATION PROCESS

1. An evaluation committee composed of City of Dallas employees will evaluate responsive proposals.
2. Proposals will be screened to determine whether minimum requirements are met. Proposals that do not meet these minimum requirements (non-responsive proposals) will be rejected.
3. Responsive proposals will be reviewed. Proposals will be evaluated and ranked in accordance with Selection Criteria as specified in this RFP.
4. The evaluation committee may conduct discussions with Proposers, or may rate Proposers without discussions.
5. Proposers may be requested to provide clarifications or additional information regarding their proposal(s) at any time during the evaluation process.
6. Proposers may be requested to make presentations to the evaluation committee. Selections by the committee may be made without presentations.
7. The evaluation committee may conduct contract negotiations with Proposer(s) prior to selection, or after a final selection. The results of such negotiations will be relevant to the selection of a Proposer.
8. The criteria for evaluation and weight assigned to each are summarized in Section IV, Evaluation Criteria.

SECTION IV. EVALUATION CRITERIA

The criteria for selection and weight assigned to each are summarized below. See details in Section V, Response Content.

A. Investment Management and Decision Making (40 Points)

- Philosophy and Investment Strategy
- Experience with Immigration Process
- History of Team
- Capital Deployment and Transaction Execution

B. Organizational Characteristics (35 Points)

- General
- Organizational Structure
- Existing and Proposed Staff
- Capitalization
- Budget and Financial Projections
- Compliance Systems

C. Proposed Management Fees (10 Points)

D. Compliance with the City's Business Inclusion and Development Plan (M/WBE) (15 Points)

SECTION V. RESPONSE CONTENT

A. MINIMUM REQUIREMENTS

Minimum Requirements applicable to the Proposer are set forth below. Proposals that do not meet the following minimum requirements, or which do not comply with the specifications or material terms and conditions of this RFP, shall be considered non-responsive and shall be rejected. The Proposer must demonstrate that it meets these minimum requirements in its response to this RFP.

Cover Letter

The RFP must include a cover letter. It must also be signed by the individual who is authorized to contractually bind the Proposer. An unsigned cover letter may cause the proposal to be rejected. The letter must also contain the following:

1. The Proposing Firm's name, address, e-mail, telephone and facsimile number.
2. The Proposing Firm's Federal Employer Identification Number and, if applicable, Corporate Identification Number.
3. The name, title or position, e-mail address, and telephone number of the individual signing the cover letter on behalf of the Proposing Firm.
4. The name, title or position, e-mail address, and telephone number of the primary contact and/or account administrator, if different from the individual signing the cover letter.

Management and Operations

The Proposing Firm must be able to demonstrate that:

1. Persons with primary responsibility for making investment decisions must, collectively, have demonstrable experience acting as either a principal decision-maker or advisor to an entity(ies) the investment activities of which would qualify within the legal and investment framework of the Proposed EB-5 Fund.
2. Persons with primary responsibility for making investment decisions must have demonstrable experience negotiating and executing investments requiring regular compliance with local, state or federal governmental regulation and oversight.
3. Persons with primary responsibility for making investment decisions should have a material and demonstrable track record of 1) active participation in the

activities of local governments, community organizations or other non-profits (e.g., board participation or officer roles) and/or 2) working with investment vehicles the primary purpose of which is investing in businesses located in, or that majority of employees of which originated from, low- to moderate-income areas.

4. The Proposing Firm must be able to demonstrate that its organizational structure and/or experience will allow it to establish the Investment Strategy and Monitoring functions.
5. The Proposing Firm must be able to demonstrate that its organizational structure and/or experience will allow it to establish the Compliance/Internal Controls and Immigration Compliance functions
6. The Proposing Firm must be able to demonstrate that its organizational structure and/or experience will allow it to establish the Client Servicing and Reporting functions.
7. Persons with primary responsibility for making investment decisions must, collectively, have experience with private offerings (e.g., those conducted under Regulation D (17 C.F.R. §230.501 *et seq.*) promulgated under the Securities Act of 1933), either as a principal or key advisor, involving a minimum of \$1 billion in the aggregate.
8. At least one attorney licensed by the State Bar of Texas will be included within those persons with primary responsibility for making investment decisions.
9. Members of the Proposing Firm must have all applicable Federal and State licenses.

Ethical Requirements and Investment Guidelines

1. Proposers must adopt a formal conflict of interest and ethics policy that is satisfactory to the Dallas OED, as well as, in compliance with applicable federal regulations, the proposed version of which should be submitted with the Proposer's RFP response.

B. ORGANIZATIONAL BACKGROUND

1. Describe the ownership structure of the Proposing Firm. Identify any (all) affiliated and subsidiary organization(s).
2. List the location(s) of your headquarters and branch offices.
3. Describe in detail any potential conflicts of interest your firm might have in the

management of the Proposed EB-5 Fund. Consider any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships with the City of Dallas.

4. Describe in detail any claim or litigation or other legal/regulatory proceedings, investigations or disciplinary actions relating to business in which any member of the Proposing Firm's management has been involved during the prior three (3) year period.
5. Provide a business plan and/or pro forma financial projections for the Proposing Firm covering a period of not less than five (5) years, assuming that the Proposing Firm is selected to manage the CDRC and Proposed EB-5 Fund.
6. Provide evidence that the Proposing Firm possesses access to capital of not less than \$1,500,000 for purposes of funding business operations and working capital needs.

C. Professionals

1. *Professionals (Answer for all of Proposing Firm).* List all professionals who are currently employed by (or are principal owners/managers of) the Proposing Firm:

Type	Total for Firm	Equity Ownership
Senior Management		
Portfolio Managers		
Research Analysts		
Total		

2. *Key Managers.* List those professionals who will be required to manage the CDRC:

Name	Experience (in years)	Equity Ownership
Total		

Please provide the following information for all Key Managers:

- Full legal name
- Date of birth
- Home address
- Home telephone number
- Curriculum Vitae (that expands on experience relevant the Proposed EB-5 Fund's activities)

This information is required in order to conduct general background checks on each of the Principals. Please disclose any significant issues that we may find in our background search of publicly available information.

D. Compliance/Internal Control Structure

1. Provide a detailed summary of the Proposing Firm's compliance process and organization. Identify senior or key personnel in the Proposing Firm's compliance process.
2. Please attach a copy of the Proposing Firm's code of ethics policy.
3. Discuss the Proposing Firm's compliance and internal control structure. What

procedures ensure that the EB-5's investment policy is followed? Will there be an advisory board? Who will perform audits?

E. City of Dallas

1. Discuss the Proposing Firm's expectations and planned on-going activities with the City of Dallas' Office of Economic Development. What kind of on-going relationship does the Proposing Firm anticipate with the City of Dallas?

F. Client Servicing and Reporting

1. Identify who will be primarily responsible for managing investor relationships, and discuss how final asset and transaction updates will be provided at months end, as well as how the Proposing Firm will communicate investment updates and relevant news to investors and the City.

G. Immigration Compliance

1. Please provide a detailed narrative or flowchart showing how the Proposing Firm will (a) solicit investors for the Proposed EB-5 Fund, (b) subscribe those investors, and (c) address the USCIS requirements in connection with the investor intake process.
2. Please provide a detailed narrative or flowchart showing the standard immigration compliance process for the Proposed EB-5 Fund investors.

H. Investment Strategy and Monitoring

1. Discuss how the Proposing Firm expects to source transactions for the Proposed EB-5 Fund.
2. Please provide a detailed narrative or flowchart showing the process of by which the Proposing Firm will identify and then execute an investment opportunity, including the involvement of an underwriting function, committees, diligence teams, document production staff and so forth. Please identify the professionals and/or Key Manager's who will be involved in these roles, and for which they will be responsible.
3. What is the expected investment return for the Proposed EB-5 Fund and its participants, and how will that return be achieved?
4. Discuss the unique elements of the Proposed EB-5 Fund's strategy, addressing questions such as:
 - Will the Proposed EB-5 Fund act as a lead investor or co-investor in its transactions?

- Will the Proposed EB-5 Fund add value to portfolio companies on a strategic, financial and operating basis?
 - With which groups would the Proposed EB-5 Fund co-invest?
 - How long will the Proposed EB-5 Fund hold investments?
 - Will investments be debt or equity? Both?
 - How will the Proposed EB-5 Fund exit investments, as a general matter?
5. Describe the Proposing Firm's expected investment governance or management practices post investment, including the Proposing Firm's staff allocation to each investment, board/observer role(s) taken, and reporting requirements placed on the underlying portfolio companies.

I. Fund Terms

1. Will the Proposing Firm charge a closing fee to investors in the Proposed EB-5 Fund? If so, describe the fee structure in detail.
2. Will the Proposing Firm charge an ongoing management fee to investors in the Proposed EB-5 Fund? If so, describe the fee structure in detail.
3. Will the Proposing Firm charge a performance or incentive fee (e.g., a carried interest) to investors in the Proposed EB-5 Fund? If so, describe the fee structure in detail.
4. For how long will investors be eligible to contribute capital to the Proposed EB-5 Fund?
5. For how long will the Proposing Firm be permitted to keep capital actively invested?
6. By when would the typical Proposed EB-5 Fund be required to dissolve?

J. Underserved Market Experience

1. The Proposed EB-5 Fund will be required to invest in low- to moderate income ("underserved") markets and geographies. Describe in detail the Key Managers' experience with such investments and/or geographies.

K. Business Inclusion and Development Plan

It is the policy of the City of Dallas to involve Minority and Women Business Enterprises (M/WBEs) to the greatest extent feasible on the City's construction, procurement and professional services contracts

The information shall be submitted with the proposal and shall include:

1. Submission of an affirmative action plan and/or policy
2. Submission of documentation showing history of M/WBE utilization on previous contracts on the form provided.
3. Firm (s) Team make-up includes a significant number of diverse M/WBE firms in meaningful roles on the project.
 - The name, address and telephone number of each M/WBE;
 - The description of the work to be performed by each M/WBE; and
 - The approximate dollar amount/percentage of the participation.
4. Evidence of acknowledgement of the City's Good Faith Effort (BID) Policy, signed BID affidavit that demonstrates intent to comply with the policy and evidence of M/WBE inclusion to meet the BID goal for the project.

SECTION VI. GENERAL SERVICE REQUIREMENTS

A. Meetings

The Dallas OED will schedule periodic meetings in Dallas (approximately twice yearly) to review the portfolio holdings, performance and organization of the Proposer/Proposed EB-5 Fund.

B. Reports

Proposers may be required to provide quarterly and annual portfolio reports (described below) as well as such other reports as may be reasonably requested by the Dallas OED. Reports must be provided within the timeframes specified by the Dallas OED.

SECTION VII. CITY RIGHTS

A. The City reserves the right to request additional information from any and all Proposing Firms if necessary to clarify any information contained in the submittals.

B. The City reserves the right, at its sole discretion, to accept or reject any and all proposals received as a result of this RFP, to waive minor irregularities, to amend or terminate the RFP, and to conduct discussions with all responsible Proposing Firms, in any manner necessary, to serve the best interest of the City.

C. The City specifically reserves the right to receive a full indemnity running to the City.

D. The City reserves the right to revise the planned EB-5 program.

SECTION VIII. ADMINISTRATIVE INFORMATION

A. The issue date for this RFP is November 20, 2008. A projected timeline follows in section IX.

B. This RFP is issued by the Business Development and Procurement Services Department of the City.

C. The contact for this RFP is Janice Hardaway (Buyer, Business Development and Procurement Services) at 214.670.1877 or janice.bowden@dallascityhall.com. No other contacts with the city regarding this RFP is allowed.

D. Questions and inquiries, both verbal and written, must be submitted to Janice Hardaway at 214.670.1877 or janice.hardaway@dallascityhall.com. The closing date for submitting all questions is 5:00 p.m. (CST) on Friday, December 5, 2008. A summary of all substantive questions and responses will be provided as an addendum to the online materials.

E. There will be a pre-proposal conference at 10 a.m. on December 4th. The conference will be held at 1500 Marilla St, Purchasing Conference Room, Room 3FS.

F. The deadline for receipt of proposals is 2 p.m. (CST) on Wednesday, December 10th, 2008. Proposals shall be submitted to the Office of Business Development and Procurement Services at **1500 Marilla, Room 3FN; Dallas, Texas 75201**. Proposals that are mailed or delivered by courier should allow sufficient time to ensure receipt by the City by the established deadline. Late proposals will not be accepted.

G. Interested respondents must submit ten (10) photocopies of their proposal in addition to the original (labeled accordingly). A total of eleven (11) paper proposals shall be submitted. Four (4) electronic copies of the proposal will also be required in Microsoft Word format on compact disc (CD) media. The original proposal must be the actual document received by the City and must be clearly marked "Original". Faxed and e-mailed responses are not acceptable.

H. Proposing Firms must submit their RFP response (original, CD and copies) in a sealed package. Any additional submissions or alternative RFP responses must be submitted in separate sealed packages and labeled accordingly. The City is not responsible for submissions not properly identified.

I. Proposing Firms acknowledge and agree that the City will not be liable for any costs, expenses, losses, damages (including damages for loss of anticipated

profit) or liabilities incurred by the Proposing Firm as a result of or arising out of, submitting qualifications, negotiating changes to subsequent proposals, or due to the City's acceptance or non-acceptance of the submittal.

J. Proposing Firms should give specific attention to identifying any portions of their qualifications they deem confidential, proprietary information or trade secrets, and provide the City with justification of why any such material, upon request, should not be disclosed by the City under the Open Records Act.

K. By submitting a response to this RFP, the Proposing Firm selected for award represents that it will comply with all Federal, State and City laws, rules, regulations and ordinances applicable to its activities and obligations under this RFP and the memorandum of understanding.

L. Proposing Firms must comply with the City's Business Inclusion and Development Plan.

1. The tab for Business Inclusion and Development Plan (M/WBE) participation should be clearly labeled and indicate the name of the project, contract number assigned to the project, the date, and the name of the Prime Firm.

2. Affirmative Action Plan must be included in the RFP for each firm. Elements of the plan should include, but are not limited to:

- a. A policy statement reflecting the company's hiring policy
- b. Dissemination techniques including methods of advertisement for open positions to target minority populations
- c. Recruitment activities
- d. Responsibility for administration and implementation of the affirmative action plan

3. Provide a listing of all projects that your firm has performed for the City of Dallas or other entity in the last 3 years **on the form provided. Fill in all information.** Describe your firm's history of utilizing M/WBE firms on all your projects.

4. Indicate all firms proposed as sub-consultants or vendors on this project. Indicate the type of work to be performed by each firm and whether each firm is an M/WBE or non- M/WBE firm. If a M/WBE, indicate the firm's current certification number. **Please provide an estimated percent of contract for each sub consultant as applicable.** Also indicate the type(s) of work to be performed by the Prime/Joint Venture firm. List the total percentage of work that the Prime firm expects to

perform on the project.

5. The Affidavit for compliance with the City of Dallas Business Inclusion and Development Plan (BID) **must** be completed and signed and included in the Proposal. (Appendix)

SECTION IX. PROJECTED TIMETABLE

The following is the estimated timetable for assessing the RFPs submitted in the current process.

EVENT	TENTATIVE DATES
Deadline to Submit Questions	December 5th, 2008
Pre-proposal Conference	December 4 th , 2008
Deadline to submit RFPs	December 10th by 2:00 p.m. (CT)
Contract Negotiations	TBD
Council Award (if necessary)	TBD



City of Dallas

Appendix

Business Inclusion and Development Plan



City of Dallas

Business Inclusion and Development Plan

It is the policy of the City of Dallas to involve Minority and Women-Owned Business Enterprises (M/WBEs) to the greatest extent feasible on the City's construction, procurement and professional services contracts. The Business Inclusion and Development (BID) Plan shall apply to all contracts with special emphasis on subcontracting opportunities on contracts that are required by state law to be competitively bid and applies to the utilization of first tier subcontractors.

BID Plan Goals

Construction:	25.00%
Architectural & Engineering:	25.66%
Other Professional Services:	36.30%
Other Services:	23.80%
Goods:	18.00%

M/WBE firm(s) must be located or doing business in Dallas County the M/WBE firm(s) must also be currently certified or in the process of being certified by the North Central Texas Regional Certification Agency (NCTRCA), or DFW Minority Business Council or Women's Business Council SW prior to recommendation for award being made to the City Council.

If an Proposer fails to meet the stated M/WBE Participation Goal, in part or in whole, and if selected as the most advantageous proposer, then a detailed explanation must be submitted to explain the Good and Honest Efforts the firm made to secure M/WBE participation.

INSTRUCTIONS FOR THE HISTORY OF M/WBE UTILIZATION FORM

1. Only projects awarded to the firm as a prime consultant are to be listed. Do not list projects for the City of Dallas on which the firm is a subconsultant unless you had a significant role in the project.
2. The date should be either the date the form is filled out or the date the RFP is to be submitted.
3. List **all** projects awarded within the **last three years** and list **all** projects that are currently in progress whether or not they were awarded within the last three years.
5. In the "Dept." column, list the department for whom the work is being performed. Use DWU for Dallas Water Utilities, PW for Public Works, RM for Risk Management, AVI for Aviation, PKR for Parks and Recreation Department, etc. Also list the project description, name of the other entity and contact information.
6. In the "City Contact Person" column, list the name and telephone number for the City's Project Manager for the indicated project. If that individual is no longer employed by the Department indicated, also list a current employee with some knowledge of the project as a second contact.
7. In the "Total Contract Amount" column, list the amount awarded plus the amount of all Supplemental Agreements, if any.
8. In the "Project Name" column, list the name of the project.
9. In the "MBE" column, list the percentage of all Minority Business Enterprise "MBE" work committed to at the award of the project plus any additional percentage committed as part of any Supplemental Agreement on the left side of the slash. **List the actual percentage of all MBE work performed to date on the right side of the slash.** The percentages should be accurate to two decimal places.

Example:

Original Award Amount - \$100,000
MBE % Committed on Original Award Amount - 30%
Supplemental Agreement(s) Amount - \$20,000
MBE % Committed on Supplemental Agreement(s) Amount - 20%
Work completed to date - \$75,000 or 62.5% of total dollars
MBE completed to date - \$15,000

MBE Percentage Committed ~

$$\frac{(.30) \times (\$100,000) + (.20) \times (\$20,000)}{(\$100,000 + \$20,000)} = \frac{\$30,000 + \$4,000}{\$120,000} = \frac{\$34,000}{\$120,000} = 28.33\%$$

Actual MBE Percentage ~

$$\frac{\text{Actual MBE Completed}}{\text{Total Contract Amount}} = \frac{\$15,000}{\$120,000} = 12.50\%$$

For this example, the numbers listed in the MBE column would be **28.33 / 12.50**.

10. In the "WBE" column, indicate the percentages for total Women Business Enterprise "WBE" participation using the methods of calculation given in Item 9.
11. In the "Percent Complete" column, indicate the percent of the contract completed. For the example in Item 9, the percent complete is 62.50%.
12. In the "Your Firm's Remaining Work" column, indicate only the dollar amount of work **to be performed by your firm excluding all subconsultants** that has not been completed for the project listed. Do not include the dollar amount of work that is to be performed by any firm (subconsultant or supplier, etc.) other than your firm. This column is not intended to provide the total amount remaining on the contract. For most projects, the amount in this column will be less than the amount remaining on the contract since some of the work remaining is likely to be performed by subconsultants. At the bottom of the column, provide a total of all work remaining for your firm on all of the projects indicated.
13. For projects that have been completed or are nearing completion and the planned M/WBE participation has not been achieved, provide an explanation for the difference.
14. The form may be shortened to eliminate excess rows or lengthened to add rows to present the firm(s) work accurately. The consultant may supply additional information, if desired. Additional information is voluntary.
15. If the prime firm has not performed work for the City of Dallas for the past three years, or has performed two projects for the City of Dallas in the past three years, please use a similar format to provide historical information on your firm's utilization of M/WBE firms on at least three projects in the past three years with other clients.
16. If you have any questions, please contact the person indicated in the request for Proposals.

GENERAL CONDITIONS FOR REQUEST FOR PROPOSALS

1. **RECEIPT OF PROPOSALS:** ALL PROPOSALS MUST BE RECEIVED BY THE TIME AND DATE SPECIFIED IN THE RFP/RFCSP AND TIME STAMPED IN THE CITY OF DALLAS BUSINESS DEVELOPMENT AND PROCUREMENT SERVICES' OFFICE, ROOM: 3FS, 1500 MARILLA, DALLAS, TX 75201.
2. **PROPOSAL AWARD:** AWARD WILL BE MADE TO THE PROPOSER WHOSE PROPOSAL RECEIVES THE HIGHEST EVALUATION ACCORDING TO THE CRITERIA POSTED IN THE RFP/RFCSP. THE CITY OF DALLAS RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS AND TO WAIVE MINOR IRREGULARITIES OR DISCREPANCIES IN ANY PROPOSAL AS MAY BE IN THE BEST INTEREST OF THE CITY. LATE PROPOSALS DO NOT COMPLY WITH CONDITION #1 AND WILL NOT BE ACCEPTED.
3. **SIGNATURE:** ALL PROPOSALS MUST BE SIGNED IN INK, BY HAND, IN THE SPACE MARKED "AUTHORIZED SIGNATURE."
4. **CONFLICT OF INTEREST:** IN ACCORDANCE WITH CHAPTER XXII SECTION 11 OF THE CHARTER OF THE CITY OF DALLAS, NO OFFICER OR EMPLOYEE OF THE CITY SHALL HAVE A FINANCIAL INTEREST, DIRECT OR INDIRECT, IN ANY CONTRACT WITH THE CITY OR BE FINANCIALLY INTERESTED, DIRECTLY OR INDIRECTLY, IN THE SALE TO THE CITY OF ANY LAND, MATERIALS, SUPPLIES OR SERVICES.
5. **PROPOSAL SUBMISSION:** WHEN RESPONDING TO A RFP IT IS THE PROPOSER'S RESPONSIBILITY TO IDENTIFY THE SUBMISSION BY PLAINLY INDICATING THE PROPOSAL NUMBER AND OPENING DATE ON THE FRONT OF A SEALED ENVELOPE. THE CITY ASSUMES NO RESPONSIBILITY FOR PROPOSALS NOT PROCESSED DUE TO THE FAILURE OF THE PROPOSER TO IDENTIFY THE ENVELOPE AS A PROPOSAL RESPONSE.
6. **FIRM PRICES:** ALL PRICES INCLUDED IN A "BEST AND FINAL OFFER" WILL BE CONSIDERED FIRM FOR ACCEPTANCE FOR NINETY (90) DAYS UNLESS SPECIFIED OTHERWISE. THE TIME PERIOD MAY BE EXTENDED BY WRITTEN AGREEMENT OF THE PROPOSER.
7. **DELIVERABLES:** THE SCHEDULE OF DELIVERABLES OUTLINED IN THE SCOPE OF WORK MAY BE MODIFIED BY MUTUAL AGREEMENT OF BOTH THE VENDOR AND THE CITY.
8. **REMOVAL:** THE CITY OF DALLAS RESERVES THE RIGHT TO REMOVE A COMPANY FROM ANY COMMODITY INDEX FOR (1) CONTINUED FAILURE TO RESPOND TO THE RFP, (2) FAILURE TO DELIVER MERCHANDISE OR SERVICES WITHIN THE PROMISED TIME, (3) DELIVERY OF SUBSTANDARD MERCHANDISE OR SERVICES, OR (4) FAILURE TO PROVIDE MERCHANDISE OR SERVICES AT THE SUBMITTED PROPOSAL PRICE.
9. **OPEN RECORDS:** TRADE SECRETS AND CONFIDENTIAL INFORMATION CONTAINED IN A PROPOSAL ARE NOT OPEN TO PUBLIC INSPECTION (PROPOSAL PRICING, HOWEVER, IS NOT CONSIDERED TO BE CONFIDENTIAL UNDER ANY CIRCUMSTANCES). PROPOSERS WHO INCLUDE INFORMATION IN A PROPOSAL THAT IS LEGALLY PROTECTED AS TRADE SECRET OR CONFIDENTIAL MUST CLEARLY INDICATE WHAT INFORMATION CONSTITUTES A TRADE SECRET OR CONFIDENTIAL INFORMATION BY MARKING THAT PART OF THE PROPOSAL "TRADE SECRET" OR "CONFIDENTIAL" AT THE APPROPRIATE PLACE. THE CITY WILL NOT BE RESPONSIBLE FOR ANY PUBLIC DISCLOSURE OF THE TRADE SECRET OR CONFIDENTIAL INFORMATION IF IT IS NOT MARKED AS PROVIDED ABOVE. IF A REQUEST IS MADE UNDER THE TEXAS OPEN RECORDS ACT TO INSPECT INFORMATION DESIGNATED AS TRADE SECRET OR CONFIDENTIAL IN A PROPOSAL, THE PROPOSER SHALL, UPON REQUEST, IMMEDIATELY FURNISH SUFFICIENT WRITTEN REASONS AND INFORMATION AS TO WHY THE INFORMATION DESIGNATED AS A TRADE SECRET OR CONFIDENTIAL SHOULD BE PROTECTED FROM DISCLOSURE, IN ORDER FOR THE CITY ATTORNEY TO PRESENT THE MATTER TO THE ATTORNEY GENERAL OF TEXAS FOR FINAL DETERMINATION.

GENERAL CONDITIONS FOR REQUEST FOR PROPOSALS (CONTINUED)

- 10. **VENUE:** THE OBLIGATIONS OF THE PARTIES HERETO ARE PERFORMED IN DALLAS COUNTY, TEXAS, AND IF LEGAL ACTION IS NECESSARY TO ENFORCE SAME, EXCLUSIVE VENUE SHALL BE WITHIN DALLAS COUNTY, TEXAS.
- 11. **GOVERNING LAW:** THIS CONTRACT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE CHARTER AND ORDINANCES OF THE CITY OF DALLAS AND THE LAWS AND CASE DECISIONS OF THE STATE OF TEXAS.
- 12. **ASSIGNMENT:** PROPOSER SHALL NOT ASSIGN, TRANSFER, PLEDGE OR HYPOTHECATE A CONTRACT AWARDED UNDER THE RFP. IN WHOLE OR IN PART, WITHOUT THE EXPRESS PRIOR WRITTEN CONSENT OF THE CITY. ASSIGNMENT OF THE CONTRACT, IF APPROVED BY THE CITY, SHALL NOT RELIEVE PROPOSER FROM HIS/HER OBLIGATIONS UNDER THE CONTRACT. APPROVAL BY THE CITY OF ONE SUCH ASSIGNMENT SHALL NOT CONSTITUTE APPROVAL TO ANY OTHER OR FURTHER ASSIGNMENT OF THE CONTRACT.
- 13. **TERMINATION:** UNLESS SPECIFIED OTHERWISE IN THE CONTRACT, THE CITY MAY TERMINATE A CONTRACT AWARDED UNDER THIS RFP, IN WHOLE OR IN PART, BY GIVING TEN (10) DAYS WRITTEN NOTICE THEREOF TO THE CONTRACTOR. THE CITY WILL COMPENSATE THE CONTRACTOR IN ACCORDANCE WITH THE TERMS OF THE CONTRACT FOR ALL GOODS OR SERVICES DELIVERED AND ACCEPTED PRIOR TO THE EFFECTIVE DATE OF SUCH NOTICE.
- 14. **GOOD FAITH EFFORT:** AWARDED PROPOSER IS REQUIRED TO ABIDE BY THE PROVISIONS OF THE CITY'S GOOD FAITH EFFORT PLAN. A COPY OF WHICH IS ATTACHED TO AND MADE A PART OF THE RFP.
- 15. **CONTRACT:** IN CASE OF A DISCREPANCY BETWEEN THE RFP AND THE FORMAL CONTRACT, THE FORMAL CONTRACT WILL CONTROL.
- 16. **NON-DISCRIMINATION:** IF THE PROVISIONS OF CHAPTER 15 B OF THE DALLAS CITY CODE ARE APPLICABLE TO THIS PROCUREMENT, ANY COMPANY WITH A CITY CONSTRUCTION CONTRACT OF MORE THAN \$15,000.00 OR A CITY CONTRACT FOR THE PROCUREMENT OF GOODS AND COMPETITIVELY PROPOSAL SERVICES OF MORE THAN \$50,000.00, IS PROHIBITED FROM DISCRIMINATING AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF RACE, AGE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, OR HANDICAP STATUS. THE PROPOSER SHALL TAKE AFFIRMATIVE ACTION TO INSURE THAT APPLICANTS ARE EMPLOYED, AND THAT EMPLOYEES ARE TREATED EQUALLY DURING EMPLOYMENT WITHOUT REGARD TO RACE, AGE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, OR HANDICAP STATUS. THIS ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING: EMPLOYMENT, UPGRADING, PROMOTION, OR TRANSFER; RECRUITMENT OR RECRUITMENT ADVERTISING; LAYOFF OR TERMINATION; RATES OF PAY OR OTHER FORMS OF COMPENSATION; AND SELECTION FOR TRAINING, INCLUDING APPRENTICESHIP. ANY PERSON WHO BELIEVES A CONTRACTOR HAS VIOLATED ITS OBLIGATIONS UNDER CHAPTER 15 B SHOULD CONTACT THE CITY MANAGER, CITY OF DALLAS, 1500 MARILLA ST., RM #4 E N, DALLAS, TX 75201.
- 18. **TAXES:** THE CITY OF DALLAS IS EXEMPT FROM ALL FEDERAL EXCISE TAXES AND ALSO FROM STATE AND LOCAL SALES AND USE TAXES. THEREFORE, PROPOSERS SHOULD NOT INCLUDE THESE TAXES IN THEIR PROPOSALS. PROPOSERS CONTRACTING WITH THE CITY CANNOT USE THE CITY OF DALLAS TAX EXEMPTION STATUS AND NUMBER TO PURCHASE SUPPLIES OR MATERIALS RELATED TO THE CONTRACT. IF THIS RFP IS FOR CONSTRUCTION, REPAIR OR RENOVATION WORK, DISREGARD THIS CONDITION AND REFER TO THE APPLICABLE CONSTRUCTION SPECIFICATIONS.
- 19. **PAYMENT:** INVOICES MUST BE SUBMITTED TO THE APPROPRIATE BILLING ADDRESS WITH OR AFTER DELIVERY OF GOODS OR SERVICES. NO CONTRACTOR OF THE CITY SHALL BE ENTITLED TO INTEREST ON ANY LATE PAYMENT CAUSED BY ANY CLAIM OR DISPUTE, OR AS A RESULT OF THE WITHHOLDING OF MONEY THE CITY HAS A LEGAL RIGHT OR OBLIGATION TO WITHHOLD UNDER THE CONTRACT OR STATE LAW.

GENERAL CONDITIONS FOR REQUEST FOR PROPOSALS (CONTINUED)

20. **TAXPAYER IDENTIFICATION:** ANY PROPOSER THAT DOES NOT HAVE A CURRENT W-9 "REQUEST FOR TAXPAYER IDENTIFICATION AND CERTIFICATION" FORM ON FILE WITH THE CITY OF DALLAS WILL BE REQUIRED TO PROVIDE SUCH PRIOR TO AWARD OF ANY CITY AGREEMENT/CONTRACT.
21. **DISQUALIFICATION OF PROPOSER:** PROPOSERS MAY BE DISQUALIFIED AND THEIR PROPOSALS NOT CONSIDERED FOR ANY OF THE FOLLOWING REASONS:
- COLLUSION AMONG PROPOSERS
 - PROPOSER'S HISTORY OF FILING FREQUENT, EXCESSIVE AND MERIT LESS CLAIMS, OR FRAUDULENT CLAIMS, AGAINST THE CITY, OR AGAINST OTHER CONTRACTORS ON A CITY PROJECT
 - PROPOSER'S ARREARAGE OR DEFAULT ON AN EXISTING OR PREVIOUS CONTRACT WITH THE CITY
 - PROPOSER'S LACK OF FINANCIAL STABILITY AS REVEALED BY FINANCIAL STATEMENT, EXPERIENCE OR EQUIPMENT, QUESTIONNAIRES, REFERENCES, BANKRUPTCY OR RELATED CONDITIONS
 - PROPOSER'S PENDING PROJECTS WHICH IN THE JUDGEMENT OF THE CITY WILL PREVENT OR HINDER THE PROMPT COMPLETION OF ADDITIONAL WORK IF AWARDED
 - ANY FACTORS CONCERNING THE PROPOSER'S QUANTITY OR QUALITY OF THE WORK TO BE PERFORMED OR OTHER FACTORS AS DEEMED APPROPRIATE BY THE RFP.
22. **CONTACT WITH CITY STAFF:** DURING THE PROPOSAL PROCESS, PROPOSER SHALL NOT CONTACT ANY CITY STAFF EXCEPT THOSE DESIGNATED IN THE TEXT OF THE RFP OR IN SUBSEQUENT DOCUMENTATION. AND QUESTIONS OR CONCERNS SHOULD BE ADDRESSED IN WRITING TO THE CITY'S PURCHASING AGENT OR DESIGNEE, 1500 MARILLA, ROOM 3FS, Dallas, TX 75201. NON-COMPLIANCE WITH THE PROVISION MAY RESULT IN DISQUALIFICATION OF THE PROPOSAL.
23. **OFFSET:** THE CITY MAY, AT ITS OPTION, OFFSET ANY AMOUNTS DUE AND PAYABLE UNDER A CONTRACT AWARDED UNDER THE RFP AGAINST ANY DEBT (INCLUDING TAXES) LAWFULLY DUE TO THE CITY FROM CONTRACTOR, REGARDLESS OF WHETHER THE AMOUNT DUE ARISES PURSUANT TO THE TERMS OF THE CONTRACT OR OTHERWISE AND REGARDLESS OF WHETHER OR NOT THE DEBT DUE TO THE CITY HAS BEEN REDUCED TO JUDGMENT BY A COURT.
24. **MODIFICATIONS:** THE RFP CAN ONLY BE MODIFIED OR REVISED BY WRITTEN ADDENDUM PREPARED AND ISSUED BY THE CITY'S BUSINESS DEVELOPMENT & PROCUREMENT SERVICES DEPARTMENT. ORAL MODIFICATIONS ARE NOT AUTHORIZED.
25. **COST OF PROPOSAL:** THE CITY WILL NOT BE LIABLE FOR ANY COSTS INCURRED BY A PROPOSER IN RESPONDING TO THIS RFP.
26. **ASSISTANCE WITH BONDING:** THE SURETY SUPPORT PROGRAM PROVIDES FINANCIAL AND SURETY SUPPORT HELP TO SMALL, MINORITY, AND WOMAN-OWNED BUSINESS ENTERPRISES. THESE FIRMS MUST HAVE A CONTRACT WITH THE CITY OF DALLAS OR BE PLANNING TO SUBMIT A PROPOSAL TO THE CITY AS PRIME CONTRACTOR OR SUBCONTRACTOR, ON PROJECTS REQUIRING BONDING. A COMPANY REQUIRING SERVICES OF THE SURETY SUPPORT PROGRAM SHOULD CONTACT THE BUYER ON THE RFP FOR ADDITIONAL DETAILS.
27. **OUTSTANDING LIABILITIES:** PROPOSERS SHALL NOT HAVE OUTSTANDING, UNPAID LIABILITIES WITH THE CITY OF DALLAS. SUCH LIABILITIES MAY INCLUDE, BUT NOT LIMITED TO, PROPERTY TAXES, LOCALAND/OR ARENA HOTEL/MOTEL OCCUPANCY TAXES. LICENSES/PERMITS AND UTILITIES. PROPOSERS HAVING SUCH LIABILITIES MAY BE DEEMED NON-RESPONSIBLE, AND THE SUBMITTED PROPOSAL WILL NOT BE GIVEN FURTHER CONSIDERATION.



REQUEST FOR PROPOSAL (RFP)

Business Development & Procurement Services
1500 Marilla, Room 3FS; Dallas, Texas 75201



RFP NUMBER: BBZ0901

TITLE: Regional Center Investment Manager

DUE DATE/TIME: 12/10/2008 @ 2:00 P.M.

PROPOSAL SIGNATURE SHEET

Method of Award

Award will be made to the qualified proposer whose proposal was evaluated to be the most advantageous to the City of Dallas under the published evaluation criteria.

The accompanying proposal is in response to the City of Dallas' RFP and has been submitted and signed by an authorized individual of the below-named company.

FULL LEGAL COMPANY NAME _____

ADDRESS _____

(do not use post office box)

(City, State and ZIP Code)

TELEPHONE #(____) _____

FAX# (____) _____

INTERNET E-MAIL ADDRESS _____

AUTHORIZED NAME (Print) _____

TITLE _____

AUTHORIZED SIGNATURE _____

Note: DALLAS CITY CHARTER, CHAPTER XXII, SEC. 11, FINANCIAL INTEREST OF EMPLOYEE OR OFFICER PROHIBITED, (a) No officer or employee shall have any financial interest, direct or indirect, in any contract with the city, or be financially interested, directly or indirectly, in the sale to the city of any land, materials, supplies or services, except on behalf of the city as an officer or employee.

Buyer for this RFP is Janice Hardaway (214) 670-1877 or fax (214) 670-4793 or e-mail janice.hardaway@dallascityhall.com



City of Dallas

REQUEST FOR PROPOSAL (RFP)

**Business Development & Procurement Services
1500 Marilla, Room 3FS; Dallas, Texas 75201**



City of Dallas

RFP NUMBER: BBZ0901

TITLE: Regional Center Investment Manager

DUE DATE/TIME: 12/10/2008 @ 2:00 P.M.

Cooperative Purchasing: Should other governmental entities decide to participate in this contract, would you, the vendor, agree that all terms, conditions, specifications, and pricing would apply? **Yes** _____ **No** _____

If you checked "yes," the following will apply: Governmental entities utilizing Inter-Governmental Contracts with the City of Dallas will be eligible, but not obligated, to purchase material/services under this contract(s) awarded as a result of this solicitation. All purchases by governmental entities other than the city of Dallas will be billed directly to that governmental entity and paid by that governmental entity. The City of Dallas will not be responsible for another governmental entity's debts. Each governmental entity will order its own material/services as needed.

Zaida Basora, AIA
Purchasing Agent

["No Bids" If your firm has chosen not to respond to this RFP, please submit reason & return this page to the Business Development & Procurement Services.]

COMPANY NAME _____

REASON FOR "NO BID" _____

You can receive e-mail notices of future requests for bids and proposals by registering at the City of Dallas procurement web site, www.bids.dallascityhall.org. There is no charge for registering, and notifications are free.

Buyer for this RFP is Janice Hardaway (214) 670-1877 or fax (214) 670-4793 or e-mail janice.hardaway@dallascityhall.com



City of Dallas

City of Dallas Contractor/Vendor/Consultant

Dear Contractor/Vendor/Consultant,

The City of Dallas is committed to environmental stewardship and compliance with all federal, state, and local environmental regulations. . As a City Contractor/Vendor/Consultant, we expect your commitment to the same. The City of Dallas has resources to assist you in your environmental initiatives and concerns. As we move forward with these efforts we will keep you updated as well as bringing to your attention areas for environmental compliance and improvement.

Should you have any questions or need further information please contact Your City of Dallas project manager or appropriate City of Dallas staff or see our website at <http://www.dallascityhall.com/oeq/contractors.html>.

Laura Fiffick, Director
Office of Environmental Quality

I. General

a. Purpose

The City of Dallas (City) is committed to environmental stewardship and sustainability. The City achieves this commitment by systematically reducing its environmental impacts, through pollution prevention, regulatory compliance and continuous improvement. In order to manage this commitment, the City has developed an Environmental Management System (EMS) per the ISO 14001:2004 standard. As a contractor, vendor or consultant (hereinafter contractor/vendor), the City expects you to be knowledgeable and aware of the specific environmental impacts and environmental regulatory requirements of your work conducted while on City property.

The City has prepared this Contractor/Vendor environmental packet to communicate City expectations and to reduce potential environmental impacts generated from contractor/vendor activities. The purpose of this package is to inform you of the City's environment expectations while conducting work for the City of Dallas.

b. Instructions

City contractors/vendors shall review, sign, and submit the Environmental Acknowledgement Form to the Project Manager or appropriate City of Dallas staff before beginning work. (see attachment).

It is the contractor/vendor's responsibility to communicate the environmental commitment outlined in this document to its affected employees and/or subcontractors associated with this work.

II. Administrative Requirements

a. Regulatory Requirements

The contractor/vendor shall comply with any and all applicable federal, state, and local statutes, laws, rules, regulations, ordinances, codes, and any amendments relating to the environment, hazardous substances or exposure to hazardous substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Hazardous Material Transportation Act, Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Clean Air Act, and the Safe Drinking Water Act.

III. Environmental Policy

The Dallas City Council adopted the following Environmental Policy in 2005 to guide the City's environmental efforts:

The City of Dallas is committed to a clean, safe, and healthy environment. As such, we will exercise environmental stewardship in our dealings with employees, other governments, citizens, City contractors, business, and others in the community for our world today as well as for future generations. Caring for the environment is one of our core values, and this is demonstrated by ensuring our activities are in harmony with the natural world around us.

This commitment is embodied by the following actions:

- Implementation of programs and procedures with intent meet or exceed all applicable environmental laws and regulations
- Continual improvement of our environmental performance through proactive environmental management and self-assessments and/or third-party assessments
- Prevention of pollution at its source through implementation of best management practices and resource conservation measures to reuse, reclaim, and recycle materials we generate.
- Utilization of Environmental Management Systems, as appropriate for our operations, to provide a framework for systematically reviewing and reducing our environmental footprint.
- Employees will abide by all environmental regulations and demonstrate environmental compliance in their daily work practices.
- Educate City employees on Dallas's environmental policies and motivate and encourage employees to practice environmental stewardship by raising awareness and sensitivity to environmental issues through City policies, regulations, training, and interactive dialogue.
- Outreach to the citizens and businesses of our community by communication of this Policy and education on the importance of environmental stewardship for clean air and water and sustainable development for the City of Dallas.

IV. Green Purchasing

City contractors/vendors must recognize the importance of exercising positive environmental stewardship while purchasing products for use on City of Dallas contract. Purchasing environmentally friendly products can reduce costs, minimize environmental legal requirements, decrease human health concerns, and minimize environmental impacts and risks. There are numerous products on the market today which reduce environmental impacts without additional cost. The Dallas City Council passed a resolution (04-1722) on May 26, 2004, affirming that the City will (1) purchase environmentally preferred products, whenever feasible and (2) require contractors and consultants to use recycled and other environmentally preferred products whenever feasible. For suggestions on product substitution, please contact your City of Dallas Project Manager, appropriate City of Dallas staff, or OEQ.

V. Air Quality and Ozone

The City of Dallas is located in a non-attainment area for ozone. Emissions from vehicles and construction equipment exacerbate air quality issues in our region. Contractors may receive information regarding Air Pollution Watch and Warnings by signing up for email notification at www.trncc.state.tx.us/cgi-bin/monops/warningstatus.html. Your bid specifications may also require you to submit a Clean Air Plan to the City of Dallas for your activities. To every extent possible, Contractors and representatives should comply with the following:

- a. Refuel vehicles after 3:00 p.m. or as late in the afternoon as possible. (The only exception to this policy is an emergency response vehicle which may be refueled as necessary to maintain readiness.) DO NOT top off your fuel tank.
- b. Schedule meetings requiring vehicle trips after 10:00 a.m. or as late in the afternoon as possible.
- c. Restrict the use of paints, solvents, cleaners, or other chemicals containing volatile organic compounds (VOCs) until after 10:00 a.m.
- d. Encourage employees to use public transportation or car pool, when possible, to and from work.
- e. Limit idling of vehicles to less than five minutes.

VI. Material Safety Data Sheets (MSDS)

The MSDS is used to relay important information concerning a chemical to its user or other interested parties, such as spill responders or fire fighters. MSDSs must be available for review by employees during their work shift, and must be kept at the facility at all times while the chemical is in use or stored at that facility. MSDSs are readily available from the chemical manufacturers or suppliers and generally can be obtained through the manufacturer's web site. MSDSs for chemicals used on the City's property need to be provided to the City of Dallas Project Manager or appropriate City of Dallas staff before work can begin or before the chemical is brought onsite.

VII. Spills and Releases

As a City contractor/vendor, you must take measures to prevent pollution of the land, air, or waterways including the stormwater system. If a spill or release occurs, you have a legal responsibility to immediately report such an incident to the appropriate regulatory agency and to the City of Dallas Project Manager or appropriate City of Dallas staff.

Examples of commonly used substances that may cause an adverse effect:

Gasoline/diesel fuel	Paints
Antifreeze/glycol	Solvents
Lubricating oil	Chemicals
Hydraulic Fluid	Sewage

Other petroleum products	Ammonia
Synthetic oils	Hot Asphalt
Free/ CFCs	Propane

VIII. Environmental Notices of Enforcement (NOE) and Notices of Violation (NOV)

The City must be notified of any NOEs or NOV's received in the last five years as part of the bid package. If a NOV or NOE is issued while doing City work then the contractor should let their City of Dallas Project Manager or appropriate City of Dallas staff know within 24 hours.

IX. Endangered Species

The Endangered Species Act is a regulation program established for the conservation of threatened and endangered plants and animals and the habitats in which they are found. The U.S. Fish and Wildlife Service of the Department of the Interior maintains the list of 632 endangered species (326 are plants) and 190 threatened species (78 are plants). If an endangered species or nesting birds are uncovered during construction, immediately stop work and notify your City Project Manager or appropriate City of Dallas staff.

X. Wetland Regulatory Authority

Section 404 of the Clean Water Act (CWA) establishes a program to regulate the discharge of dredged or fill material into waters of the United States, including wetlands. Activities in waters of the United States regulated under this program include fill for development, water resource projects (such as dams and levees), infrastructure development (such as highways and airports) and mining projects. Section 404 requires a permit before any dredged or fill material may be discharged into waters of the United States, unless the activity is exempt from Section 404 regulation (e.g. certain farming and forestry activities). City of Dallas contractors are required to comply with Section 404 of the Clean Water Act and any association permit requirements. If, during construction, a wetland is encountered, avoid the wetland and immediately notify your City Project Manager.

XI. Storm Water Control/ Permits

Federal and state storm water regulations require elimination and/or reduction of pollutants that enter our storm drains, rivers, and washes from rainwater from other sources. Water from any source that contains pollutants is prohibited from entering the storm drain system, which includes streets, catch basins (street grates), ditches, washes and rivers. Pollutants include, but are not limited to sediment, trash, chemicals, oils and/or greases. A storm water permit may be required during construction for disturbance of greater than one acre and a Storm Water Pollution

Prevention Plan (SWPPP) developed and implemented. It is important to remember whether a storm water permit is required or not, discharges of pollutants into any water body is strictly prohibited by federal, state, and local regulations. Please contact your City Project Manager or the City of Dallas Public Works Storm Water division for assistance.

ENVIRONMENTAL RECORD AFFIDAVIT

For purposes of this Affidavit:

(A) the term "Bidder/Proposer" includes any and all authorized officers, employees, agents, or other representatives of Bidder/Proposer working in that capacity on behalf of Bidder/Proposer within the past three (3) years prior to the date of this Affidavit;

(B) the term "Environmental Laws" includes the (i) Clean Air Act, (ii) Clean Water Act, (iii) any rules, regulations, or ordinances promulgated pursuant to either of the above-mentioned acts by State, Federal, or local regulatory authorities, or (iv) any other State, Federal, or local environmental law, rule, regulation, or ordinance related to the protection of the environment, including but not limited to solid waste disposal, hazardous waste disposal, illegal discharges of pollutants, and other similar environmental laws, rules, regulations, and ordinances.

I, _____, the duly authorized representative of _____ (hereinafter called the "Bidder/Proposer"), hereby swears (or affirms) on behalf of Bidder/Proposer the following:

(1) That Bidder/Proposer has received and read the Contractor Environmental Packet. Bidder/Proposer also understands that the Contractor Environmental Packet is not intended to be all-inclusive, but rather a guideline for environmental responsibility.

[Strike the item indicated below that does NOT apply in this Affidavit.]

(2) That Bidder/Proposer has not been served with any notices of violation or notices of enforcement or had any civil or criminal fines or penalties imposed by any regulatory authority for a violation of any Environmental Laws within the past three (3) years prior to the date of this Affidavit.

(3) That Bidder/Proposer has been served with any notices of violation or notices of enforcement or had any civil or criminal fines or penalties imposed by any regulatory authority for a violation of any Environmental within the past three (3) years prior to the date of this Affidavit as follows:

[If Item (3) applies, use a separate sheet to list the notices of violation or enforcement, and any adjudications of actual violations, along with copies of any compliance documents issued by the regulatory authority in connection with the notices or actual violations, and attach the separate sheet to this affidavit.]

Subscribed to and sworn before me on this the ___ day of _____, 20__.

[Seal]

Notary Public
State of Texas
My commission expires _____

GOOD FAITH EFFORT AFFIDAVIT

It is the policy of the City of Dallas to involve Minority and Women-Owned Business Enterprises (M/WBEs) to the greatest extent feasible in the City's construction, procurement, and professional service contracts. The Good Faith Effort Plan (The GFE Plan) was created to increase the participation of M/WBEs in the contracting of goods and services with the City of Dallas.

M/WBE Participation Goals

The GFE Plan establishes subcontracting goals and requirements for all prospective bidders to ensure a reasonable degree of M/WBE participation in City contracts. It is the goal of the City of Dallas that a certain percentage of work under each contract be executed by one or more M/WBEs.

On May 14, 1997 the City Council adopted the following M/WBE participation goals without consideration for a specific ethnicity or gender (Resolution Number 97-1605):

<u>Construction</u>	<u>Architectural & Engineering</u>	<u>Other Professional</u>	<u>Other Services</u>	<u>Goods</u>
25.00%	25.66%	36.30%	23.80%	18.00%

The forms in the packet of Good Faith Effort Plan Documents are used by bidders in documenting Minority and Women-Owned Business Enterprise (M/WBE) participation in City of Dallas contracts and to demonstrate acts of good faith effort as stipulated in the City's Good Faith Effort (GFE) Plan. The packet also includes a summary of the GFE Plan, M/WBE participation goals and the Commercially useful function requirements.

All prospective bidders shall agree to meet the established goals or must demonstrate and document a "good faith effort" to include M/WBEs in subcontracting opportunities. A prospective bidder who fails to adequately document good faith efforts to subcontract or purchase significant material supplies from M/WBEs may be denied award of the contract by the City based on the contractor's failure to be a "responsive" or "responsible" bidder.

All bidder(s) recommended for award will be required to complete the Business Development & Procurement Services forms within three (3) working days after notification from the City. The forms will be faxed to the recommended bidder(s) and upon completion must be returned by fax.

By signing below, I agree to provide the City of Dallas with a completed copy of all forms provided within the Good Faith Effort Document package. I understand that if I fail to provide all of the required documents within three (3) working days after notification, my bid may be deemed "non-responsive" and I may be denied award of the contract.

COMPANY NAME

SIGNATURE

DATE

TITLE



Think Global. Think Dallas!

Whether you are from China, Mexico, Korea, Canada or Brazil, Dallas welcomes you to do business in our city. The City of Dallas is an ideal location for establishing local and international business. For 150 years, Dallas' public and private sectors have joined together in efforts to make Dallas a city suited for building strong business infrastructures, to the continual benefit of the Dallas corporate environment.

Well structured for international business expansion, the City of Dallas is home to 245 major corporate headquarters and several Fortune 500 and Global 500 companies. The DFW metroplex is the base for the U.S. headquarters for many foreign corporations, including, 7-Eleven, Exxon Mobil, Bimbo Bakeries USA, Accor North America, and Cadbury Schweppes American Beverages. Additionally, Dallas is the proud home to U.S. companies Mary Kay, Brinker International, Texas Instruments, Comerica Bank and Southwest Airlines. As Dallas business continues to grow, so too do international business advantages, opportunities and other local international resources.

In addition to a bustling commercial presence, Dallas offers a variety of residential real estate opportunity for international families. According to Census figures, 26.3% of Dallas citizens were born in a foreign country. Over 70 different languages are spoken in the homes of students enrolled in the Dallas Independent School District. Dallas boasts a diverse religious community. In Dallas, you can choose among several Korean churches, Buddhist centers, mosques, and numerous Catholic and Protestant churches. Dallas area international media keeps foreign citizens informed via Latino, Chinese, Korean and Vietnamese radio stations, newspapers and magazines. There are also several international schools as well as many foreign banks.

Whether international companies are seeking to open U.S. headquarters, establish a new distribution point, or expand their corporate branches within the United States, Dallas provides a wealth of resources and strategic advantages in a myriad of industries.

The City of Dallas' Office of International Business offers many resources and services to help your foreign company establish a presence in the United States. We provide individual and corporate assistance in entering the U.S. market, opening an office in the U.S., and establishing your corporate presence within the Dallas community. We are here to help make the transition easy and uncomplicated. We can provide assistance in:

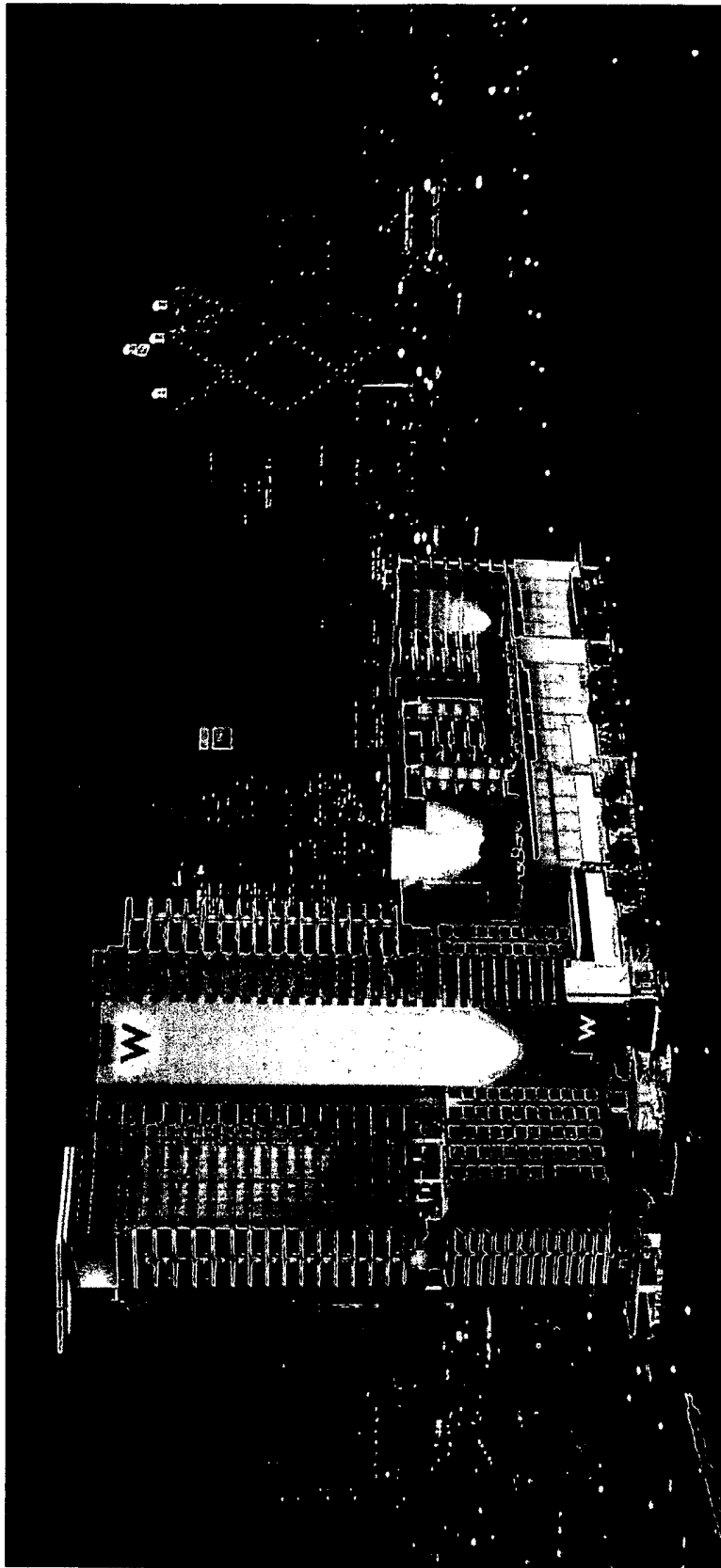
- Contacting and interacting with necessary and required city, state and federal government offices and agencies for assistance with tax, permitting, and other regulatory issues.
- Explaining and answering questions about tax incentives and other economic development incentives available from the City of Dallas.
- Referrals to appropriate banking institutions, real estate providers, immigration or corporate lawyers, and insurance entities.
- Site selection needs to help locate office, warehouse or retail space that meets your price and space requirements.
- Arranging for tours of Dallas' business parks for potential investors.
- Coordinating meetings with international delegations, business leaders, and potential investors.

- **Making contact with your country's local trade offices and bi-national chambers of commerce in Dallas.**

Our website contains a wealth of information on the strategic advantages Dallas has to offer in terms of geographic location, cost of doing business, cost of living, quality of life and more. For additional information about Dallas commerce, community and culture, please see our [resources page](#) or [email us](#) today!

Dallas - North America's Distribution Hub

#1 strategic location for international logistics and transportation



International Business
2007

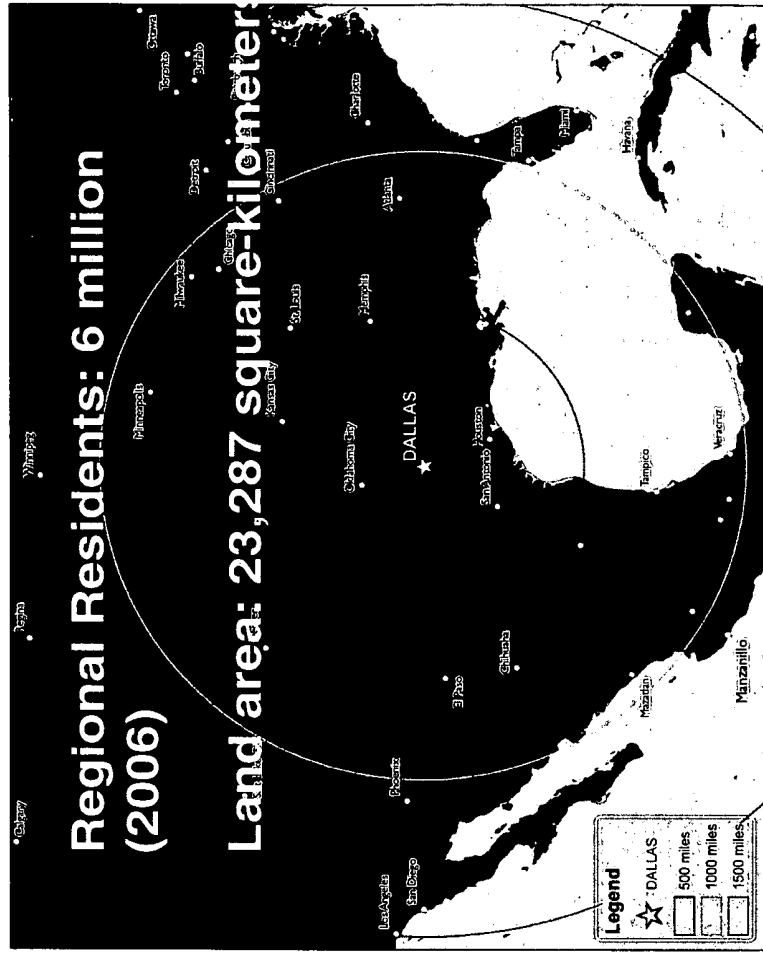
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To the World, Dallas=DFW Region

Largest Metropolitan Areas in the USA

(2006 US Census Population Estimate)

Metro Area	Population
1 New York	18,818,536
2 Los Angeles	12,950,129
3 Chicago	9,505,748
4 Dallas	6,003,967
5 Philadelphia	5,826,742



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Dallas, Texas: Strategically Located

City	Direct Flight Time From DFW Hours: Minutes
Chicago	2:10
Mexico City	2:30
Washington DC	2:45
Toronto	2:55
San Francisco	3:00
Los Angeles	3:10
New York	3:15
Vancouver	4:20
London	9:00
Paris	9:45
San Paulo	10:25
Frankfurt	11:10
Tokyo	12:50
Seoul	15:40



**City of Dallas' Strategic Position
in the World**



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Transportation/Distribution System

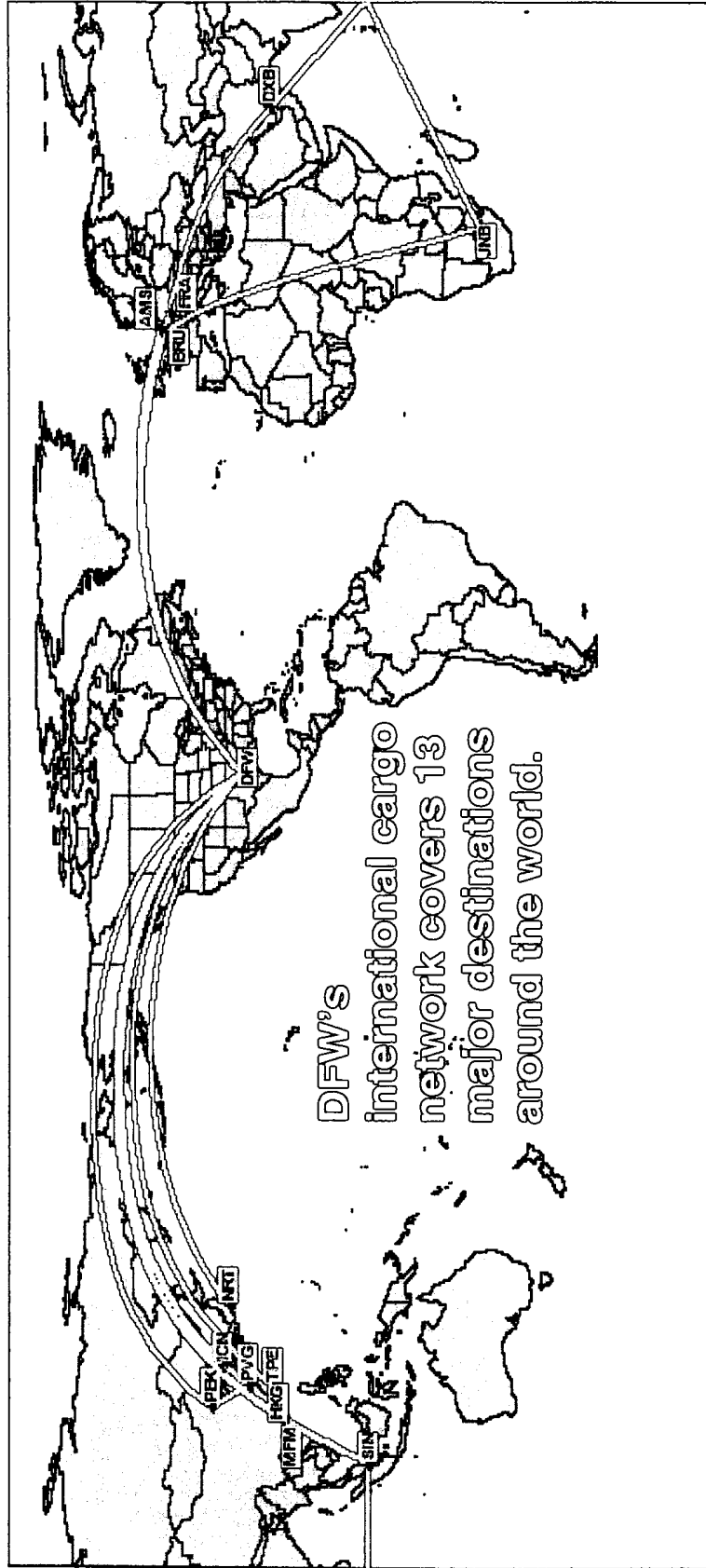
- DFW International Airport is world's 3rd busiest airport, serving 60 million passengers, including 5.6 million international passengers in 2006
- Dallas has direct flights to 39 different cities in the world
- The Dallas area is one of the largest inland global distribution centers
 - International cargo network covers 13 major destinations around the world (8 in Asia)
 - Air Cargo World magazine named DFW International Airport the world's best cargo airport in early 2006
- International cargo has grown 15% annually since 2002; 22% annual growth with Asia
- The Dallas area is a principal trucking and freight distribution center with over 600 motor/trucking carriers and 100 freight forwarders
- Dallas is only city in the U.S. that has 5 major interstate highways (IH-20, IH-30, IH-35, IH-45, IH-635)



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International Cargo



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Diverse Economy

◦Transportation & Logistics

◦Distribution & RFID

◦Financial Services

◦Information Technologies & Telecommunications

◦Aerospace

Five Strategic Industry Prospects include 1) High IT Use Services 2) Prefabricated Building Materials 3) Media 4) Food Processing and Distribution 5) Instrument Manufacturing

◦Semiconductors

◦Nanotechnology

◦Medical Devices

◦Health Care

◦Food



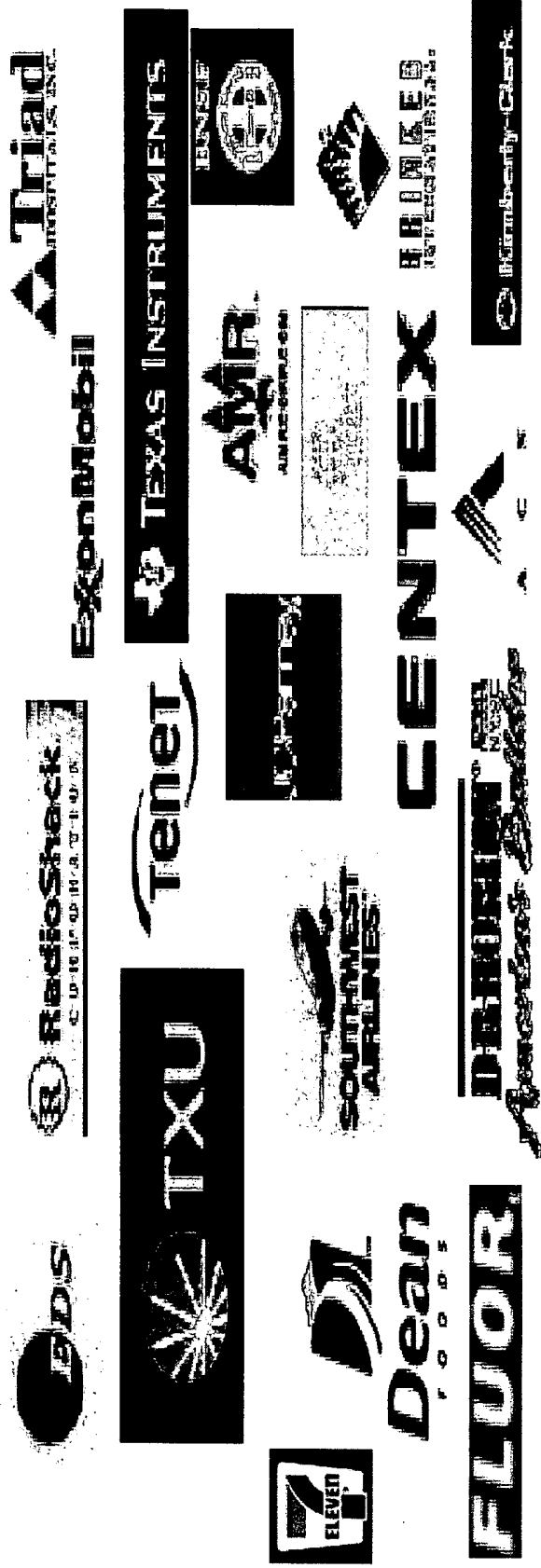
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Diverse Economy - Corporate Headquarters

The Dallas area is home to over 245 major corporate headquarters, and many other well-known companies call the Dallas area home.



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Examples of Foreign-Owned Companies

Dallas Area Employees

Nortel (Canada) – 3,800

Nokia (Finland) – 3,500

7-Eleven (Japan) – 3,443

Alcon Laboratories (Switz) – 2,900

Alcatel USA (France) – 2,239

CompUSA (Mexico) – 1,100

ST Microelectronics (Neth) – 1,450

Cadbury Schweppes

Americas Beverages (Eng) – 1,227

Accor North America (Fr) – 1,200

Fairmont Hotel Dallas (Canada) – 1,200

Bimbo Bakeries (Mexico) – 1,100

Ericsson (Sweden) – 1,028

LSG Sky Chefs (Germany) – 977

Fujitsu (Japan) – 900

NEC America (Japan) – 873

Essilor of America Inc. (Fr) – 831

Hanson Building Products (Eng) – 750

Samsung USA (S. Korea) – 500

Futurewei Technologies (China) – 150

ZTE USA (China) - 35



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Corporate Relocations and Expansions

- Expansion Management magazine ranked Dallas 4th on its list of "America's 50 Hottest Cities" for new manufacturing, distribution facility, or headquarters in early 2006
- Dallas area ranked among top 10 least expensive cities to do business per a new study by KPMG released in early 2006. The study looked at the after-tax cost of start up and operation for 12 specific industries over a 10-year span.
- Ranked 5th in U.S. headquarters center
- Total of 309 companies (over 1/3 of Texas' relocations/expansions) chose the Dallas region between 2005 - 2006
- Total investment of more than \$3.3 billion for corporate relocations and expansions (2005-2006)



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Competitive Costs - Cost of Living Equivalents

City	Labor costs /Cost of Living Equivalents
New York	\$111,178
San Francisco	\$97,438
San Jose	\$91,166
Los Angeles	\$83,806
Washington D.C.	\$76,336
Chicago	\$70,120
Seattle	\$63,522
Dallas	\$50,000

With an annual income of \$50,000 you can enjoy a comfortable life style in Dallas, however it would require a lot more income in other major US cities



Competitive Cost - Cost of Living Index (US Average = 100)

Metro Area	Composite	Metro Area	Composite
Pittsburgh	93.3	Miami	115.4
Kansas City	95.1	Seattle	116.3
Dallas	95.8	Portland	116.7
Atlanta	97.5	Philadelphia	124.0
Cleveland	98.0	Boston	133.6
Denver	100.4	Washington DC	142.1
Phoenix	103.8	San Diego	150.3
Detroit	104.1	Los Angeles	158.2
Minneapolis	109.3	San Francisco	170.6
Chicago	111.9	New York	201.2

Source: ACCRA, (Q1/2006)



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Competitive Costs - Industrial Facilities

Industrial Facilities, September 2006

	Industrial Park Land Cost (\$/Acre)	Shell Construction Cost (\$/SF)	Lease Rate (\$/SF)	Number of Available Facilities (>100,000 SF)
New York	750,000 - 1,000,000	50.00 - 60.00	6.50-12.00	5
Los Angeles	538,808 - 638,808	32.00 - 45.00	3.58-13.58	79
San Francisco Bay Area	435,600 - 1,000,000	50.00 - 200.00	2.40-10.80	18
Seattle	250,000 - 420,000	40.00 - 60.00	3.84-5.85	15
Chicago	130,680 - 400,000	35.00 - 40.00	3.75-4.50	281
Dallas Area	87,000 - 218,000	25.00 - 26.00	1.90-4.50	206

Source: Site Selection Magazine and NAI Global.



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Competitive Costs - Home Price

Home Price Comparison
Typical Middle-management home
2,200 SF, 4 bedroom, 2 Car garage

Inside the City Line

San Francisco
Los Angeles-Long Beach
New York
Chicago
Washington D.C.
Seattle
Dallas

Source: Coldwell Banker Residential, 2006

Average Home price
\$1,363,750
\$1,017,500
\$1,009,750
\$ 916,667
\$ 791,750
\$ 586,333
\$ 288,278



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Competitive Costs - No State Income Tax

Texas has No State Income Tax

Other Major State Income Tax Rates:

	State Income Tax
California (Los Angeles and San Francisco)	9.3%
District of Columbia (Washington, D.C.)	9.3%
New York (New York City)	7.7%
Illinois (Chicago)	3.0%
Texas (Dallas)	0.0%



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Incentives for Relocation/Expansion and Foreign Investment

In 2005-2006, the City of Dallas granted \$100 million in incentives to businesses.

Possible Incentives and Opportunities Include:

- Tax Abatements
- Enterprise Zones
- Infrastructure Cost Participation
- Development Fee Rebates
- Right-of-Way Abandonment Rebates/Credits



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Foreign Trade and Corporations

- Total global trade in the Dallas area increased almost 17.3%, or up \$8.6 billion from 2005 to 2006, for a total of \$58.2 billion in 2006
- The Dallas area is home to over 2,250 global companies, including 22 Fortune 500 headquarters and 7 Global 500 headquarters
- 425 foreign-owned businesses and multinational corporations in the region are responsible for over 250,000 jobs



U. S. International Trade Statistics

- U.S. Trading Partners:
 1. Canada
 2. China
 3. Mexico
 4. Japan
 5. Germany
 6. Great Britain
- China is the Dallas area's # 1 trading partner
- Mexico is Texas's #1 trading partner

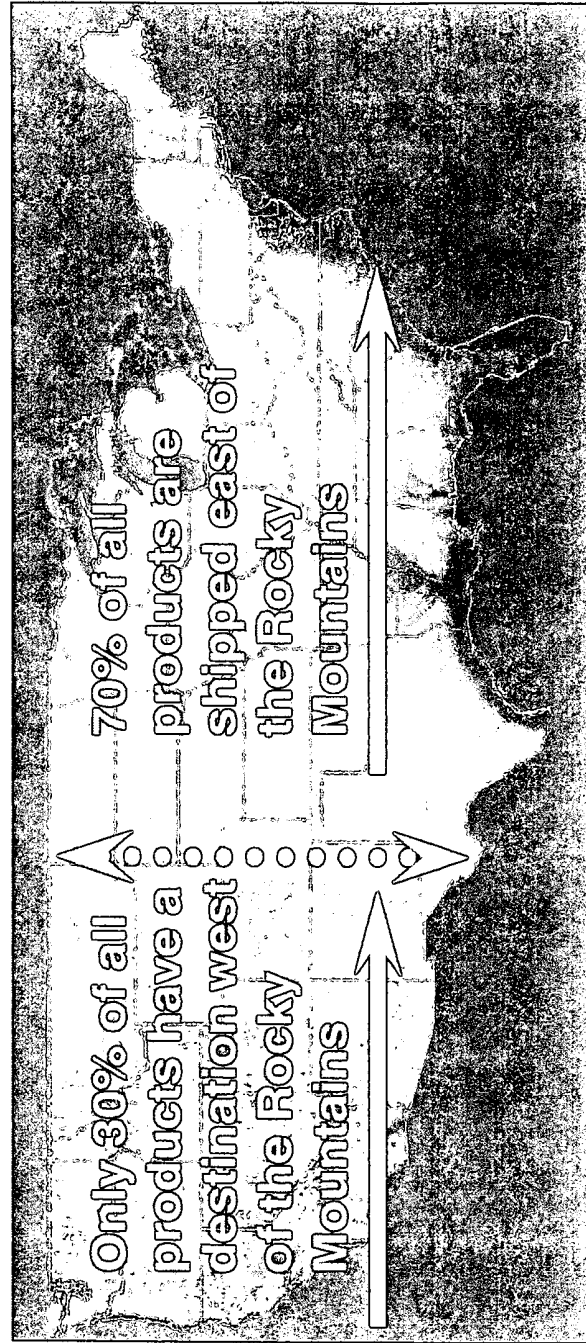


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Common Distribution Model from Asia

- Using Rocky Mountains as a divider; Dallas is centrally located in east side of Rocky Mountains
- Goods from Asian by Containers clear U.S. Customs at the Port of Los Angeles
- Delays in clearance at congested ports



- Importer has no control over 4-to-8-week delays in shipping process
- Clear customs in Dallas and Dallas is in best position to offer solutions for distribution



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Distribution Model Solution

- **Manufacturers can operate in Dallas by:**
 1. establishing their own warehouses or sales offices in Dallas
 2. establishing inventory by employing a third party supply chain/logistics company for receiving, storage and shipping
 3. manufacturing and assembling goods in Dallas' two Foreign Trade Zones
- **Dallas government is committed to creating the finest and best International Inland Port in North America**
 - Dallas Inland Port is not by sea, and will be located away from traditional port and still provide international trade processing services - customs on-site, transportation, distribution, warehousing, manufacturing and logistics management
- **Targeted site is surrounded by UP Intermodal facility, Foreign Trade Zone and NAFTA Impact Zone**
- **Interstate Highways I 45 and I 20 - Two of the most traveled truck routes, intersected within the Inland Port area**
- **Reduce shipping time from congested LA/Long Beach ports by up to 4 weeks**
- **It would save 15 – 20% in shipping, driving and handling expenses**



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International Inland Port of Dallas

A New Way to Solve Port & Rail Capacity Issues

- **Mexican, Dallas and Houston Governments aim to develop a southern route**
- **Goods could be shipped from Mexican ports (Manzanillo, Lazaro Cardenas & Topolobampo), Port of Houston, as well as from Port of LA/Long Beach, then by rails or trucks**
- **Containers clear U.S. Customs at the International Inland Port of Dallas (IIPOD); Expedite in clearance at IIPOD**
- **Manufacturers use Dallas Union Pacific intermodal facility - annual 365,000 containers lift capacity and 4,000 parking stalls (A new BNSF facility, with capacity 3 times of UP, will be built soon)**



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International Inland Port of Dallas (IIPOD)



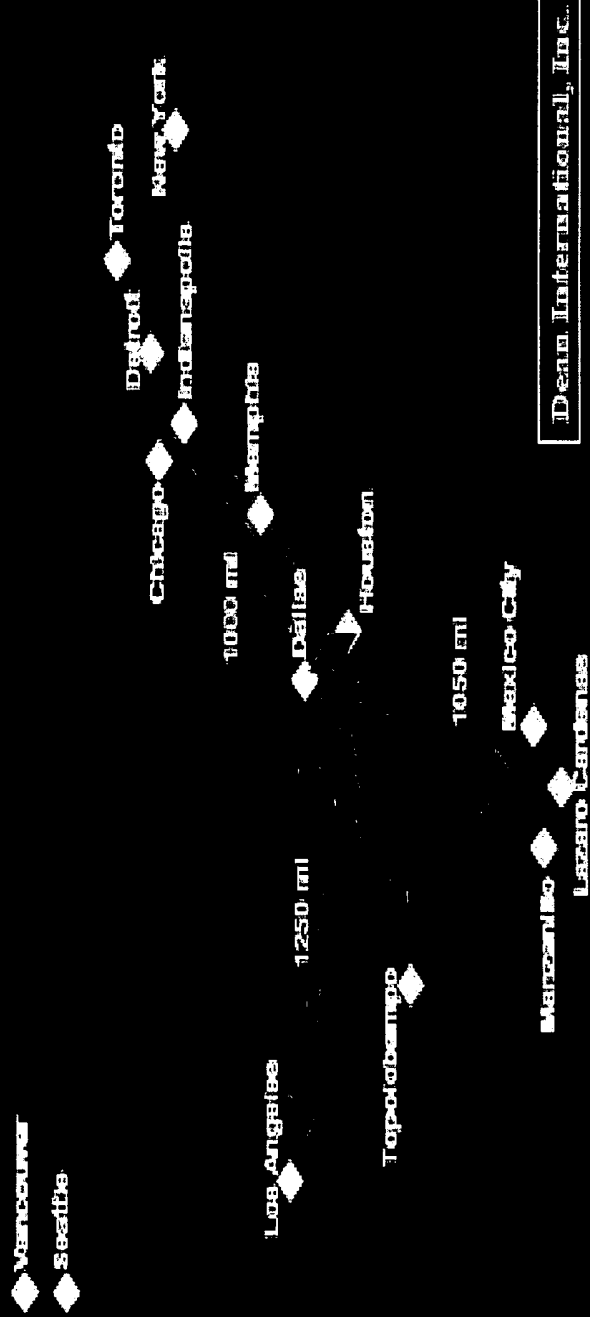
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Dallas Distribution

A New Way to Solve Port & Rail Capacity Issues



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Distribution and Time -

Estimated Driving Time from Dallas to Representative Cities (At 60 MPH)

Cities	Hours: Minutes	Cities	Hours: Minutes
Atlanta, GA	13:36	Memphis, TN	7:30
Boston, MA	29:24	Miami, FL	22:36
Chicago, IL	16:06	Minneapolis, MN	16:30
Cleveland, OH	19:48	New Orleans, LA	8:36
Denver, CO	14:36	New York, NY	26:00
Detroit, MI	19:48	Philadelphia, PA	24:24
Houston, TX	4:00	Phoenix, AZ	17:48
Indianapolis, IN	15:00	San Francisco, CA	28:48
Kansas City, MO	9:12	Seattle, WA	36:42
Las Vegas, NV	20:24	Washington, DC	22:40
Los Angeles, CA	24:00		

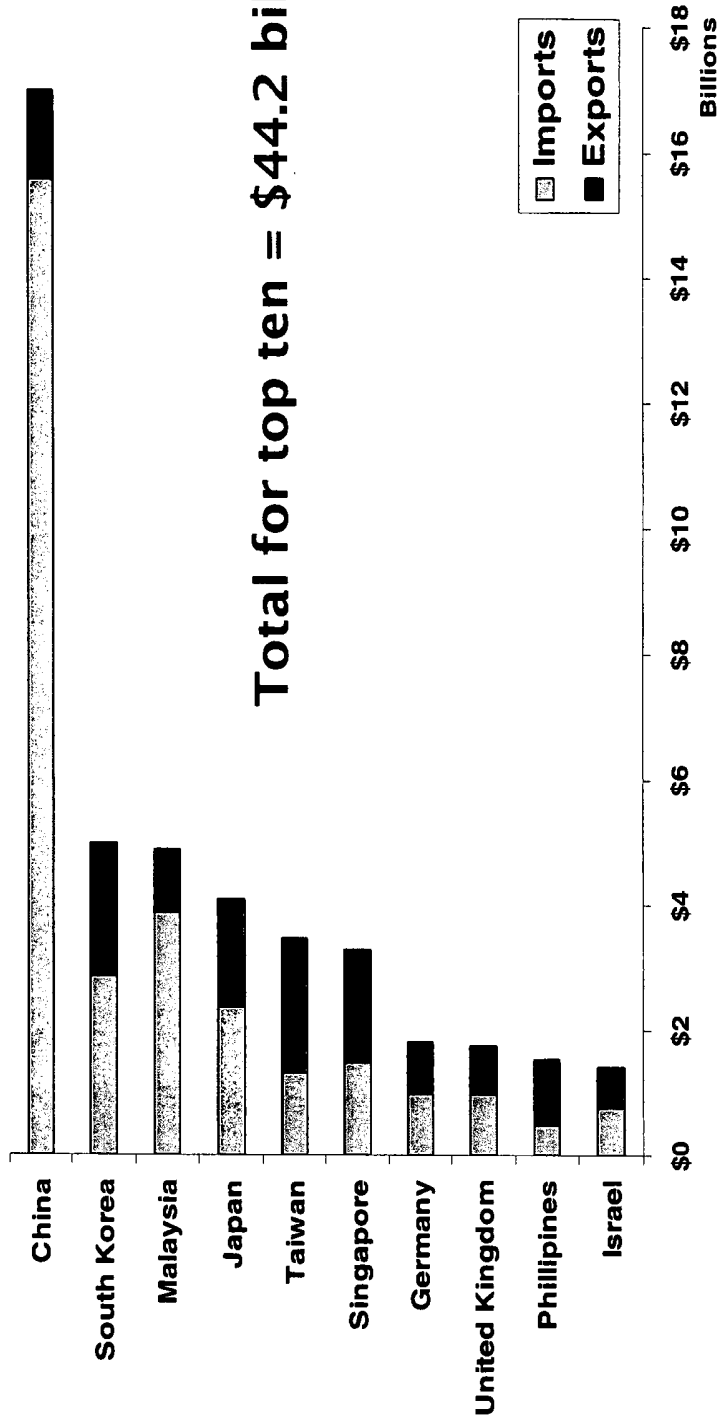


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Dallas' Trading Partners

Dallas Area's Top Ten Trading Partners 2006



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Why Asian Companies are Important to Dallas?

- Dallas areas' top six trading partners are all from Asia
- International trade in the Dallas area has surged in recent years, soaring 90% since 2002, mainly to Asia
- China is the #1 trading partner (\$16.9B), followed by South Korea (\$5B) and Malaysia (\$4.8B)
- China, South Korea, Japan and Taiwan have many well-known and well-established companies
- Dallas is focusing on recruiting companies from Asian countries because international business is one of the driving forces in the local economy
- With 253,000 Asian Americans in the area, Dallas has direct passenger flights to South Korea and Japan, and 8 cargo destinations to Asia
- Asian Trade District: Dallas' most prominent international business district focusing especially on Asian imports



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Why Dallas is #1 Strategic Location for International Distribution Hub?

- **Cost competitiveness** – when compared to higher-priced popularly-known locations
- **Central location** for both rail and highway transportation in North America and the best distribution center for quick U.S. regional service
 - 5 interstate highways
 - 3rd busiest international airport
 - Major freight facilities
 - Intermodal rail yards
- **Business culture** – sophisticated international community with least expensive business operating and housing costs



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Quality of Life

• **Ideal weather**

- Average summer temperatures: 85°F
- Average winter temperatures: 45°F
- Average annual snowfall: 2.7 inches
- Central time zone

• **Arts, Culture and Recreation**

- The largest urban arts district in the US., anchored by Morton H. Meyerson Symphony Center, Dallas Museum of Arts and Nasher Sculpture Garden in downtown Dallas
- 400 public parks and 60 lakes and reservoirs in the area
- Approximately 150 private and municipal golf courses in the area.

• **Education**

- Good public school districts; excellent private schools such as St. Mark's and Hockaday with excellent boarding schools for middle and high school students
- Various distinguish state and private universities in the area

• **Sports and Leisure**

- Professional teams in four major sports: NFL Dallas Cowboys; NBA Dallas Mavericks; MLB Texas Rangers; NHL Dallas Stars
- Dallas has the highest number of shopping centers per capita in U.S. (double the National average)
- Dallas has more restaurants per capita than any other U.S. cities
- The Dallas area is one of the largest retail markets in the nation



City of Dallas

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Why Dallas?

Dallas' Advantages:

1. Central Location in Continental America, the 9th largest city in U.S.
 2. Best Transportation/distribution system
 - Only U.S. cities with 5 major interstate highways
 3. Diverse Economy
 4. Competitive
 - Dallas's cost of doing business is 30 – 50% lower than major cities on east and west coasts
 - No personal or corporate state income tax
 - Lower housing and industrial facilities costs
 5. Ideal Weather conditions and quality of life
6. Top 4 on "America's 50 Hottest Cities" for new manufacturing, distribution facility, or headquarters in 2006
 7. Area's Growing/Diverse Labor Force
 8. City of Dallas is Committed to Economic Development
 9. Tax Abatement and Other Incentives
 10. International City, 27th largest GDP city in the world
 11. The international community has professionals who can help with needed services
 12. The City of Dallas welcomes you to set up your operation in Dallas



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City of Dallas Contacts

City of Dallas
Office of Economic Development
1500 Marilla Street, Room 5DN#2
Dallas, Texas 75201
(214)670-3319 (214)670-3612 FAX

Jennifer Li
Assistant Director, International
Business and Protocol
214.670.4454
Jennifer.li@dallascityhall.com

Eugene Yin Shen
Economic Development Analyst/Asian
Coordinator, International Business and
Protocol
214.671.8154
Eugene.shen@dallascityhall.com



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Total Value Added Impact

August 28, 2008

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EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Tyme SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
1 Oilseed farming	0	471	15	486	1.00
2 Grain farming	0	12,513	737	13,250	1.00
3 Vegetable and melon farming	0	7,707	4,491	12,198	1.00
4 Tree nut farming	0	320,498	836	321,334	1.00
5 Fruit farming	0	37,659	995	38,654	1.00
6 Greenhouse and nursery production	0	49,189	10,877	60,065	1.00
7 Tobacco farming	0	0	0	0	1.00
8 Cotton farming	0	9	13	22	1.00
9 Sugarcane and sugar beet farming	0	0	0	0	1.00
10 All other crop farming	0	278,607	2,597	281,205	1.00
11 Cattle ranching and farming	0	177,994	2,528	180,522	1.00
12 Poultry and egg production	0	9,341	8,062	17,403	1.00
13 Animal production- except cattle and	0	821	561	1,382	1.00
14 Logging	0	0	0	0	1.00
15 Forest nurseries- forest products- and	0	24	0	25	1.00
16 Fishing	0	491	942	1,433	1.00
17 Hunting and trapping	0	0	1,440	1,440	1.00
18 Agriculture and forestry support activ	0	1,664	76	1,740	1.00
19 Oil and gas extraction	0	205,623	88,076	293,698	1.00
20 Coal mining	0	0	0	0	1.00
21 Iron ore mining	0	0	0	0	1.00
22 Copper- nickel- lead- and zinc minin	0	0	0	0	1.00
23 Gold- silver- and other metal ore min	0	2,062	34	2,096	1.00
24 Stone mining and quarrying	0	0	0	0	1.00
25 Sand- gravel- clay- and refractory mi	0	5	2	7	1.00
26 Other nonmetallic mineral mining	0	0	0	0	1.00
27 Drilling oil and gas wells	0	175	75	251	1.00
28 Support activities for oil and gas ope	0	2,000	857	2,857	1.00
29 Support activities for other mining	0	0	0	0	1.00
30 Power generation and supply	0	350,809	201,778	552,588	1.00
31 Natural gas distribution	0	56,529	27,140	83,670	1.00
32 Water- sewage and other systems	418,097	1,924	2,431	422,452	1.00
33 New residential 1-unit structures- all	0	0	0	0	1.00
34 New multifamily housing structures-	0	0	0	0	1.00
35 New residential additions and alterati	0	0	0	0	1.00
36 New farm housing units	0	0	0	0	1.00
37 Manufacturing and industrial buildin	0	0	0	0	1.00
38 Commercial and institutional buildin	0	0	0	0	1.00
39 Highway- street- bridge- and tunnel c	0	0	0	0	1.00
40 Water- sewer- and pipeline construct	0	0	0	0	1.00
41 Other new construction	0	0	0	0	1.00
42 Maintenance and repair of farm and	0	989	2,762	3,751	1.00
43 Maintenance and repair of nonresiden	0	63,918	11,782	75,700	1.00
44 Maintenance and repair of highways-	0	0	0	0	1.00
45 Other maintenance and repair constru	0	30,996	5,398	36,394	1.00
46 Dog and cat food manufacturing	0	8	28	36	1.00
47 Other animal food manufacturing	0	236	22	258	1.00
48 Flour milling	0	1,390	22	1,412	1.00
49 Rice milling	0	0	0	0	1.00
50 Malt manufacturing	0	0	0	0	1.00
51 Wet corn milling	0	0	0	0	1.00
52 Soybean processing	0	0	0	0	1.00
53 Other oilseed processing	0	0	0	0	1.00
54 Fats and oils refining and blending	0	0	0	0	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.10.25



Total Value Added Impact

August 28, 2008

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EB-5 Impact Model.iap
IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
55 Breakfast cereal manufacturing	0	0	0	0	1.00
56 Sugar manufacturing	0	90,313	1,288	91,601	1.00
57 Confectionery manufacturing from c	248,322	6,665	18	255,005	1.00
58 Confectionery manufacturing from p	288,920	1,386	81	290,387	1.00
59 Nonchocolate confectionery manufac	0	0	0	0	1.00
60 Frozen food manufacturing	194,273	918	459	195,649	1.00
61 Fruit and vegetable canning and dryi	228,590	435	124	229,150	1.00
62 Fluid milk manufacturing	137,441	42,368	4,151	183,959	1.00
63 Creamery butter manufacturing	0	0	0	0	1.00
64 Cheese manufacturing	137,590	4,637	310	142,537	1.00
65 Dry- condensed- and evaporated dair	300,932	2,147	130	303,208	1.00
66 Ice cream and frozen dessert manufac	0	0	0	0	1.00
67 Animal- except poultry- slaughtering	0	99	122	221	1.00
68 Meat processed from carcasses	0	5,177	9,361	14,538	1.00
69 Rendering and meat byproduct proce	0	10,213	304	10,517	1.00
70 Poultry processing	0	4,809	10,132	14,941	1.00
71 Seafood product preparation and pac	0	0	0	0	1.00
72 Frozen cakes and other pastries manu	126,899	344	531	127,773	1.00
73 Bread and bakery product- except fr	177,937	1,745	10,534	190,217	1.00
74 Cookie and cracker manufacturing	342,453	5	4	342,462	1.00
75 Mixes and dough made from	224,061	7,724	2,426	234,211	1.00
76 Dry pasta manufacturing	0	0	1	2	1.00
77 Tortilla manufacturing	167,421	758	955	169,134	1.00
78 Roasted nuts and peanut butter manu	236,338	40	2	236,381	1.00
79 Other snack food manufacturing	343,310	2,079	7,567	352,956	1.00
80 Coffee and tea manufacturing	119,008	43	424	119,475	1.00
81 Flavoring syrup and concentrate man	324,235	56,854	952	382,042	1.00
82 Mayonnaise- dressing- and sauce	0	5,825	1,600	7,425	1.00
83 Spice and extract manufacturing	247,264	5,377	504	253,146	1.00
84 All other food manufacturing	136,343	26,302	7,086	169,732	1.00
85 Soft drink and ice manufacturing	185,974	476	763	187,212	1.00
86 Breweries	0	0	0	0	1.00
87 Wineries	165,682	527	70	166,279	1.00
88 Distilleries	0	0	0	0	1.00
89 Tobacco stemming and redrying	0	0	0	0	1.00
90 Cigarette manufacturing	0	0	0	0	1.00
91 Other tobacco product manufacturing	0	0	149	149	1.00
92 Fiber- yarn- and thread mills	0	1	1	2	1.00
93 Broadwoven fabric mills	0	75	90	165	1.00
94 Narrow fabric mills and schiffli embr	0	9	2	11	1.00
95 Nonwoven fabric mills	0	28	2	30	1.00
96 Knit fabric mills	0	0	0	0	1.00
97 Textile and fabric finishing mills	0	392	113	505	1.00
98 Fabric coating mills	0	303	20	323	1.00
99 Carpet and rug mills	0	13	20	33	1.00
100 Curtain and linen mills	0	414	7,093	7,507	1.00
101 Textile bag and canvas mills	0	2	5	7	1.00
102 Tire cord and tire fabric mills	0	0	0	0	1.00
103 Other miscellaneous textile product	0	325	107	431	1.00
104 Sheer hosiery mills	0	0	0	0	1.00
105 Other hosiery and sock mills	0	0	0	0	1.00
106 Other apparel knitting mills	0	6	113	119	1.00
107 Cut and sew apparel manufacturing	0	269	9,271	9,540	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Total Value Added Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: TUNE SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
108 Accessories and other apparel	0	224	2,093	2,317	1.00
109 Leather and hide tanning and finishi	0	3	1	4	1.00
110 Footwear manufacturing	0	0	7	7	1.00
111 Other leather product manufacturing	0	557	1,151	1,708	1.00
112 Sawmills	0	32	2	33	1.00
113 Wood preservation	0	0	0	0	1.00
114 Reconstituted wood product manufac	0	167	7	174	1.00
115 Veneer and plywood manufacturing	0	1,469	98	1,567	1.00
116 Engineered wood member and truss	0	2,206	539	2,745	1.00
117 Wood windows and door manufactur	212,266	4,235	605	217,106	1.00
118 Cut stock- resawing lumber- and plan	0	75	2	77	1.00
119 Other millwork- including flooring	0	3,450	596	4,046	1.00
120 Wood container and pallet manufactu	0	7,866	1,050	8,916	1.00
121 Manufactured home- mobile home-	0	0	0	0	1.00
122 Prefabricated wood building manufac	163,347	36	10	163,392	1.00
123 Miscellaneous wood product	0	5,737	448	6,185	1.00
124 Pulp mills	0	0	0	0	1.00
125 Paper and paperboard mills	0	11	1	11	1.00
126 Paperboard container manufacturing	0	616	77	694	1.00
127 Flexible packaging foil manufacturin	0	0	0	0	1.00
128 Surface-coated paperboard manufact	0	2,371	29	2,400	1.00
129 Coated and laminated paper and pack	0	12,649	369	13,018	1.00
130 Coated and uncoated paper bag manu	0	70	2	72	1.00
131 Die-cut paper office supplies manufa	0	22	12	34	1.00
132 Envelope manufacturing	0	8	2	10	1.00
133 Stationery and related product manuf	0	2	3	5	1.00
134 Sanitary paper product manufacturin	0	3	0	3	1.00
135 All other converted paper product ma	0	23	2	25	1.00
136 Manifold business forms printing	0	1,266	227	1,493	1.00
137 Books printing	0	15,705	183	15,887	1.00
138 Blankbook and looseleaf binder	0	140	150	290	1.00
139 Commercial printing	0	69,225	8,863	78,088	1.00
140 Tradebinding and related work	0	2,349	34	2,384	1.00
141 Prepress services	0	3,405	261	3,666	1.00
142 Petroleum refineries	0	0	0	0	1.00
143 Asphalt paving mixture and block ma	0	43	16	59	1.00
144 Asphalt shingle and coating material	0	4,110	1,028	5,138	1.00
145 Petroleum lubricating oil and grease	0	3,544	1,481	5,025	1.00
146 All other petroleum and coal product	0	0	0	0	1.00
147 Petrochemical manufacturing	0	0	0	0	1.00
148 Industrial gas manufacturing	0	13,383	1,447	14,830	1.00
149 Synthetic dye and pigment manufactu	0	0	0	0	1.00
150 Other basic inorganic chemical manu	0	1,494	112	1,606	1.00
151 Other basic organic chemical manufa	0	4,060	447	4,507	1.00
152 Plastics material and resin manufactu	0	39	4	43	1.00
153 Synthetic rubber manufacturing	0	1	0	1	1.00
154 Cellulosic organic fiber manufacturin	0	0	0	0	1.00
155 Noncellulosic organic fiber manufact	0	0	0	0	1.00
156 Nitrogenous fertilizer manufacturing	0	0	0	0	1.00
157 Phosphatic fertilizer manufacturing	0	0	0	0	1.00
158 Fertilizer- mixing only- manufacturin	0	79	10	89	1.00
159 Pesticide and other agricultural chem	0	199	12	211	1.00
160 Pharmaceutical and medicine manufa	0	85	1,942	2,027	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Total Value Added Impact

August 28, 2008

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EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Imnact

MULTIPLIER: Tvrn SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
161 Paint and coating manufacturing	0	61	4	64	1.00
162 Adhesive manufacturing	0	6,543	617	7,160	1.00
163 Soap and other detergent manufactur	0	204	105	309	1.00
164 Polish and other sanitation good man	0	23,041	8,923	31,963	1.00
165 Surface active agent manufacturing	0	0	0	0	1.00
166 Toilet preparation manufacturing	0	7,674	17,744	25,418	1.00
167 Printing ink manufacturing	0	5,312	192	5,504	1.00
168 Explosives manufacturing	0	31	3	35	1.00
169 Custom compounding of purchased	0	2,964	60	3,024	1.00
170 Photographic film and chemical	0	336	54	390	1.00
171 Other miscellaneous chemical produc	0	10,558	702	11,260	1.00
172 Plastics packaging materials- film an	0	11,818	362	12,180	1.00
173 Plastics pipe- fittings- and profile sh	0	13,003	834	13,837	1.00
174 Laminated plastics plate- sheet- and	0	0	0	0	1.00
175 Plastics bottle manufacturing	0	26,000	837	26,837	1.00
176 Resilient floor covering manufacturi	0	9	2	11	1.00
177 Plastics plumbing fixtures and all	0	36,798	3,820	40,618	1.00
178 Foam product manufacturing	0	8,477	3,097	11,574	1.00
179 Tire manufacturing	0	2	1	2	1.00
180 Rubber and plastics hose and belting	0	0	0	0	1.00
181 Other rubber product manufacturing	0	510	25	535	1.00
182 Vitreous china plumbing fixture man	0	0	0	0	1.00
183 Vitreous china and earthenware artic	0	32	403	435	1.00
184 Porcelain electrical supply manufactu	0	0	0	0	1.00
185 Brick and structural clay tile manufa	0	0	0	0	1.00
186 Ceramic wall and floor tile manufact	0	1,281	367	1,648	1.00
187 Nonclay refractory manufacturing	0	0	0	0	1.00
188 Clay refractory and other structural c	0	0	0	0	1.00
189 Glass container manufacturing	0	2,200	31	2,231	1.00
190 Glass and glass products- except glas	0	10,442	1,986	12,428	1.00
191 Cement manufacturing	0	0	0	0	1.00
192 Ready-mix concrete manufacturing	0	1	0	1	1.00
193 Concrete block and brick manufactur	0	1	1	2	1.00
194 Concrete pipe manufacturing	0	0	0	0	1.00
195 Other concrete product manufacturin	0	5	7	12	1.00
196 Lime manufacturing	0	0	0	0	1.00
197 Gypsum product manufacturing	0	3	0	3	1.00
198 Abrasive product manufacturing	0	0	0	0	1.00
199 Cut stone and stone product manufac	0	21	215	236	1.00
200 Ground or treated minerals and earth	0	0	0	0	1.00
201 Mineral wool manufacturing	0	0	0	0	1.00
202 Miscellaneous nonmetallic mineral p	0	50	46	96	1.00
203 Iron and steel mills	0	0	0	0	1.00
204 Ferroalloy and related product manuf	0	0	0	0	1.00
205 Iron- steel pipe and tube from	0	208	1	209	1.00
206 Rolled steel shape manufacturing	0	2,228	11	2,239	1.00
207 Steel wire drawing	0	192	61	253	1.00
208 Alumina refining	0	0	0	0	1.00
209 Primary aluminum production	0	0	0	0	1.00
210 Secondary smelting and alloying of	0	0	0	0	1.00
211 Aluminum sheet- plate- and foil man	0	0	0	0	1.00
212 Aluminum extruded product manufac	0	0	0	0	1.00
213 Other aluminum rolling and drawing	0	14	0	14	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.10.5



Total Value Added Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
214 Primary smelting and refining of cop	0	0	0	0	1.00
215 Primary nonferrous metal- except co	0	692	12	704	1.00
216 Copper rolling- drawing- and extrudi	0	1	0	1	1.00
217 Copper wire- except mechanical- dra	0	1,722	48	1,770	1.00
218 Secondary processing of copper	0	0	0	0	1.00
219 Nonferrous metal- except copper and	0	1,297	24	1,321	1.00
220 Secondary processing of other nonfer	0	1,775	27	1,802	1.00
221 Ferrous metal foundaries	0	61	0	61	1.00
222 Aluminum foundries	0	127	1	127	1.00
223 Nonferrous foundries- except alumi	0	0	0	0	1.00
224 Iron and steel forging	0	125	0	125	1.00
225 Nonferrous forging	0	474	1	476	1.00
226 Custom roll forming	0	38	1	39	1.00
227 All other forging and stamping	0	519	18	537	1.00
228 Cutlery and flatware- except preciou	0	0	0	0	1.00
229 Hand and edge tool manufacturing	0	43	12	55	1.00
230 Saw blade and handsaw manufacturi	0	3	2	5	1.00
231 Kitchen utensil- pot- and pan manufa	0	0	0	0	1.00
232 Prefabricated metal buildings and c	0	0	0	0	1.00
233 Fabricated structural metal manufact	200,375	783	16	201,174	1.00
234 Plate work manufacturing	0	819	13	832	1.00
235 Metal window and door manufacturi	163,602	2,178	224	166,004	1.00
236 Sheet metal work manufacturing	0	1,805	25	1,831	1.00
237 Ornamental and architectural metal	170,408	393	28	170,830	1.00
238 Power boiler and heat exchanger man	0	0	0	0	1.00
239 Metal tank- heavy gauge- manufactur	0	16	0	16	1.00
240 Metal can- box- and other container	0	9,951	115	10,066	1.00
241 Hardware manufacturing	0	215	7	222	1.00
242 Spring and wire product manufacturi	0	637	125	762	1.00
243 Machine shops	0	35,644	282	35,927	1.00
244 Turned product and screw- nut- and	0	1,512	26	1,538	1.00
245 Metal heat treating	0	424	18	443	1.00
246 Metal coating and nonprecious engra	0	1,088	44	1,132	1.00
247 Electroplating- anodizing- and colori	0	3,596	129	3,726	1.00
248 Metal valve manufacturing	216,484	2,377	65	218,926	1.00
249 Ball and roller bearing manufacturing	0	1,948	18	1,966	1.00
250 Small arms manufacturing	0	0	0	0	1.00
251 Other ordnance and accessories manu	0	0	0	0	1.00
252 Fabricated pipe and pipe fitting manu	0	300	18	318	1.00
253 Industrial pattern manufacturing	0	0	0	0	1.00
254 Enameled iron and metal sanitary wa	0	586	37	623	1.00
255 Miscellaneous fabricated metal produ	0	19	2	21	1.00
256 Ammunition manufacturing	0	0	0	0	1.00
257 Farm machinery and equipment	0	5	0	5	1.00
258 Lawn and garden equipment manufac	0	0	0	0	1.00
259 Construction machinery manufacturi	0	143	17	160	1.00
260 Mining machinery and equipment ma	0	5	0	5	1.00
261 Oil and gas field machinery and equ	0	151	8	158	1.00
262 Sawmill and woodworking machiner	0	49	19	68	1.00
263 Plastics and rubber industry machine	0	315	26	341	1.00
264 Paper industry machinery manufactur	0	0	0	0	1.00
265 Textile machinery manufacturing	0	39	1	40	1.00
266 Printing machinery and equipment m	0	385	21	406	1.00
267 Food product machinery manufacturi	0	130	29	160	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1023



Total Value Added Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
268 Semiconductor machinery manufactu	0	0	0	0	1.00
269 All other industrial machinery manuf	0	24	23	47	1.00
270 Office machinery manufacturing	0	352	120	472	1.00
271 Optical instrument and lens manufact	0	0	0	0	1.00
272 Photographic and photocopying equi	0	265	302	567	1.00
273 Other commercial and service indust	0	532	47	579	1.00
274 Automatic vending- commercial laun	0	20	9	28	1.00
275 Air purification equipment manufact	146,867	32	3	146,902	1.00
276 Industrial and commercial fan and b	0	0	0	0	1.00
277 Heating equipment- except warm air	206,719	0	0	206,719	1.00
278 AC- refrigeration- and forced air heat	146,186	0	0	146,186	1.00
279 Industrial mold manufacturing	0	15	0	16	1.00
280 Metal cutting machine tool manufact	0	0	0	0	1.00
281 Metal forming machine tool manufac	0	0	0	0	1.00
282 Special tool- die- jig- and fixture ma	0	520	6	526	1.00
283 Cutting tool and machine tool access	0	0	0	0	1.00
284 Rolling mill and other metalworking	0	274	6	281	1.00
285 Turbine and turbine generator set uni	0	0	0	0	1.00
286 Other engine equipment manufacturi	0	23	8	31	1.00
287 Speed changers and mechanical	0	8,003	76	8,079	1.00
288 Pump and pumping equipment manuf	0	170	1	171	1.00
289 Air and gas compressor manufacturin	0	0	0	0	1.00
290 Measuring and dispensing pump man	0	0	0	0	1.00
291 Elevator and moving stairway	0	0	0	0	1.00
292 Conveyor and conveying equipment	0	156	22	178	1.00
293 Overhead cranes- hoists- and	0	0	0	0	1.00
294 Industrial truck- trailer- and stacker	0	1,237	62	1,298	1.00
295 Power-driven handtool manufacturin	0	100	89	189	1.00
296 Welding and soldering equipment ma	0	0	0	0	1.00
297 Packaging machinery manufacturing	0	375	7	382	1.00
298 Industrial process furnace and oven	0	47	3	50	1.00
299 Fluid power cylinder and actuator ma	0	41	1	42	1.00
300 Fluid power pump and motor manufa	0	0	0	0	1.00
301 Scales- balances- and miscellaneous	0	919	80	999	1.00
302 Electronic computer manufacturing	0	594	620	1,213	1.00
303 Computer storage device manufactur	0	103	12	116	1.00
304 Computer terminal manufacturing	0	3,591	147	3,737	1.00
305 Other computer peripheral equipmen	0	3,292	940	4,233	1.00
306 Telephone apparatus manufacturing	117,584	1,651	226	119,460	1.00
307 Broadcast and wireless communicati	112,467	14,090	184	126,742	1.00
308 Other communications equipment ma	109,394	2,033	96	111,523	1.00
309 Audio and video equipment manufact	0	556	2,033	2,590	1.00
310 Electron tube manufacturing	0	0	0	0	1.00
311 Semiconductors and related device m	120,877	121,834	3,218	245,929	1.00
312 All other electronic component manu	0	28,132	763	28,895	1.00
313 Electromedical apparatus manufactur	108,965	614	88	109,667	1.00
314 Search- detection- and navigation in	109,154	8,797	102	118,052	1.00
315 Automatic environmental control	0	0	0	0	1.00
316 Industrial process variable instrument	108,662	6,054	177	114,892	1.00
317 Totalizing fluid meters and counting	0	0	0	0	1.00
318 Electricity and signal testing instrum	109,334	1,692	16	111,042	1.00
319 Analytical laboratory instrument man	108,535	311	62	108,908	1.00
320 Irradiation apparatus manufacturing	0	0	0	0	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 20.10.25



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Total Value Added Impact

August 28, 2008

EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: True SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
321 Watch- clock- and other measuring	0	588	161	749	1.00
322 Software reproducing	0	0	0	0	1.00
323 Audio and video media reproduction	0	2,635	142	2,777	1.00
324 Magnetic and optical recording medi	0	608	69	677	1.00
325 Electric lamp bulb and part manufact	0	0	0	0	1.00
326 Lighting fixture manufacturing	153,697	1	1	153,699	1.00
327 Electric housewares and household f	0	60	1,709	1,769	1.00
328 Household vacuum cleaner manufact	0	0	0	0	1.00
329 Household cooking appliance manufa	0	0	0	0	1.00
330 Household refrigerator and home fre	0	0	0	0	1.00
331 Household laundry equipment	0	0	0	0	1.00
332 Other major household appliance	0	0	0	0	1.00
333 Electric power and specialty transfo	0	2,589	26	2,614	1.00
334 Motor and generator manufacturing	0	1,130	30	1,159	1.00
335 Switchgear and switchboard apparatu	0	568	66	634	1.00
336 Relay and industrial control manufac	0	1,535	41	1,575	1.00
337 Storage battery manufacturing	0	11	4	15	1.00
338 Primary battery manufacturing	0	0	0	0	1.00
339 Fiber optic cable manufacturing	0	0	0	0	1.00
340 Other communication and energy wir	0	159	5	164	1.00
341 Wiring device manufacturing	0	65	2	67	1.00
342 Carbon and graphite product manufac	0	0	0	0	1.00
343 Miscellaneous electrical equipment	0	1,722	117	1,838	1.00
344 Automobile and light truck manufact	0	0	0	0	1.00
345 Heavy duty truck manufacturing	0	0	0	0	1.00
346 Motor vehicle body manufacturing	66,130	1,911	67	68,109	1.00
347 Truck trailer manufacturing	0	206	0	206	1.00
348 Motor home manufacturing	0	0	0	0	1.00
349 Travel trailer and camper manufactur	0	0	0	0	1.00
350 Motor vehicle parts manufacturing	148,739	3,252	1,012	153,003	1.00
351 Aircraft manufacturing	142,191	7,577	360	150,128	1.00
352 Aircraft engine and engine parts man	156,499	48,007	135	204,642	1.00
353 Other aircraft parts and equipment	123,476	22,326	172	145,975	1.00
354 Guided missile and space vehicle ma	0	0	0	0	1.00
355 Propulsion units and parts for space	0	0	0	0	1.00
356 Railroad rolling stock manufacturing	0	118	19	137	1.00
357 Ship building and repairing	0	0	0	0	1.00
358 Boat building	0	0	0	0	1.00
359 Motorcycle- bicycle- and parts manuf	121,707	2,278	87	124,072	1.00
360 Military armored vehicles and tank p	0	2	10	12	1.00
361 All other transportation equipment in	0	7	1	8	1.00
362 Wood kitchen cabinet and countertop	0	8,941	2,595	11,536	1.00
363 Upholstered household furniture man	0	1	4,761	4,762	1.00
364 Nonupholstered wood household furn	0	42	866	908	1.00
365 Metal household furniture manufactu	0	1	636	637	1.00
366 Institutional furniture manufacturing	0	26	29	55	1.00
367 Other household and institutional fur	0	381	217	598	1.00
368 Wood office furniture manufacturing	0	0	0	0	1.00
369 Custom architectural woodwork and	0	67	42	109	1.00
370 Office furniture- except wood- manuf	0	1	1	2	1.00
371 Showcases- partitions- shelving- and	0	84	27	111	1.00
372 Mattress manufacturing	0	0	3,162	3,162	1.00
373 Blind and shade manufacturing	0	2	1,309	1,311	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



Total Value Added Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Time SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
374 Laboratory apparatus and furniture m	0	0	0	0	1.00
375 Surgical and medical instrument man	341,783	3,777	529	346,089	1.00
376 Surgical appliance and supplies manu	349,387	2,985	971	353,343	1.00
377 Dental equipment and supplies manuf	0	0	0	0	1.00
378 Ophthalmic goods manufacturing	329,377	1,023	3,528	333,928	1.00
379 Dental laboratories	0	260	793	1,053	1.00
380 Jewelry and silverware manufacturin	0	39	981	1,020	1.00
381 Sporting and athletic goods manufact	0	11	39	50	1.00
382 Doll- toy- and game manufacturing	0	0	0	0	1.00
383 Office supplies- except paper- manuf	0	52	46	98	1.00
384 Sign manufacturing	0	4,070	531	4,601	1.00
385 Gasket- packing- and sealing device	0	351	19	370	1.00
386 Musical instrument manufacturing	0	0	0	0	1.00
387 Broom- brush- and mop manufacturi	0	0	0	0	1.00
388 Burial casket manufacturing	0	0	0	0	1.00
389 Buttons- pins- and all other miscell	0	851	201	1,052	1.00
390 Wholesale trade	0	2,289,448	428,691	2,718,139	1.00
391 Air transportation	123,031	36,318	14,965	174,314	1.00
392 Rail transportation	183,289	38,750	4,371	226,410	1.00
393 Water transportation	0	370	394	764	1.00
394 Truck transportation	150,628	395,193	51,812	597,634	1.00
395 Transit and ground passenger transpo	0	6,183	7,073	13,256	1.00
396 Pipeline transportation	0	12,758	7,285	20,043	1.00
397 Scenic and sightseeing transportation	222,083	120,880	15,107	358,070	1.00
398 Postal service	0	67,975	21,270	89,245	1.00
399 Couriers and messengers	0	74,740	12,401	87,141	1.00
400 Warehousing and storage	158,803	52,517	2,886	214,207	1.00
401 Motor vehicle and parts dealers	0	33,682	167,683	201,365	1.00
402 Furniture and home furnishings store	0	10,585	43,399	53,984	1.00
403 Electronics and appliance stores	0	7,916	28,320	36,235	1.00
404 Building material and garden supply	0	15,488	64,821	80,309	1.00
405 Food and beverage stores	0	21,442	105,868	127,310	1.00
406 Health and personal care stores	0	10,387	42,197	52,585	1.00
407 Gasoline stations	0	9,687	41,184	50,870	1.00
408 Clothing and clothing accessories sto	0	15,252	81,128	96,379	1.00
409 Sporting goods- hobby- book and	0	3,635	16,897	20,532	1.00
410 General merchandise stores	0	25,621	126,635	152,256	1.00
411 Miscellaneous store retailers	0	9,266	45,813	55,078	1.00
412 Nonstore retailers	0	20,013	85,119	105,132	1.00
413 Newspaper publishers	180,259	51,803	8,917	240,979	1.00
414 Periodical publishers	201,652	16,743	4,004	222,399	1.00
415 Book publishers	226,996	2,893	1,308	231,196	1.00
416 Database- directory- and other publis	367,330	17,737	3,025	388,092	1.00
417 Software publishers	270,214	2,127	5,336	277,677	1.00
418 Motion picture and video industries	161,523	115,917	13,348	290,789	1.00
419 Sound recording industries	653,303	60,977	9,987	724,267	1.00
420 Radio and television broadcasting	148,826	62,794	7,850	219,470	1.00
421 Cable networks and program distribu	0	6,757	25,032	31,789	1.00
422 Telecommunications	338,190	252,981	88,536	679,707	1.00
423 Information services	0	13,687	2,901	16,588	1.00
424 Data processing services	191,900	45,617	4,771	242,288	1.00
425 Nondepository credit intermediation	173,658	269,159	81,490	524,307	1.00
426 Securities- commodity contracts- inv	132,508	131,783	73,004	337,295	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



Total Value Added Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Tvne SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
427 Insurance carriers	0	141,092	119,956	261,048	1.00
428 Insurance agencies- brokerages- and r	228,694	86,269	65,769	380,732	1.00
429 Funds- trusts- and other financial veh	0	612	15,333	15,945	1.00
430 Monetary authorities and depository	0	345,905	207,840	553,745	1.00
431 Real estate	0	665,420	362,011	1,027,431	1.00
432 Automotive equipment rental and lea	0	19,045	9,372	28,417	1.00
433 Video tape and disc rental	0	286	6,270	6,557	1.00
434 Machinery and equipment rental and	0	44,570	5,286	49,855	1.00
435 General and consumer goods rental	0	15,632	4,563	20,195	1.00
436 Lessors of nonfinancial intangible ass	0	313,292	14,289	327,581	1.00
437 Legal services	0	259,435	104,694	364,129	1.00
438 Accounting and bookkeeping service	137,760	185,498	32,014	355,272	1.00
439 Architectural and engineering service	0	230,687	20,396	251,083	1.00
440 Specialized design services	163,748	40,284	4,232	208,264	1.00
441 Custom computer programming servi	123,951	19,259	1,112	144,323	1.00
442 Computer systems design services	131,811	133,038	13,355	278,204	1.00
443 Other computer related services-	282,381	52,879	6,176	341,436	1.00
444 Management consulting services	137,192	207,249	31,705	376,146	1.00
445 Environmental and other technical co	0	15,743	2,953	18,696	1.00
446 Scientific research and development s	0	86,226	6,602	92,828	1.00
447 Advertising and related services	144,963	201,615	26,338	372,917	1.00
448 Photographic services	180,334	6,881	4,598	191,813	1.00
449 Veterinary services	0	10,456	8,331	18,787	1.00
450 All other miscellaneous professional	0	324,566	12,388	336,954	1.00
451 Management of companies and	135,428	828,814	63,818	1,028,061	1.00
452 Office administrative services	194,363	95,230	20,047	309,640	1.00
453 Facilities support services	0	2,516	510	3,026	1.00
454 Employment services	0	205,724	40,493	246,216	1.00
455 Business support services	150,523	118,585	19,687	288,796	1.00
456 Travel arrangement and reservation s	0	18,876	7,881	26,757	1.00
457 Investigation and security services	0	43,318	8,918	52,235	1.00
458 Services to buildings and dwellings	0	68,058	23,069	91,127	1.00
459 Other support services	0	48,991	10,562	59,554	1.00
460 Waste management and remediation	0	42,510	7,595	50,105	1.00
461 Elementary and secondary schools	0	0	24,070	24,070	1.00
462 Colleges- universities- and junior col	0	4,507	30,041	34,548	1.00
463 Other educational services	0	1,987	25,425	27,412	1.00
464 Home health care services	0	0	43,381	43,381	1.00
465 Offices of physicians- dentists- and o	0	0	328,705	328,705	1.00
466 Other ambulatory health care services	0	773	87,711	88,485	1.00
467 Hospitals	0	0	261,692	261,692	1.00
468 Nursing and residential care facilities	0	0	59,904	59,904	1.00
469 Child day care services	0	0	31,296	31,296	1.00
470 Social assistance- except child day ca	0	36	47,259	47,295	1.00
471 Performing arts companies	0	3,393	5,389	8,781	1.00
472 Spectator sports	0	44,837	13,144	57,981	1.00
473 Independent artists- writers- and per	149,578	9,641	1,580	160,798	1.00
474 Promoters of performing arts and spo	0	82,997	6,612	89,610	1.00
475 Museums- historical sites- zoos- and	0	0	5,147	5,147	1.00
476 Fitness and recreational sports center	0	8,256	11,362	19,617	1.00
477 Bowling centers	0	0	829	829	1.00
478 Other amusement- gambling- and	0	4,103	36,643	40,746	1.00
479 Hotels and motels- including casino h	0	157,930	61,508	219,437	1.00
480 Other accommodations	0	19	591	611	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Total Value Added Impact

August 28, 2008

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EB-5 Impact Model.iap
 IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
481 Food services and drinking places	0	103,304	245,873	349,176	1.00
482 Car washes	0	2,990	7,144	10,134	1.00
483 Automotive repair and maintenance-	0	29,873	40,103	69,976	1.00
484 Electronic equipment repair and mai	0	12,047	1,892	13,939	1.00
485 Commercial machinery repair and ma	0	62,720	4,488	67,208	1.00
486 Household goods repair and mainten	0	11,631	4,660	16,291	1.00
487 Personal care services	0	0	33,125	33,125	1.00
488 Death care services	0	0	7,238	7,238	1.00
489 Drycleaning and laundry services	0	4,929	12,716	17,646	1.00
490 Other personal services	0	11,991	30,721	42,711	1.00
491 Religious organizations	0	0	11,878	11,878	1.00
492 Grantmaking and giving and social a	0	0	11,495	11,495	1.00
493 Civic- social- professional and simila	0	49,348	33,792	83,140	1.00
494 Private households	0	0	28,488	28,488	1.00
495 Federal electric utilities	0	0	0	0	1.00
496 Other Federal Government enterprise	0	1,988	2,031	4,019	1.00
497 State and local government passenger	0	4,192	4,796	8,988	1.00
498 State and local government electric	0	10,370	5,997	16,367	1.00
499 Other State and local government	0	59,962	44,922	104,884	1.00
500 Noncomparable imports	0	0	0	0	1.00
501 Scrap	0	0	0	0	1.00
502 Used and secondhand goods	0	0	0	0	1.00
503 State & Local Education	0	0	0	0	1.00
504 State & Local Non-Education	0	0	0	0	1.00
505 Federal Military	0	0	0	0	1.00
506 Federal Non-Military	0	0	0	0	1.00
507 Rest of the world adjustment to final	0	0	0	0	1.00
508 Inventory valuation adjustment	0	0	0	0	1.00
509 Owner-occupied dwellings	0	0	1,231,352	1,231,352	1.00
25001 Foreign Trade	0	0	0	0	1.00
28001 Domestic Trade	0	0	0	0	1.00
Total	15,360,223	12,514,354	6,429,819	34,304,396	

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Output Impact

August 28, 2008

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EB-5 Impact Model.iap
IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
1 Oilseed farming	0	870	27	897	1.00
2 Grain farming	0	26,186	1,542	27,729	1.00
3 Vegetable and melon farming	0	10,368	6,042	16,410	1.00
4 Tree nut farming	0	448,223	1,169	449,392	1.00
5 Fruit farming	0	63,354	1,675	65,028	1.00
6 Greenhouse and nursery production	0	58,727	12,986	71,713	1.00
7 Tobacco farming	0	0	0	0	1.00
8 Cotton farming	0	23	35	58	1.00
9 Sugarcane and sugar beet farming	0	0	0	0	1.00
10 All other crop farming	0	548,145	5,110	553,255	1.00
11 Cattle ranching and farming	0	1,779,628	25,271	1,804,898	1.00
12 Poultry and egg production	0	27,475	23,713	51,188	1.00
13 Animal production- except cattle and	0	7,289	4,978	12,267	1.00
14 Logging	0	0	0	0	1.00
15 Forest nurseries- forest products- and	0	113	2	114	1.00
16 Fishing	0	3,671	7,036	10,707	1.00
17 Hunting and trapping	0	0	4,904	4,904	1.00
18 Agriculture and forestry support activ	0	2,225	101	2,326	1.00
19 Oil and gas extraction	0	323,384	138,517	461,901	1.00
20 Coal mining	0	0	0	0	1.00
21 Iron ore mining	0	0	0	0	1.00
22 Copper- nickel- lead- and zinc minin	0	0	0	0	1.00
23 Gold- silver- and other metal ore min	0	4,420	72	4,492	1.00
24 Stone mining and quarrying	0	0	0	0	1.00
25 Sand- gravel- clay- and refractory mi	0	8	3	11	1.00
26 Other nonmetallic mineral mining	0	0	0	0	1.00
27 Drilling oil and gas wells	0	325	139	464	1.00
28 Support activities for oil and gas ope	0	2,110	904	3,014	1.00
29 Support activities for other mining	0	0	0	0	1.00
30 Power generation and supply	0	431,557	248,223	679,780	1.00
31 Natural gas distribution	0	115,517	55,461	170,978	1.00
32 Water- sewage and other systems	522,646	2,405	3,039	528,090	1.00
33 New residential 1-unit structures- all	0	0	0	0	1.00
34 New multifamily housing structures-	0	0	0	0	1.00
35 New residential additions and alterati	0	0	0	0	1.00
36 New farm housing units	0	0	0	0	1.00
37 Manufacturing and industrial buildin	0	0	0	0	1.00
38 Commercial and institutional buildin	0	0	0	0	1.00
39 Highway- street- bridge- and tunnel c	0	0	0	0	1.00
40 Water- sewer- and pipeline construct	0	0	0	0	1.00
41 Other new construction	0	0	0	0	1.00
42 Maintenance and repair of farm and	0	2,729	7,623	10,352	1.00
43 Maintenance and repair of nonresiden	0	149,005	27,466	176,471	1.00
44 Maintenance and repair of highways-	0	0	0	0	1.00
45 Other maintenance and repair constru	0	46,899	8,167	55,066	1.00
46 Dog and cat food manufacturing	0	53	185	238	1.00
47 Other animal food manufacturing	0	1,735	164	1,898	1.00
48 Flour milling	0	5,427	85	5,512	1.00
49 Rice milling	0	0	0	0	1.00
50 Malt manufacturing	0	0	0	0	1.00
51 Wet corn milling	0	0	0	0	1.00
52 Soybean processing	0	0	0	0	1.00
53 Other oilseed processing	0	0	0	0	1.00
54 Fats and oils refining and blending	0	0	0	0	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 201025



Output Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
55 Breakfast cereal manufacturing	0	0	0	0	1.00
56 Sugar manufacturing	0	143,339	2,045	145,384	1.00
57 Confectionery manufacturing from c	2,582,790	69,319	185	2,652,293	1.00
58 Confectionery manufacturing from p	967,515	4,640	271	972,427	1.00
59 Nonchocolate confectionery manufac	0	0	0	0	1.00
60 Frozen food manufacturing	822,514	3,887	1,942	828,342	1.00
61 Fruit and vegetable canning and dryi	1,080,019	2,057	587	1,082,663	1.00
62 Fluid milk manufacturing	1,051,850	324,247	31,766	1,407,863	1.00
63 Creamery butter manufacturing	0	0	0	0	1.00
64 Cheese manufacturing	1,065,255	35,903	2,401	1,103,559	1.00
65 Dry- condensed- and evaporated dair	1,478,542	10,547	638	1,489,727	1.00
66 Ice cream and frozen dessert manufac	0	0	0	0	1.00
67 Animal- except poultry- slaughtering	0	764	948	1,712	1.00
68 Meat processed from carcasses	0	32,245	58,303	90,547	1.00
69 Rendering and meat byproduct proce	0	37,719	1,125	38,844	1.00
70 Poultry processing	0	23,125	48,726	71,851	1.00
71 Seafood product preparation and pac	0	0	0	0	1.00
72 Frozen cakes and other pastries manu	354,075	959	1,480	356,514	1.00
73 Bread and bakery product- except fr	426,980	4,188	25,278	456,446	1.00
74 Cookie and cracker manufacturing	4,113,924	59	46	4,114,029	1.00
75 Mixes and dough made from	792,093	27,305	8,578	827,976	1.00
76 Dry pasta manufacturing	0	1	22	24	1.00
77 Tortilla manufacturing	548,919	2,486	3,131	554,536	1.00
78 Roasted nuts and peanut butter manu	1,879,555	320	18	1,879,893	1.00
79 Other snack food manufacturing	932,235	5,645	20,547	958,427	1.00
80 Coffee and tea manufacturing	826,364	300	2,942	829,607	1.00
81 Flavoring syrup and concentrate man	815,897	143,067	2,397	961,361	1.00
82 Mayonnaise- dressing- and sauce	0	21,558	5,923	27,482	1.00
83 Spice and extract manufacturing	760,286	16,534	1,549	778,369	1.00
84 All other food manufacturing	342,410	66,055	17,795	426,260	1.00
85 Soft drink and ice manufacturing	893,157	2,286	3,663	899,105	1.00
86 Breweries	0	0	0	0	1.00
87 Wineries	578,948	1,841	245	581,034	1.00
88 Distilleries	0	0	0	0	1.00
89 Tobacco stemming and redrying	0	0	0	0	1.00
90 Cigarette manufacturing	0	0	0	0	1.00
91 Other tobacco product manufacturing	0	0	467	467	1.00
92 Fiber- yarn- and thread mills	0	4	4	8	1.00
93 Broadwoven fabric mills	0	205	243	448	1.00
94 Narrow fabric mills and schiffli embr	0	18	4	22	1.00
95 Nonwoven fabric mills	0	68	5	73	1.00
96 Knit fabric mills	0	0	0	0	1.00
97 Textile and fabric finishing mills	0	1,607	461	2,069	1.00
98 Fabric coating mills	0	1,079	72	1,151	1.00
99 Carpet and rug mills	0	51	82	134	1.00
100 Curtain and linen mills	0	1,476	25,260	26,736	1.00
101 Textile bag and canvas mills	0	6	16	22	1.00
102 Tire cord and tire fabric mills	0	0	0	0	1.00
103 Other miscellaneous textile product	0	1,024	336	1,360	1.00
104 Sheer hosiery mills	0	0	0	0	1.00
105 Other hosiery and sock mills	0	0	0	0	1.00
106 Other apparel knitting mills	0	26	482	507	1.00
107 Cut and sew apparel manufacturing	0	854	29,417	30,271	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1023



Output Impact

August 28, 2008

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EB-5 Impact Model.iap
IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Tyme SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
108 Accessories and other apparel	0	817	7,647	8,464	1.00
109 Leather and hide tanning and finishi	0	257	81	337	1.00
110 Footwear manufacturing	0	0	183	183	1.00
111 Other leather product manufacturing	0	1,274	2,632	3,906	1.00
112 Sawmills	0	123	6	129	1.00
113 Wood preservation	0	0	0	0	1.00
114 Reconstituted wood product manufac	0	305	13	318	1.00
115 Veneer and plywood manufacturing	0	3,952	263	4,215	1.00
116 Engineered wood member and truss	0	5,272	1,287	6,559	1.00
117 Wood windows and door manufactur	530,874	10,591	1,513	542,978	1.00
118 Cut stock- resawing lumber- and plan	0	291	9	300	1.00
119 Other millwork- including flooring	0	11,250	1,942	13,192	1.00
120 Wood container and pallet manufactu	0	20,763	2,770	23,533	1.00
121 Manufactured home- mobile home-	0	0	0	0	1.00
122 Prefabricated wood building manufac	378,879	83	23	378,984	1.00
123 Miscellaneous wood product	0	11,538	902	12,439	1.00
124 Pulp mills	0	0	0	0	1.00
125 Paper and paperboard mills	0	23	2	25	1.00
126 Paperboard container manufacturing	0	2,163	271	2,434	1.00
127 Flexible packaging foil manufacturin	0	0	0	0	1.00
128 Surface-coated paperboard manufact	0	13,305	161	13,466	1.00
129 Coated and laminated paper and pack	0	36,035	1,050	37,085	1.00
130 Coated and uncoated paper bag manu	0	297	9	306	1.00
131 Die-cut paper office supplies manufa	0	91	52	143	1.00
132 Envelope manufacturing	0	24	6	30	1.00
133 Stationery and related product manuf	0	6	7	13	1.00
134 Sanitary paper product manufacturin	0	5	1	6	1.00
135 All other converted paper product ma	0	61	4	66	1.00
136 Manifold business forms printing	0	2,074	373	2,446	1.00
137 Books printing	0	25,177	293	25,470	1.00
138 Blankbook and looseleaf binder	0	246	263	509	1.00
139 Commercial printing	0	94,850	12,144	106,993	1.00
140 Tradebinding and related work	0	3,387	50	3,436	1.00
141 Prepress services	0	4,718	361	5,079	1.00
142 Petroleum refineries	0	0	0	0	1.00
143 Asphalt paving mixture and block ma	0	127	49	177	1.00
144 Asphalt shingle and coating material	0	11,196	2,800	13,995	1.00
145 Petroleum lubricating oil and grease	0	15,011	6,272	21,284	1.00
146 All other petroleum and coal product	0	0	0	0	1.00
147 Petrochemical manufacturing	0	0	0	0	1.00
148 Industrial gas manufacturing	0	31,021	3,354	34,375	1.00
149 Synthetic dye and pigment manufactu	0	0	0	0	1.00
150 Other basic inorganic chemical manu	0	3,398	255	3,653	1.00
151 Other basic organic chemical manufa	0	11,578	1,274	12,852	1.00
152 Plastics material and resin manufactu	0	177	19	196	1.00
153 Synthetic rubber manufacturing	0	2	0	2	1.00
154 Cellulosic organic fiber manufacturin	0	0	0	0	1.00
155 Noncellulosic organic fiber manufact	0	0	0	0	1.00
156 Nitrogenous fertilizer manufacturing	0	0	0	0	1.00
157 Phosphatic fertilizer manufacturing	0	0	0	0	1.00
158 Fertilizer- mixing only- manufacturin	0	627	83	709	1.00
159 Pesticide and other agricultural chem	0	612	36	648	1.00
160 Pharmaceutical and medicine manufa	0	372	8,479	8,851	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.6.10.21



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Output Impact

August 28, 2008

EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Time SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
161 Paint and coating manufacturing	0	207	13	220	1.00
162 Adhesive manufacturing	0	21,806	2,056	23,862	1.00
163 Soap and other detergent manufactur	0	1,207	619	1,826	1.00
164 Polish and other sanitation good man	0	66,834	25,882	92,716	1.00
165 Surface active agent manufacturing	0	0	0	0	1.00
166 Toilet preparation manufacturing	0	18,316	42,352	60,668	1.00
167 Printing ink manufacturing	0	20,357	735	21,092	1.00
168 Explosives manufacturing	0	51	6	56	1.00
169 Custom compounding of purchased	0	13,136	268	13,404	1.00
170 Photographic film and chemical	0	971	156	1,126	1.00
171 Other miscellaneous chemical produc	0	40,976	2,725	43,700	1.00
172 Plastics packaging materials- film an	0	36,896	1,131	38,027	1.00
173 Plastics pipe- fittings- and profile sh	0	41,392	2,655	44,047	1.00
174 Laminated plastics plate- sheet- and	0	0	0	0	1.00
175 Plastics bottle manufacturing	0	73,880	2,378	76,258	1.00
176 Resilient floor covering manufacturi	0	21	4	26	1.00
177 Plastics plumbing fixtures and all	0	93,617	9,719	103,336	1.00
178 Foam product manufacturing	0	22,323	8,156	30,479	1.00
179 Tire manufacturing	0	5	2	7	1.00
180 Rubber and plastics hose and belting	0	0	0	0	1.00
181 Other rubber product manufacturing	0	1,427	70	1,497	1.00
182 Vitreous china plumbing fixture man	0	0	0	0	1.00
183 Vitreous china and earthenware artic	0	50	638	688	1.00
184 Porcelain electrical supply manufactu	0	0	0	0	1.00
185 Brick and structural clay tile manufa	0	0	0	0	1.00
186 Ceramic wall and floor tile manufact	0	2,609	748	3,357	1.00
187 Nonclay refractory manufacturing	0	0	0	0	1.00
188 Clay refractory and other structural c	0	0	0	0	1.00
189 Glass container manufacturing	0	4,729	67	4,796	1.00
190 Glass and glass products- except glas	0	19,473	3,704	23,178	1.00
191 Cement manufacturing	0	0	0	0	1.00
192 Ready-mix concrete manufacturing	0	2	1	3	1.00
193 Concrete block and brick manufactur	0	4	2	6	1.00
194 Concrete pipe manufacturing	0	0	0	0	1.00
195 Other concrete product manufacturin	0	9	15	24	1.00
196 Lime manufacturing	0	0	0	0	1.00
197 Gypsum product manufacturing	0	7	1	8	1.00
198 Abrasive product manufacturing	0	0	0	0	1.00
199 Cut stone and stone product manufac	0	45	467	511	1.00
200 Ground or treated minerals and earth	0	0	0	0	1.00
201 Mineral wool manufacturing	0	0	0	0	1.00
202 Miscellaneous nonmetallic mineral p	0	121	113	233	1.00
203 Iron and steel mills	0	0	0	0	1.00
204 Ferroalloy and related product manuf	0	0	0	0	1.00
205 Iron- steel pipe and tube from	0	611	3	614	1.00
206 Rolled steel shape manufacturing	0	19,014	96	19,110	1.00
207 Steel wire drawing	0	474	152	626	1.00
208 Alumina refining	0	0	0	0	1.00
209 Primary aluminum production	0	0	0	0	1.00
210 Secondary smelting and alloying of	0	0	0	0	1.00
211 Aluminum sheet- plate- and foil man	0	0	0	0	1.00
212 Aluminum extruded product manufac	0	0	0	0	1.00
213 Other aluminum rolling and drawing	0	135	1	136	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



Output Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
214 Primary smelting and refining of cop	0	0	0	0	1.00
215 Primary nonferrous metal- except co	0	2,925	53	2,978	1.00
216 Copper rolling- drawing- and extrudi	0	25	0	25	1.00
217 Copper wire- except mechanical- dra	0	10,874	304	11,178	1.00
218 Secondary processing of copper	0	0	0	0	1.00
219 Nonferrous metal- except copper and	0	7,321	134	7,455	1.00
220 Secondary processing of other nonfer	0	10,901	164	11,065	1.00
221 Ferrous metal foundries	0	149	1	149	1.00
222 Aluminum foundries	0	474	2	476	1.00
223 Nonferrous foundries- except alumi	0	0	0	0	1.00
224 Iron and steel forging	0	282	1	283	1.00
225 Nonferrous forging	0	1,220	4	1,223	1.00
226 Custom roll forming	0	170	3	173	1.00
227 All other forging and stamping	0	1,250	44	1,294	1.00
228 Cutlery and flatware- except preciou	0	0	0	0	1.00
229 Hand and edge tool manufacturing	0	109	31	141	1.00
230 Saw blade and handsaw manufacturi	0	8	4	13	1.00
231 Kitchen utensil- pot- and pan manufa	0	0	0	0	1.00
232 Prefabricated metal buildings and c	0	0	0	0	1.00
233 Fabricated structural metal manufact	369,141	1,443	29	370,613	1.00
234 Plate work manufacturing	0	2,064	33	2,097	1.00
235 Metal window and door manufacturi	416,925	5,550	572	423,047	1.00
236 Sheet metal work manufacturing	0	4,258	60	4,318	1.00
237 Ornamental and architectural metal	421,528	973	70	422,572	1.00
238 Power boiler and heat exchanger man	0	0	0	0	1.00
239 Metal tank- heavy gauge- manufactur	0	42	1	43	1.00
240 Metal can- box- and other container	0	45,538	524	46,062	1.00
241 Hardware manufacturing	0	525	17	543	1.00
242 Spring and wire product manufacturi	0	1,450	283	1,733	1.00
243 Machine shops	0	74,391	589	74,980	1.00
244 Turned product and screw- nut- and	0	3,078	52	3,130	1.00
245 Metal heat treating	0	1,016	44	1,059	1.00
246 Metal coating and nonprecious engra	0	2,777	112	2,889	1.00
247 Electroplating- anodizing- and colori	0	7,643	275	7,917	1.00
248 Metal valve manufacturing	468,091	5,140	141	473,372	1.00
249 Ball and roller bearing manufacturing	0	3,277	30	3,307	1.00
250 Small arms manufacturing	0	0	0	0	1.00
251 Other ordnance and accessories manu	0	0	0	0	1.00
252 Fabricated pipe and pipe fitting manu	0	512	31	543	1.00
253 Industrial pattern manufacturing	0	0	0	0	1.00
254 Enameled iron and metal sanitary wa	0	1,150	72	1,222	1.00
255 Miscellaneous fabricated metal produ	0	46	5	51	1.00
256 Ammunition manufacturing	0	0	0	0	1.00
257 Farm machinery and equipment	0	36	1	38	1.00
258 Lawn and garden equipment manufac	0	0	0	0	1.00
259 Construction machinery manufacturi	0	1,113	135	1,248	1.00
260 Mining machinery and equipment ma	0	12	1	13	1.00
261 Oil and gas field machinery and equ	0	524	26	550	1.00
262 Sawmill and woodworking machiner	0	198	78	276	1.00
263 Plastics and rubber industry machine	0	648	54	703	1.00
264 Paper industry machinery manufactur	0	0	0	0	1.00
265 Textile machinery manufacturing	0	103	3	106	1.00
266 Printing machinery and equipment m	0	1,229	67	1,297	1.00
267 Food product machinery manufacturi	0	309	69	379	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Output Impact

August 28, 2008

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EB-5 Impact Model.iap
IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Time SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
268 Semiconductor machinery manufactu	0	0	0	0	1.00
269 All other industrial machinery manuf	0	71	68	138	1.00
270 Office machinery manufacturing	0	1,459	498	1,957	1.00
271 Optical instrument and lens manufact	0	0	0	0	1.00
272 Photographic and photocopying equi	0	666	761	1,427	1.00
273 Other commercial and service indust	0	1,863	164	2,027	1.00
274 Automatic vending- commercial laun	0	88	38	126	1.00
275 Air purification equipment manufact	521,677	114	10	521,801	1.00
276 Industrial and commercial fan and b	0	0	0	0	1.00
277 Heating equipment- except warm air	525,643	0	0	525,643	1.00
278 AC- refrigeration- and forced air heat	434,815	0	0	434,815	1.00
279 Industrial mold manufacturing	0	29	1	30	1.00
280 Metal cutting machine tool manufact	0	0	0	0	1.00
281 Metal forming machine tool manufac	0	0	0	0	1.00
282 Special tool- die- jig- and fixture ma	0	1,093	13	1,106	1.00
283 Cutting tool and machine tool access	0	0	0	0	1.00
284 Rolling mill and other metalworking	0	755	17	772	1.00
285 Turbine and turbine generator set uni	0	0	0	0	1.00
286 Other engine equipment manufacturi	0	249	84	334	1.00
287 Speed changers and mechanical	0	22,967	218	23,185	1.00
288 Pump and pumping equipment manuf	0	581	4	585	1.00
289 Air and gas compressor manufacturin	0	0	0	0	1.00
290 Measuring and dispensing pump man	0	0	0	0	1.00
291 Elevator and moving stairway	0	0	0	0	1.00
292 Conveyor and conveying equipment	0	419	58	478	1.00
293 Overhead cranes- hoists- and	0	0	0	0	1.00
294 Industrial truck- trailer- and stacker	0	4,218	211	4,429	1.00
295 Power-driven handtool manufacturin	0	259	233	492	1.00
296 Welding and soldering equipment ma	0	0	0	0	1.00
297 Packaging machinery manufacturing	0	997	17	1,015	1.00
298 Industrial process furnace and oven	0	148	9	158	1.00
299 Fluid power cylinder and actuator ma	0	83	2	85	1.00
300 Fluid power pump and motor manufa	0	0	0	0	1.00
301 Scales- balances- and miscellaneous	0	2,651	231	2,882	1.00
302 Electronic computer manufacturing	0	6,762	7,057	13,818	1.00
303 Computer storage device manufactur	0	559	67	626	1.00
304 Computer terminal manufacturing	0	7,528	307	7,835	1.00
305 Other computer peripheral equipmen	0	14,408	4,116	18,524	1.00
306 Telephone apparatus manufacturing	690,455	9,696	1,324	701,476	1.00
307 Broadcast and wireless communicati	531,244	66,557	870	598,671	1.00
308 Other communications equipment ma	354,050	6,579	309	360,939	1.00
309 Audio and video equipment manufact	0	5,582	20,396	25,978	1.00
310 Electron tube manufacturing	0	0	0	0	1.00
311 Semiconductors and related device m	692,331	697,808	18,432	1,408,571	1.00
312 All other electronic component manu	0	74,733	2,027	76,760	1.00
313 Electromedical apparatus manufactur	477,728	2,691	385	480,804	1.00
314 Search- detection- and navigation in	289,999	23,371	270	313,639	1.00
315 Automatic environmental control	0	0	0	0	1.00
316 Industrial process variable instrument	293,125	16,331	476	309,932	1.00
317 Totalizing fluid meters and counting	0	0	0	0	1.00
318 Electricity and signal testing instrum	365,816	5,661	54	371,531	1.00
319 Analytical laboratory instrument man	399,658	1,144	230	401,031	1.00
320 Irradiation apparatus manufacturing	0	0	0	0	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Output Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Tvrne SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
321 Watch- clock- and other measuring	0	2,001	547	2,548	1.00
322 Software reproducing	0	0	0	0	1.00
323 Audio and video media reproduction	0	12,135	653	12,788	1.00
324 Magnetic and optical recording medi	0	3,388	385	3,773	1.00
325 Electric lamp bulb and part manufact	0	1	0	1	1.00
326 Lighting fixture manufacturing	455,110	3	2	455,115	1.00
327 Electric housewares and household f	0	120	3,416	3,536	1.00
328 Household vacuum cleaner manufact	0	0	0	0	1.00
329 Household cooking appliance manufa	0	0	0	0	1.00
330 Household refrigerator and home fre	0	0	0	0	1.00
331 Household laundry equipment	0	0	0	0	1.00
332 Other major household appliance	0	0	0	0	1.00
333 Electric power and specialty transfo	0	8,414	84	8,498	1.00
334 Motor and generator manufacturing	0	2,915	76	2,992	1.00
335 Switchgear and switchboard apparatu	0	1,328	154	1,482	1.00
336 Relay and industrial control manufac	0	5,377	143	5,520	1.00
337 Storage battery manufacturing	0	98	37	134	1.00
338 Primary battery manufacturing	0	0	0	0	1.00
339 Fiber optic cable manufacturing	0	0	0	0	1.00
340 Other communication and energy wir	0	734	23	758	1.00
341 Wiring device manufacturing	0	119	4	123	1.00
342 Carbon and graphite product manufac	0	0	0	0	1.00
343 Miscellaneous electrical equipment	0	4,124	279	4,403	1.00
344 Automobile and light truck manufact	0	0	0	0	1.00
345 Heavy duty truck manufacturing	0	0	0	0	1.00
346 Motor vehicle body manufacturing	394,799	11,411	402	406,612	1.00
347 Truck trailer manufacturing	0	928	1	929	1.00
348 Motor home manufacturing	0	0	0	0	1.00
349 Travel trailer and camper manufactur	0	0	0	0	1.00
350 Motor vehicle parts manufacturing	585,740	12,807	3,986	602,533	1.00
351 Aircraft manufacturing	383,760	20,448	972	405,180	1.00
352 Aircraft engine and engine parts man	632,994	194,174	548	827,715	1.00
353 Other aircraft parts and equipment	289,998	52,436	405	342,839	1.00
354 Guided missile and space vehicle ma	0	0	0	0	1.00
355 Propulsion units and parts for space	0	0	0	0	1.00
356 Railroad rolling stock manufacturing	0	550	87	637	1.00
357 Ship building and repairing	0	0	0	0	1.00
358 Boat building	0	0	0	0	1.00
359 Motorcycle- bicycle- and parts manuf	1,165,185	21,809	835	1,187,829	1.00
360 Military armored vehicles and tank p	0	18	89	107	1.00
361 All other transportation equipment m	0	40	5	45	1.00
362 Wood kitchen cabinet and countertop	0	19,688	5,715	25,403	1.00
363 Upholstered household furniture man	0	1	10,324	10,326	1.00
364 Nonupholstered wood household furn	0	97	1,997	2,093	1.00
365 Metal household furniture manufactu	0	1	1,093	1,095	1.00
366 Institutional furniture manufacturing	0	54	61	114	1.00
367 Other household and institutional fur	0	1,045	596	1,640	1.00
368 Wood office furniture manufacturing	0	0	0	0	1.00
369 Custom architectural woodwork and	0	108	67	175	1.00
370 Office furniture- except wood- manuf	0	1	1	3	1.00
371 Showcases- partitions- shelving- and	0	147	48	195	1.00
372 Mattress manufacturing	0	0	8,274	8,274	1.00
373 Blind and shade manufacturing	0	4	3,275	3,279	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2010025



Output Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
374 Laboratory apparatus and furniture m	0	0	0	0	1.00
375 Surgical and medical instrument man	652,984	7,216	1,011	661,211	1.00
376 Surgical appliance and supplies manu	656,370	5,608	1,824	663,802	1.00
377 Dental equipment and supplies manuf	0	0	0	0	1.00
378 Ophthalmic goods manufacturing	589,535	1,830	6,314	597,680	1.00
379 Dental laboratories	0	386	1,178	1,564	1.00
380 Jewelry and silverware manufacturin	0	90	2,274	2,364	1.00
381 Sporting and athletic goods manufact	0	24	84	108	1.00
382 Doll- toy- and game manufacturing	0	0	0	0	1.00
383 Office supplies- except paper- manuf	0	97	85	182	1.00
384 Sign manufacturing	0	7,023	917	7,939	1.00
385 Gasket- packing- and sealing device	0	696	38	735	1.00
386 Musical instrument manufacturing	0	0	0	0	1.00
387 Broom- brush- and mop manufacturi	0	0	0	0	1.00
388 Burial casket manufacturing	0	0	0	0	1.00
389 Buttons- pins- and all other miscell	0	1,823	430	2,253	1.00
390 Wholesale trade	0	3,394,871	635,678	4,030,548	1.00
391 Air transportation	289,718	85,524	35,239	410,481	1.00
392 Rail transportation	292,939	61,932	6,986	361,857	1.00
393 Water transportation	0	1,420	1,514	2,934	1.00
394 Truck transportation	313,339	822,085	107,781	1,243,205	1.00
395 Transit and ground passenger transpo	0	10,793	12,347	23,141	1.00
396 Pipeline transportation	0	22,476	12,834	35,310	1.00
397 Scenic and sightseeing transportation	279,585	152,179	19,019	450,782	1.00
398 Postal service	0	85,207	26,662	111,869	1.00
399 Couriers and messengers	0	116,789	19,378	136,167	1.00
400 Warehousing and storage	213,759	70,692	3,885	288,335	1.00
401 Motor vehicle and parts dealers	0	50,635	252,082	302,718	1.00
402 Furniture and home furnishings store	0	16,564	67,914	84,478	1.00
403 Electronics and appliance stores	0	9,648	34,516	44,164	1.00
404 Building material and garden supply	0	24,408	102,156	126,564	1.00
405 Food and beverage stores	0	33,841	167,091	200,933	1.00
406 Health and personal care stores	0	16,148	65,600	81,748	1.00
407 Gasoline stations	0	14,156	60,185	74,341	1.00
408 Clothing and clothing accessories sto	0	23,186	123,332	146,519	1.00
409 Sporting goods- hobby- book and	0	5,774	26,840	32,614	1.00
410 General merchandise stores	0	38,105	188,336	226,440	1.00
411 Miscellaneous store retailers	0	12,342	61,021	73,363	1.00
412 Nonstore retailers	0	26,947	114,614	141,561	1.00
413 Newspaper publishers	284,336	81,713	14,065	380,114	1.00
414 Periodical publishers	423,731	35,182	8,414	467,326	1.00
415 Book publishers	543,469	6,925	3,132	553,527	1.00
416 Database- directory- and other publis	668,165	32,262	5,503	705,930	1.00
417 Software publishers	456,553	3,594	9,016	469,162	1.00
418 Motion picture and video industries	496,995	356,669	41,072	894,736	1.00
419 Sound recording industries	869,083	81,118	13,285	963,486	1.00
420 Radio and television broadcasting	310,508	131,011	16,378	457,897	1.00
421 Cable networks and program distribu	0	16,061	59,499	75,559	1.00
422 Telecommunications	638,067	477,301	167,042	1,282,410	1.00
423 Information services	0	28,845	6,114	34,959	1.00
424 Data processing services	336,756	80,051	8,373	425,180	1.00
425 Nondepository credit intermediation	267,952	415,309	125,737	808,998	1.00
426 Securities- commodity contracts- inv	314,221	312,503	173,117	799,841	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2/10/05



Output Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact

MODEL TYPE: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
427 Insurance carriers	0	353,713	300,724	654,436	1.00
428 Insurance agencies- brokerages- and r	267,963	101,082	77,063	446,107	1.00
429 Funds- trusts- and other financial veh	0	2,843	71,238	74,081	1.00
430 Monetary authorities and depository	0	483,779	290,682	774,461	1.00
431 Real estate	0	948,178	515,840	1,464,018	1.00
432 Automotive equipment rental and lea	0	42,848	21,087	63,935	1.00
433 Video tape and disc rental	0	461	10,092	10,553	1.00
434 Machinery and equipment rental and	0	98,988	11,739	110,728	1.00
435 General and consumer goods rental	0	23,334	6,811	30,145	1.00
436 Lessors of nonfinancial intangible ass	0	608,228	27,740	635,967	1.00
437 Legal services	0	386,588	156,005	542,593	1.00
438 Accounting and bookkeeping service	240,409	323,719	55,869	619,997	1.00
439 Architectural and engineering service	0	399,906	35,358	435,264	1.00
440 Specialized design services	380,133	93,517	9,824	483,475	1.00
441 Custom computer programming servi	145,589	22,621	1,306	169,517	1.00
442 Computer systems design services	151,584	152,995	15,358	319,938	1.00
443 Other computer related services-	378,905	70,954	8,288	458,146	1.00
444 Management consulting services	247,187	373,416	57,124	677,727	1.00
445 Environmental and other technical co	0	31,205	5,853	37,058	1.00
446 Scientific research and development s	0	158,925	12,168	171,093	1.00
447 Advertising and related services	309,092	429,887	56,158	795,137	1.00
448 Photographic services	357,157	13,629	9,106	379,892	1.00
449 Veterinary services	0	26,717	21,287	48,004	1.00
450 All other miscellaneous professional	0	755,238	28,826	784,064	1.00
451 Management of companies and	215,925	1,321,448	101,751	1,639,124	1.00
452 Office administrative services	322,720	158,120	33,286	514,127	1.00
453 Facilities support services	0	3,754	761	4,515	1.00
454 Employment services	0	242,715	47,774	290,489	1.00
455 Business support services	231,834	182,644	30,322	444,799	1.00
456 Travel arrangement and reservation s	0	40,910	17,080	57,990	1.00
457 Investigation and security services	0	58,992	12,144	71,136	1.00
458 Services to buildings and dwellings	0	136,009	46,101	182,110	1.00
459 Other support services	0	86,850	18,724	105,574	1.00
460 Waste management and remediation	0	75,623	13,512	89,135	1.00
461 Elementary and secondary schools	0	0	38,002	38,002	1.00
462 Colleges- universities- and junior col	0	8,013	53,407	61,420	1.00
463 Other educational services	0	3,375	43,184	46,560	1.00
464 Home health care services	0	0	66,032	66,032	1.00
465 Offices of physicians- dentists- and o	0	0	456,300	456,300	1.00
466 Other ambulatory health care services	0	1,498	169,898	171,396	1.00
467 Hospitals	0	0	436,640	436,640	1.00
468 Nursing and residential care facilities	0	0	90,360	90,360	1.00
469 Child day care services	0	0	51,598	51,598	1.00
470 Social assistance- except child day ca	0	63	82,923	82,986	1.00
471 Performing arts companies	0	6,929	11,006	17,934	1.00
472 Spectator sports	0	59,337	17,395	76,733	1.00
473 Independent artists- writers- and per	487,060	31,392	5,144	523,596	1.00
474 Promoters of performing arts and spo	0	120,270	9,582	129,852	1.00
475 Museums- historical sites- zoos- and	0	0	7,961	7,961	1.00
476 Fitness and recreational sports center	0	13,797	18,989	32,786	1.00
477 Bowling centers	0	0	1,482	1,482	1.00
478 Other amusement- gambling- and	0	6,762	60,385	67,146	1.00
479 Hotels and motels- including casino h	0	245,628	95,662	341,290	1.00
480 Other accommodations	0	37	1,147	1,185	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Output Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Immact

MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
481 Food services and drinking places	0	198,825	473,222	672,047	1.00
482 Car washes	0	5,090	12,161	17,252	1.00
483 Automotive repair and maintenance-	0	58,826	78,971	137,796	1.00
484 Electronic equipment repair and mai	0	23,373	3,671	27,043	1.00
485 Commercial machinery repair and ma	0	116,330	8,324	124,655	1.00
486 Household goods repair and mainten	0	23,791	9,533	33,324	1.00
487 Personal care services	0	0	57,660	57,660	1.00
488 Death care services	0	0	12,298	12,298	1.00
489 Drycleaning and laundry services	0	8,279	21,356	29,635	1.00
490 Other personal services	0	27,682	70,923	98,605	1.00
491 Religious organizations	0	0	20,931	20,931	1.00
492 Grantmaking and giving and social a	0	0	26,883	26,883	1.00
493 Civic- social- professional and simila	0	74,134	50,764	124,899	1.00
494 Private households	0	0	28,488	28,488	1.00
495 Federal electric utilities	0	0	0	0	1.00
496 Other Federal Government enterprise	0	2,927	2,990	5,917	1.00
497 State and local government passenger	0	9,799	11,209	21,008	1.00
498 State and local government electric	0	19,747	11,420	31,167	1.00
499 Other State and local government	0	139,565	104,557	244,122	1.00
500 Noncomparable imports	0	0	0	0	1.00
501 Scrap	0	0	0	0	1.00
502 Used and secondhand goods	0	0	0	0	1.00
503 State & Local Education	0	0	0	0	1.00
504 State & Local Non-Education	0	0	0	0	1.00
505 Federal Military	0	0	0	0	1.00
506 Federal Non-Military	0	0	0	0	1.00
507 Rest of the world adjustment to final	0	0	0	0	1.00
508 Inventory valuation adjustment	0	0	0	0	1.00
509 Owner-occupied dwellings	0	0	1,379,029	1,379,029	1.00
25001 Foreign Trade	0	0	0	0	1.00
28001 Domestic Trade	0	0	0	0	1.00
Total	47,539,162	24,022,244	10,191,978	81,753,384	

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.10.25



Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
1 Oilseed farming	0.0	0.0	0.0	0.0
2 Grain farming	0.0	1.2	0.1	1.3
3 Vegetable and melon farming	0.0	0.2	0.1	0.2
4 Tree nut farming	0.0	6.8	0.0	6.8
5 Fruit farming	0.0	1.3	0.0	1.4
6 Greenhouse and nursery production	0.0	1.3	0.3	1.6
7 Tobacco farming	0.0	0.0	0.0	0.0
8 Cotton farming	0.0	0.0	0.0	0.0
9 Sugarcane and sugar beet farming	0.0	0.0	0.0	0.0
10 All other crop farming	0.0	5.9	0.1	6.0
11 Cattle ranching and farming	0.0	33.3	0.5	33.7
12 Poultry and egg production	0.0	0.1	0.1	0.3
13 Animal production- except cattle and	0.0	0.3	0.2	0.6
14 Logging	0.0	0.0	0.0	0.0
15 Forest nurseries- forest products- and	0.0	0.0	0.0	0.0
16 Fishing	0.0	0.1	0.3	0.4
17 Hunting and trapping	0.0	0.0	0.0	0.0
18 Agriculture and forestry support activ	0.0	0.1	0.0	0.1
19 Oil and gas extraction	0.0	0.3	0.1	0.5
20 Coal mining	0.0	0.0	0.0	0.0
21 Iron ore mining	0.0	0.0	0.0	0.0
22 Copper- nickel- lead- and zinc minin	0.0	0.0	0.0	0.0
23 Gold- silver- and other metal ore min	0.0	0.0	0.0	0.0
24 Stone mining and quarrying	0.0	0.0	0.0	0.0
25 Sand- gravel- clay- and refractory mi	0.0	0.0	0.0	0.0
26 Other nonmetallic mineral mining	0.0	0.0	0.0	0.0
27 Drilling oil and gas wells	0.0	0.0	0.0	0.0
28 Support activities for oil and gas ope	0.0	0.0	0.0	0.0
29 Support activities for other mining	0.0	0.0	0.0	0.0
30 Power generation and supply	0.0	0.2	0.1	0.4
31 Natural gas distribution	0.0	0.1	0.0	0.1
32 Water- sewage and other systems	1.4	0.0	0.0	1.5
33 New residential 1-unit structures- all	0.0	0.0	0.0	0.0
34 New multifamily housing structures-	0.0	0.0	0.0	0.0
35 New residential additions and alterati	0.0	0.0	0.0	0.0
36 New farm housing units	0.0	0.0	0.0	0.0
37 Manufacturing and industrial buildin	0.0	0.0	0.0	0.0
38 Commercial and institutional buildin	0.0	0.0	0.0	0.0
39 Highway- street- bridge- and tunnel c	0.0	0.0	0.0	0.0
40 Water- sewer- and pipeline construct	0.0	0.0	0.0	0.0
41 Other new construction	0.0	0.0	0.0	0.0
42 Maintenance and repair of farm and	0.0	0.0	0.1	0.1
43 Maintenance and repair of nonresiden	0.0	1.2	0.2	1.4
44 Maintenance and repair of highways-	0.0	0.0	0.0	0.0
45 Other maintenance and repair constru	0.0	0.6	0.1	0.8
46 Dog and cat food manufacturing	0.0	0.0	0.0	0.0
47 Other animal food manufacturing	0.0	0.0	0.0	0.0
48 Flour milling	0.0	0.0	0.0	0.0
49 Rice milling	0.0	0.0	0.0	0.0
50 Malt manufacturing	0.0	0.0	0.0	0.0
51 Wet com milling	0.0	0.0	0.0	0.0
52 Soybean processing	0.0	0.0	0.0	0.0
53 Other oilseed processing	0.0	0.0	0.0	0.0
54 Fats and oils refining and blending	0.0	0.0	0.0	0.0
55 Breakfast cereal manufacturing	0.0	0.0	0.0	0.0
56 Sugar manufacturing	0.0	0.1	0.0	0.1
57 Confectionery manufacturing from c	5.3	0.1	0.0	5.5
58 Confectionery manufacturing from p	2.6	0.0	0.0	2.6
59 Nonchocolate confectionery manufac	0.0	0.0	0.0	0.0
60 Frozen food manufacturing	2.9	0.0	0.0	2.9
61 Fruit and vegetable canning and dryi	2.4	0.0	0.0	2.4

*Number of Jobs
Version: 2.0.1025



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Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
62 Fluid milk manufacturing	1.7	0.5	0.1	2.3
63 Creamery butter manufacturing	0.0	0.0	0.0	0.0
64 Cheese manufacturing	1.4	0.0	0.0	1.4
65 Dry- condensed- and evaporated dair	1.9	0.0	0.0	1.9
66 Ice cream and frozen dessert manufac	0.0	0.0	0.0	0.0
67 Animal- except poultry- slaughtering	0.0	0.0	0.0	0.0
68 Meat processed from carcasses	0.0	0.1	0.1	0.2
69 Rendering and meat byproduct proce	0.0	0.1	0.0	0.1
70 Poultry processing	0.0	0.1	0.2	0.3
71 Seafood product preparation and pac	0.0	0.0	0.0	0.0
72 Frozen cakes and other pastries manu	2.0	0.0	0.0	2.0
73 Bread and bakery product- except fr	2.9	0.0	0.2	3.1
74 Cookie and cracker manufacturing	15.0	0.0	0.0	15.0
75 Mixes and dough made from	1.8	0.1	0.0	1.9
76 Dry pasta manufacturing	0.0	0.0	0.0	0.0
77 Tortilla manufacturing	3.6	0.0	0.0	3.6
78 Roasted nuts and peanut butter manu	4.2	0.0	0.0	4.2
79 Other snack food manufacturing	1.3	0.0	0.0	1.4
80 Coffee and tea manufacturing	1.5	0.0	0.0	1.5
81 Flavoring syrup and concentrate man	1.1	0.2	0.0	1.3
82 Mayonnaise- dressing- and sauce	0.0	0.1	0.0	0.1
83 Spice and extract manufacturing	1.6	0.0	0.0	1.6
84 All other food manufacturing	0.9	0.2	0.0	1.2
85 Soft drink and ice manufacturing	1.3	0.0	0.0	1.3
86 Breweries	0.0	0.0	0.0	0.0
87 Wineries	1.6	0.0	0.0	1.6
88 Distilleries	0.0	0.0	0.0	0.0
89 Tobacco stemming and redrying	0.0	0.0	0.0	0.0
90 Cigarette manufacturing	0.0	0.0	0.0	0.0
91 Other tobacco product manufacturing	0.0	0.0	0.0	0.0
92 Fiber- yam- and thread mills	0.0	0.0	0.0	0.0
93 Broadwoven fabric mills	0.0	0.0	0.0	0.0
94 Narrow fabric mills and schiffli embr	0.0	0.0	0.0	0.0
95 Nonwoven fabric mills	0.0	0.0	0.0	0.0
96 Knit fabric mills	0.0	0.0	0.0	0.0
97 Textile and fabric finishing mills	0.0	0.0	0.0	0.0
98 Fabric coating mills	0.0	0.0	0.0	0.0
99 Carpet and rug mills	0.0	0.0	0.0	0.0
100 Curtain and linen mills	0.0	0.0	0.1	0.1
101 Textile bag and canvas mills	0.0	0.0	0.0	0.0
102 Tire cord and tire fabric mills	0.0	0.0	0.0	0.0
103 Other miscellaneous textile product	0.0	0.0	0.0	0.0
104 Sheer hosiery mills	0.0	0.0	0.0	0.0
105 Other hosiery and sock mills	0.0	0.0	0.0	0.0
106 Other apparel knitting mills	0.0	0.0	0.0	0.0
107 Cut and sew apparel manufacturing	0.0	0.0	0.2	0.2
108 Accessories and other apparel	0.0	0.0	0.1	0.1
109 Leather and hide tanning and finishi	0.0	0.0	0.0	0.0
110 Footwear manufacturing	0.0	0.0	0.0	0.0
111 Other leather product manufacturing	0.0	0.0	0.0	0.0
112 Sawmills	0.0	0.0	0.0	0.0
113 Wood preservation	0.0	0.0	0.0	0.0
114 Reconstituted wood product manufac	0.0	0.0	0.0	0.0
115 Veneer and plywood manufacturing	0.0	0.0	0.0	0.0
116 Engineered wood member and truss	0.0	0.0	0.0	0.0
117 Wood windows and door manufactur	3.2	0.1	0.0	3.2
118 Cut stock- resawing lumber- and plan	0.0	0.0	0.0	0.0
119 Other millwork- including flooring	0.0	0.1	0.0	0.1
120 Wood container and pallet manufactu	0.0	0.2	0.0	0.2
121 Manufactured home- mobile home-	0.0	0.0	0.0	0.0
122 Prefabricated wood building manufac	2.0	0.0	0.0	2.0

*Number of Jobs
Version: 2.0.1025



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Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
123 Miscellaneous wood product	0.0	0.1	0.0	0.1
124 Pulp mills	0.0	0.0	0.0	0.0
125 Paper and paperboard mills	0.0	0.0	0.0	0.0
126 Paperboard container manufacturing	0.0	0.0	0.0	0.0
127 Flexible packaging foil manufacturin	0.0	0.0	0.0	0.0
128 Surface-coated paperboard manufact	0.0	0.0	0.0	0.0
129 Coated and laminated paper and pack	0.0	0.1	0.0	0.1
130 Coated and uncoated paper bag manu	0.0	0.0	0.0	0.0
131 Die-cut paper office supplies manufa	0.0	0.0	0.0	0.0
132 Envelope manufacturing	0.0	0.0	0.0	0.0
133 Stationery and related product manuf	0.0	0.0	0.0	0.0
134 Sanitary paper product manufacturin	0.0	0.0	0.0	0.0
135 All other converted paper product ma	0.0	0.0	0.0	0.0
136 Manifold business forms printing	0.0	0.0	0.0	0.0
137 Books printing	0.0	0.1	0.0	0.1
138 Blankbook and looseleaf binder	0.0	0.0	0.0	0.0
139 Commercial printing	0.0	1.0	0.1	1.1
140 Tradebinding and related work	0.0	0.0	0.0	0.0
141 Prepress services	0.0	0.0	0.0	0.0
142 Petroleum refineries	0.0	0.0	0.0	0.0
143 Asphalt paving mixture and block ma	0.0	0.0	0.0	0.0
144 Asphalt shingle and coating material	0.0	0.0	0.0	0.0
145 Petroleum lubricating oil and grease	0.0	0.0	0.0	0.0
146 All other petroleum and coal product	0.0	0.0	0.0	0.0
147 Petrochemical manufacturing	0.0	0.0	0.0	0.0
148 Industrial gas manufacturing	0.0	0.0	0.0	0.0
149 Synthetic dye and pigment manufactu	0.0	0.0	0.0	0.0
150 Other basic inorganic chemical manu	0.0	0.0	0.0	0.0
151 Other basic organic chemical manufa	0.0	0.0	0.0	0.0
152 Plastics material and resin manufactu	0.0	0.0	0.0	0.0
153 Synthetic rubber manufacturing	0.0	0.0	0.0	0.0
154 Cellulosic organic fiber manufacturin	0.0	0.0	0.0	0.0
155 Noncellulosic organic fiber manufact	0.0	0.0	0.0	0.0
156 Nitrogenous fertilizer manufacturing	0.0	0.0	0.0	0.0
157 Phosphatic fertilizer manufacturing	0.0	0.0	0.0	0.0
158 Fertilizer- mixing only- manufacturin	0.0	0.0	0.0	0.0
159 Pesticide and other agricultural chem	0.0	0.0	0.0	0.0
160 Pharmaceutical and medicine manufa	0.0	0.0	0.0	0.0
161 Paint and coating manufacturing	0.0	0.0	0.0	0.0
162 Adhesive manufacturing	0.0	0.0	0.0	0.0
163 Soap and other detergent manufactur	0.0	0.0	0.0	0.0
164 Polish and other sanitation good man	0.0	0.1	0.0	0.1
165 Surface active agent manufacturing	0.0	0.0	0.0	0.0
166 Toilet preparation manufacturing	0.0	0.0	0.0	0.1
167 Printing ink manufacturing	0.0	0.0	0.0	0.0
168 Explosives manufacturing	0.0	0.0	0.0	0.0
169 Custom compounding of purchased	0.0	0.0	0.0	0.0
170 Photographic film and chemical	0.0	0.0	0.0	0.0
171 Other miscellaneous chemical produc	0.0	0.1	0.0	0.1
172 Plastics packaging materials- film an	0.0	0.1	0.0	0.1
173 Plastics pipe- fittings- and profile sh	0.0	0.1	0.0	0.1
174 Laminated plastics plate- sheet- and	0.0	0.0	0.0	0.0
175 Plastics bottle manufacturing	0.0	0.2	0.0	0.2
176 Resilient floor covering manufacturi	0.0	0.0	0.0	0.0
177 Plastics plumbing fixtures and all	0.0	0.5	0.0	0.5
178 Foam product manufacturing	0.0	0.1	0.0	0.1
179 Tire manufacturing	0.0	0.0	0.0	0.0
180 Rubber and plastics hose and belting	0.0	0.0	0.0	0.0
181 Other rubber product manufacturing	0.0	0.0	0.0	0.0
182 Vitreous china plumbing fixture man	0.0	0.0	0.0	0.0
183 Vitreous china and earthenware artic	0.0	0.0	0.0	0.0

*Number of Jobs

Version: 20.10.25



Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
184 Porcelain electrical supply manufactu	0.0	0.0	0.0	0.0
185 Brick and structural clay tile manufa	0.0	0.0	0.0	0.0
186 Ceramic wall and floor tile manufact	0.0	0.0	0.0	0.0
187 Nonclay refractory manufacturing	0.0	0.0	0.0	0.0
188 Clay refractory and other structural c	0.0	0.0	0.0	0.0
189 Glass container manufacturing	0.0	0.0	0.0	0.0
190 Glass and glass products- except glas	0.0	0.1	0.0	0.1
191 Cement manufacturing	0.0	0.0	0.0	0.0
192 Ready-mix concrete manufacturing	0.0	0.0	0.0	0.0
193 Concrete block and brick manufactur	0.0	0.0	0.0	0.0
194 Concrete pipe manufacturing	0.0	0.0	0.0	0.0
195 Other concrete product manufacturin	0.0	0.0	0.0	0.0
196 Lime manufacturing	0.0	0.0	0.0	0.0
197 Gypsum product manufacturing	0.0	0.0	0.0	0.0
198 Abrasive product manufacturing	0.0	0.0	0.0	0.0
199 Cut stone and stone product manufac	0.0	0.0	0.0	0.0
200 Ground or treated minerals and earth	0.0	0.0	0.0	0.0
201 Mineral wool manufacturing	0.0	0.0	0.0	0.0
202 Miscellaneous nonmetallic mineral p	0.0	0.0	0.0	0.0
203 Iron and steel mills	0.0	0.0	0.0	0.0
204 Ferroalloy and related product manuf	0.0	0.0	0.0	0.0
205 Iron- steel pipe and tube from	0.0	0.0	0.0	0.0
206 Rolled steel shape manufacturing	0.0	0.0	0.0	0.0
207 Steel wire drawing	0.0	0.0	0.0	0.0
208 Alumina refining	0.0	0.0	0.0	0.0
209 Primary aluminum production	0.0	0.0	0.0	0.0
210 Secondary smelting and alloying of	0.0	0.0	0.0	0.0
211 Aluminum sheet- plate- and foil man	0.0	0.0	0.0	0.0
212 Aluminum extruded product manufac	0.0	0.0	0.0	0.0
213 Other aluminum rolling and drawing	0.0	0.0	0.0	0.0
214 Primary smelting and refining of cop	0.0	0.0	0.0	0.0
215 Primary nonferrous metal- except co	0.0	0.0	0.0	0.0
216 Copper rolling- drawing- and extrudi	0.0	0.0	0.0	0.0
217 Copper wire- except mechanical- dra	0.0	0.0	0.0	0.0
218 Secondary processing of copper	0.0	0.0	0.0	0.0
219 Nonferrous metal- except copper and	0.0	0.0	0.0	0.0
220 Secondary processing of other nonfer	0.0	0.0	0.0	0.0
221 Ferrous metal foundaries	0.0	0.0	0.0	0.0
222 Aluminum foundries	0.0	0.0	0.0	0.0
223 Nonferrous foundries- except alumi	0.0	0.0	0.0	0.0
224 Iron and steel forging	0.0	0.0	0.0	0.0
225 Nonferrous forging	0.0	0.0	0.0	0.0
226 Custom roll forming	0.0	0.0	0.0	0.0
227 All other forging and stamping	0.0	0.0	0.0	0.0
228 Cutlery and flatware- except preciou	0.0	0.0	0.0	0.0
229 Hand and edge tool manufacturing	0.0	0.0	0.0	0.0
230 Saw blade and handsaw manufacturi	0.0	0.0	0.0	0.0
231 Kitchen utensil- pot- and pan manufa	0.0	0.0	0.0	0.0
232 Prefabricated metal buildings and c	0.0	0.0	0.0	0.0
233 Fabricated structural metal manufact	0.9	0.0	0.0	0.9
234 Plate work manufacturing	0.0	0.0	0.0	0.0
235 Metal window and door manufacturi	2.3	0.0	0.0	2.3
236 Sheet metal work manufacturing	0.0	0.0	0.0	0.0
237 Ornamental and architectural metal	2.2	0.0	0.0	2.2
238 Power boiler and heat exchanger man	0.0	0.0	0.0	0.0
239 Metal tank- heavy gauge- manufactur	0.0	0.0	0.0	0.0
240 Metal can- box- and other container	0.0	0.1	0.0	0.1
241 Hardware manufacturing	0.0	0.0	0.0	0.0
242 Spring and wire product manufacturi	0.0	0.0	0.0	0.0
243 Machine shops	0.0	0.5	0.0	0.5
244 Turned product and screw- nut- and	0.0	0.0	0.0	0.0



Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
245 Metal heat treating	0.0	0.0	0.0	0.0
246 Metal coating and nonprecious engra	0.0	0.0	0.0	0.0
247 Electroplating- anodizing- and colori	0.0	0.0	0.0	0.0
248 Metal valve manufacturing	1.6	0.0	0.0	1.7
249 Ball and roller bearing manufacturing	0.0	0.0	0.0	0.0
250 Small arms manufacturing	0.0	0.0	0.0	0.0
251 Other ordnance and accessories manu	0.0	0.0	0.0	0.0
252 Fabricated pipe and pipe fitting manu	0.0	0.0	0.0	0.0
253 Industrial pattern manufacturing	0.0	0.0	0.0	0.0
254 Enameled iron and metal sanitary wa	0.0	0.0	0.0	0.0
255 Miscellaneous fabricated metal produ	0.0	0.0	0.0	0.0
256 Ammunition manufacturing	0.0	0.0	0.0	0.0
257 Farm machinery and equipment	0.0	0.0	0.0	0.0
258 Lawn and garden equipment manufac	0.0	0.0	0.0	0.0
259 Construction machinery manufacturi	0.0	0.0	0.0	0.0
260 Mining machinery and equipment ma	0.0	0.0	0.0	0.0
261 Oil and gas field machinery and equ	0.0	0.0	0.0	0.0
262 Sawmill and woodworking machiner	0.0	0.0	0.0	0.0
263 Plastics and rubber industry machine	0.0	0.0	0.0	0.0
264 Paper industry machinery manufactur	0.0	0.0	0.0	0.0
265 Textile machinery manufacturing	0.0	0.0	0.0	0.0
266 Printing machinery and equipment m	0.0	0.0	0.0	0.0
267 Food product machinery manufacturi	0.0	0.0	0.0	0.0
268 Semiconductor machinery manufactu	0.0	0.0	0.0	0.0
269 All other industrial machinery manuf	0.0	0.0	0.0	0.0
270 Office machinery manufacturing	0.0	0.0	0.0	0.0
271 Optical instrument and lens manufact	0.0	0.0	0.0	0.0
272 Photographic and photocopying equi	0.0	0.0	0.0	0.0
273 Other commercial and service indust	0.0	0.0	0.0	0.0
274 Automatic vending- commercial laun	0.0	0.0	0.0	0.0
275 Air purification equipment manufact	3.4	0.0	0.0	3.4
276 Industrial and commercial fan and b	0.0	0.0	0.0	0.0
277 Heating equipment- except warm air	2.0	0.0	0.0	2.0
278 AC- refrigeration- and forced air heat	1.2	0.0	0.0	1.2
279 Industrial mold manufacturing	0.0	0.0	0.0	0.0
280 Metal cutting machine tool manufact	0.0	0.0	0.0	0.0
281 Metal forming machine tool manufac	0.0	0.0	0.0	0.0
282 Special tool- die- jig- and fixture ma	0.0	0.0	0.0	0.0
283 Cutting tool and machine tool access	0.0	0.0	0.0	0.0
284 Rolling mill and other metalworking	0.0	0.0	0.0	0.0
285 Turbine and turbine generator set uni	0.0	0.0	0.0	0.0
286 Other engine equipment manufacturi	0.0	0.0	0.0	0.0
287 Speed changers and mechanical	0.0	0.1	0.0	0.1
288 Pump and pumping equipment manuf	0.0	0.0	0.0	0.0
289 Air and gas compressor manufacturin	0.0	0.0	0.0	0.0
290 Measuring and dispensing pump man	0.0	0.0	0.0	0.0
291 Elevator and moving stairway	0.0	0.0	0.0	0.0
292 Conveyor and conveying equipment	0.0	0.0	0.0	0.0
293 Overhead cranes- hoists- and	0.0	0.0	0.0	0.0
294 Industrial truck- trailer- and stacker	0.0	0.0	0.0	0.0
295 Power-driven handtool manufacturin	0.0	0.0	0.0	0.0
296 Welding and soldering equipment ma	0.0	0.0	0.0	0.0
297 Packaging machinery manufacturing	0.0	0.0	0.0	0.0
298 Industrial process furnace and oven	0.0	0.0	0.0	0.0
299 Fluid power cylinder and actuator ma	0.0	0.0	0.0	0.0
300 Fluid power pump and motor manufa	0.0	0.0	0.0	0.0
301 Scales- balances- and miscellaneous	0.0	0.0	0.0	0.0
302 Electronic computer manufacturing	0.0	0.0	0.0	0.0
303 Computer storage device manufactur	0.0	0.0	0.0	0.0
304 Computer terminal manufacturing	0.0	0.0	0.0	0.0
305 Other computer peripheral equipmen	0.0	0.0	0.0	0.0

*Number of Jobs
Version: 20.10.25



Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
306 Telephone apparatus manufacturing	0.8	0.0	0.0	0.8
307 Broadcast and wireless communicati	0.9	0.1	0.0	1.0
308 Other communications equipment ma	1.0	0.0	0.0	1.0
309 Audio and video equipment manufact	0.0	0.0	0.0	0.0
310 Electron tube manufacturing	0.0	0.0	0.0	0.0
311 Semiconductors and related device m	0.8	0.8	0.0	1.7
312 All other electronic component manu	0.0	0.3	0.0	0.3
313 Electromedical apparatus manufactur	1.2	0.0	0.0	1.2
314 Search- detection- and navigation in	0.8	0.1	0.0	0.9
315 Automatic environmental control	0.0	0.0	0.0	0.0
316 Industrial process variable instrument	1.2	0.1	0.0	1.2
317 Totalizing fluid meters and counting	0.0	0.0	0.0	0.0
318 Electricity and signal testing instrum	1.3	0.0	0.0	1.3
319 Analytical laboratory instrument man	1.0	0.0	0.0	1.0
320 Irradiation apparatus manufacturing	0.0	0.0	0.0	0.0
321 Watch- clock- and other measuring	0.0	0.0	0.0	0.0
322 Software reproducing	0.0	0.0	0.0	0.0
323 Audio and video media reproduction	0.0	0.1	0.0	0.1
324 Magnetic and optical recording medi	0.0	0.0	0.0	0.0
325 Electric lamp bulb and part manufact	0.0	0.0	0.0	0.0
326 Lighting fixture manufacturing	1.8	0.0	0.0	1.8
327 Electric housewares and household f	0.0	0.0	0.0	0.0
328 Household vacuum cleaner manufact	0.0	0.0	0.0	0.0
329 Household cooking appliance manufa	0.0	0.0	0.0	0.0
330 Household refrigerator and home fre	0.0	0.0	0.0	0.0
331 Household laundry equipment	0.0	0.0	0.0	0.0
332 Other major household appliance	0.0	0.0	0.0	0.0
333 Electric power and specialty transfo	0.0	0.0	0.0	0.0
334 Motor and generator manufacturing	0.0	0.0	0.0	0.0
335 Switchgear and switchboard apparatu	0.0	0.0	0.0	0.0
336 Relay and industrial control manufac	0.0	0.0	0.0	0.0
337 Storage battery manufacturing	0.0	0.0	0.0	0.0
338 Primary battery manufacturing	0.0	0.0	0.0	0.0
339 Fiber optic cable manufacturing	0.0	0.0	0.0	0.0
340 Other communication and energy wir	0.0	0.0	0.0	0.0
341 Wiring device manufacturing	0.0	0.0	0.0	0.0
342 Carbon and graphite product manufac	0.0	0.0	0.0	0.0
343 Miscellaneous electrical equipment	0.0	0.0	0.0	0.0
344 Automobile and light truck manufact	0.0	0.0	0.0	0.0
345 Heavy duty truck manufacturing	0.0	0.0	0.0	0.0
346 Motor vehicle body manufacturing	1.4	0.0	0.0	1.5
347 Truck trailer manufacturing	0.0	0.0	0.0	0.0
348 Motor home manufacturing	0.0	0.0	0.0	0.0
349 Travel trailer and camper manufactur	0.0	0.0	0.0	0.0
350 Motor vehicle parts manufacturing	1.6	0.0	0.0	1.6
351 Aircraft manufacturing	0.6	0.0	0.0	0.6
352 Aircraft engine and engine parts man	1.6	0.5	0.0	2.1
353 Other aircraft parts and equipment	1.1	0.2	0.0	1.3
354 Guided missile and space vehicle ma	0.0	0.0	0.0	0.0
355 Propulsion units and parts for space	0.0	0.0	0.0	0.0
356 Railroad rolling stock manufacturing	0.0	0.0	0.0	0.0
357 Ship building and repairing	0.0	0.0	0.0	0.0
358 Boat building	0.0	0.0	0.0	0.0
359 Motorcycle- bicycle- and parts manuf	2.9	0.1	0.0	2.9
360 Military armored vehicles and tank p	0.0	0.0	0.0	0.0
361 All other transportation equipment m	0.0	0.0	0.0	0.0
362 Wood kitchen cabinet and countertop	0.0	0.2	0.0	0.2
363 Upholstered household furniture man	0.0	0.0	0.1	0.1
364 Nonupholstered wood household furn	0.0	0.0	0.0	0.0
365 Metal household furniture manufactu	0.0	0.0	0.0	0.0

*Number of Jobs
Version: 20.1025



Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
366 Institutional furniture manufacturing	0.0	0.0	0.0	0.0
367 Other household and institutional fur	0.0	0.0	0.0	0.0
368 Wood office furniture manufacturing	0.0	0.0	0.0	0.0
369 Custom architectural woodwork and	0.0	0.0	0.0	0.0
370 Office furniture- except wood- manuf	0.0	0.0	0.0	0.0
371 Showcases- partitions- shelving- and	0.0	0.0	0.0	0.0
372 Mattress manufacturing	0.0	0.0	0.0	0.0
373 Blind and shade manufacturing	0.0	0.0	0.0	0.0
374 Laboratory apparatus and furniture m	0.0	0.0	0.0	0.0
375 Surgical and medical instrument man	2.3	0.0	0.0	2.3
376 Surgical appliance and supplies manu	1.9	0.0	0.0	1.9
377 Dental equipment and supplies manuf	0.0	0.0	0.0	0.0
378 Ophthalmic goods manufacturing	2.4	0.0	0.0	2.5
379 Dental laboratories	0.0	0.0	0.0	0.0
380 Jewelry and silverware manufacturin	0.0	0.0	0.0	0.0
381 Sporting and athletic goods manufact	0.0	0.0	0.0	0.0
382 Doll- toy- and game manufacturing	0.0	0.0	0.0	0.0
383 Office supplies- except paper- manuf	0.0	0.0	0.0	0.0
384 Sign manufacturing	0.0	0.0	0.0	0.1
385 Gasket- packing- and sealing device	0.0	0.0	0.0	0.0
386 Musical instrument manufacturing	0.0	0.0	0.0	0.0
387 Broom- brush- and mop manufacturi	0.0	0.0	0.0	0.0
388 Burial casket manufacturing	0.0	0.0	0.0	0.0
389 Buttons- pins- and all other-miscell	0.0	0.0	0.0	0.0
390 Wholesale trade	0.0	14.6	2.7	17.4
391 Air transportation	1.1	0.3	0.1	1.6
392 Rail transportation	0.9	0.2	0.0	1.1
393 Water transportation	0.0	0.0	0.0	0.0
394 Truck transportation	2.3	6.1	0.8	9.2
395 Transit and ground passenger transpo	0.0	0.2	0.3	0.5
396 Pipeline transportation	0.0	0.0	0.0	0.0
397 Scenic and sightseeing transportation	2.0	1.1	0.1	3.2
398 Postal service	0.0	1.3	0.4	1.7
399 Couriers and messengers	0.0	1.7	0.3	2.0
400 Warehousing and storage	2.8	0.9	0.1	3.8
401 Motor vehicle and parts dealers	0.0	0.4	2.0	2.4
402 Furniture and home furnishings store	0.0	0.2	0.6	0.8
403 Electronics and appliance stores	0.0	0.1	0.4	0.6
404 Building material and garden supply	0.0	0.2	1.0	1.3
405 Food and beverage stores	0.0	0.5	2.7	3.2
406 Health and personal care stores	0.0	0.2	1.0	1.2
407 Gasoline stations	0.0	0.2	0.7	0.9
408 Clothing and clothing accessories sto	0.0	0.3	1.6	1.9
409 Sporting goods- hobby- book and	0.0	0.1	0.5	0.7
410 General merchandise stores	0.0	0.4	2.2	2.7
411 Miscellaneous store retailers	0.0	0.3	1.4	1.7
412 Nonstore retailers	0.0	0.3	1.4	1.7
413 Newspaper publishers	1.6	0.5	0.1	2.1
414 Periodical publishers	1.6	0.1	0.0	1.7
415 Book publishers	1.6	0.0	0.0	1.7
416 Database- directory- and other publis	1.7	0.1	0.0	1.8
417 Software publishers	0.9	0.0	0.0	1.0
418 Motion picture and video industries	2.7	2.0	0.2	4.9
419 Sound recording industries	1.1	0.1	0.0	1.2
420 Radio and television broadcasting	1.3	0.5	0.1	1.9
421 Cable networks and program distribu	0.0	0.0	0.1	0.1
422 Telecommunications	1.3	1.0	0.3	2.6
423 Information services	0.0	0.1	0.0	0.1
424 Data processing services	1.2	0.3	0.0	1.5
425 Nondepository credit intermediation	1.5	2.3	0.7	4.4
426 Securities- commodity contracts- inv	2.4	2.4	1.3	6.1

*Number of Jobs
Version: 2.0.1.023



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Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
427 Insurance carriers	0.0	1.4	1.2	2.6
428 Insurance agencies- brokerages- and r	1.7	0.6	0.5	2.8
429 Funds- trusts- and other financial veh	0.0	0.0	0.2	0.3
430 Monetary authorities and depository	0.0	1.6	0.9	2.5
431 Real estate	0.0	4.4	2.4	6.7
432 Automotive equipment rental and lea	0.0	0.2	0.1	0.3
433 Video tape and disc rental	0.0	0.0	0.1	0.1
434 Machinery and equipment rental and	0.0	0.3	0.0	0.3
435 General and consumer goods rental	0.0	0.3	0.1	0.4
436 Lessors of nonfinancial intangible ass	0.0	0.2	0.0	0.2
437 Legal services	0.0	2.2	0.9	3.1
438 Accounting and bookkeeping service	2.1	2.9	0.5	5.5
439 Architectural and engineering service	0.0	2.9	0.3	3.1
440 Specialized design services	2.8	0.7	0.1	3.6
441 Custom computer programming servi	1.4	0.2	0.0	1.7
442 Computer systems design services	1.6	1.6	0.2	3.3
443 Other computer related services-	1.5	0.3	0.0	1.8
444 Management consulting services	1.6	2.5	0.4	4.5
445 Environmental and other technical co	0.0	0.2	0.0	0.2
446 Scientific research and development s	0.0	1.3	0.1	1.3
447 Advertising and related services	2.2	3.1	0.4	5.7
448 Photographic services	3.7	0.1	0.1	3.9
449 Veterinary services	0.0	0.4	0.3	0.7
450 All other miscellaneous professional	0.0	1.2	0.0	1.3
451 Management of companies and	1.0	5.9	0.5	7.3
452 Office administrative services	1.3	0.6	0.1	2.0
453 Facilities support services	0.0	0.1	0.0	0.1
454 Employment services	0.0	7.9	1.6	9.5
455 Business support services	2.7	2.1	0.4	5.1
456 Travel arrangement and reservation s	0.0	0.3	0.1	0.4
457 Investigation and security services	0.0	1.3	0.3	1.6
458 Services to buildings and dwellings	0.0	2.6	0.9	3.5
459 Other support services	0.0	0.6	0.1	0.8
460 Waste management and remediation	0.0	0.4	0.1	0.4
461 Elementary and secondary schools	0.0	0.0	1.0	1.0
462 Colleges- universities- and junior col	0.0	0.1	0.9	1.0
463 Other educational services	0.0	0.1	0.7	0.8
464 Home health care services	0.0	0.0	1.5	1.5
465 Offices of physicians- dentists- and o	0.0	0.0	3.2	3.2
466 Other ambulatory health care services	0.0	0.0	1.1	1.1
467 Hospitals	0.0	0.0	3.1	3.1
468 Nursing and residential care facilities	0.0	0.0	1.8	1.8
469 Child day care services	0.0	0.0	1.6	1.6
470 Social assistance- except child day ca	0.0	0.0	2.4	2.4
471 Performing arts companies	0.0	0.3	0.4	0.7
472 Spectator sports	0.0	0.6	0.2	0.8
473 Independent artists- writers- and per	7.4	0.5	0.1	7.9
474 Promoters of performing arts and spo	0.0	5.2	0.4	5.7
475 Museums- historical sites- zoos- and	0.0	0.0	0.1	0.1
476 Fitness and recreational sports center	0.0	0.4	0.5	0.9
477 Bowling centers	0.0	0.0	0.0	0.0
478 Other amusement- gambling- and	0.0	0.1	0.7	0.8
479 Hotels and motels- including casino h	0.0	2.3	0.9	3.2
480 Other accommodations	0.0	0.0	0.0	0.0
481 Food services and drinking places	0.0	3.5	8.3	11.8
482 Car washes	0.0	0.1	0.2	0.3
483 Automotive repair and maintenance-	0.0	0.7	0.9	1.5
484 Electronic equipment repair and mai	0.0	0.2	0.0	0.2
485 Commercial machinery repair and ma	0.0	0.8	0.1	0.8
486 Household goods repair and mainten	0.0	0.1	0.0	0.2
487 Personal care services	0.0	0.0	0.9	0.9

*Number of Jobs
Version 2.0.10.25



Employment Impact

August 28, 2008

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SAM
EB-5 Impact Model.iap

Industry	Direct*	Indirect*	Induced*	Total*
488 Death care services	0.0	0.0	0.2	0.2
489 Drycleaning and laundry services	0.0	0.2	0.5	0.7
490 Other personal services	0.0	0.2	0.4	0.6
491 Religious organizations	0.0	0.0	0.1	0.1
492 Grantmaking and giving and social a	0.0	0.0	0.6	0.6
493 Civic- social- professional and simila	0.0	1.4	1.0	2.4
494 Private households	0.0	0.0	2.8	2.8
495 Federal electric utilities	0.0	0.0	0.0	0.0
496 Other Federal Government enterprise	0.0	0.1	0.1	0.2
497 State and local government passenger	0.0	0.1	0.2	0.3
498 State and local government electric	0.0	0.0	0.0	0.1
499 Other State and local government	0.0	0.6	0.4	1.0
500 Noncomparable imports	0.0	0.0	0.0	0.0
501 Scrap	0.0	0.0	0.0	0.0
502 Used and secondhand goods	0.0	0.0	0.0	0.0
503 State & Local Education	0.0	0.0	0.0	0.0
504 State & Local Non-Education	0.0	0.0	0.0	0.0
505 Federal Military	0.0	0.0	0.0	0.0
506 Federal Non-Military	0.0	0.0	0.0	0.0
507 Rest of the world adjustment to final	0.0	0.0	0.0	0.0
508 Inventory valuation adjustment	0.0	0.0	0.0	0.0
509 Owner-occupied dwellings	0.0	0.0	0.0	0.0
25,001 Foreign Trade	0.0	0.0	0.0	0.0
28,001 Domestic Trade	0.0	0.0	0.0	0.0
	162.7	168.8	77.9	409.3



Employee Compensation Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Tvne SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
1 Oilseed farming	0	2	0	2	1.00
2 Grain farming	0	246	14	260	1.00
3 Vegetable and melon farming	0	545	318	863	1.00
4 Tree nut farming	0	27,092	71	27,163	1.00
5 Fruit farming	0	7,098	188	7,286	1.00
6 Greenhouse and nursery production	0	15,030	3,324	18,354	1.00
7 Tobacco farming	0	0	0	0	1.00
8 Cotton farming	0	1	2	3	1.00
9 Sugarcane and sugar beet farming	0	0	0	0	1.00
10 All other crop farming	0	21,186	198	21,383	1.00
11 Cattle ranching and farming	0	40,443	574	41,018	1.00
12 Poultry and egg production	0	1,771	1,529	3,300	1.00
13 Animal production- except cattle and	0	400	273	672	1.00
14 Logging	0	0	0	0	1.00
15 Forest nurseries- forest products- and	0	4	0	4	1.00
16 Fishing	0	266	511	777	1.00
17 Hunting and trapping	0	0	245	245	1.00
18 Agriculture and forestry support activ	0	1,460	66	1,526	1.00
19 Oil and gas extraction	0	31,581	13,527	45,108	1.00
20 Coal mining	0	0	0	0	1.00
21 Iron ore mining	0	0	0	0	1.00
22 Copper- nickel- lead- and zinc minin	0	0	0	0	1.00
23 Gold- silver- and other metal ore min	0	873	14	888	1.00
24 Stone mining and quarrying	0	0	0	0	1.00
25 Sand- gravel- clay- and refractory mi	0	2	1	3	1.00
26 Other nonmetallic mineral mining	0	0	0	0	1.00
27 Drilling oil and gas wells	0	42	18	59	1.00
28 Support activities for oil and gas ope	0	502	215	717	1.00
29 Support activities for other mining	0	0	0	0	1.00
30 Power generation and supply	0	32,335	18,598	50,933	1.00
31 Natural gas distribution	0	11,591	5,565	17,156	1.00
32 Water- sewage and other systems	105,485	485	613	106,583	1.00
33 New residential 1-unit structures- all	0	0	0	0	1.00
34 New multifamily housing structures-	0	0	0	0	1.00
35 New residential additions and alterati	0	0	0	0	1.00
36 New farm housing units	0	0	0	0	1.00
37 Manufacturing and industrial buildin	0	0	0	0	1.00
38 Commercial and institutional buildin	0	0	0	0	1.00
39 Highway- street- bridge- and tunnel c	0	0	0	0	1.00
40 Water- sewer- and pipeline construct	0	0	0	0	1.00
41 Other new construction	0	0	0	0	1.00
42 Maintenance and repair of farm and	0	683	1,907	2,590	1.00
43 Maintenance and repair of nonresiden	0	42,217	7,782	49,999	1.00
44 Maintenance and repair of highways-	0	0	0	0	1.00
45 Other maintenance and repair constru	0	24,147	4,205	28,352	1.00
46 Dog and cat food manufacturing	0	4	13	16	1.00
47 Other animal food manufacturing	0	180	17	197	1.00
48 Flour milling	0	835	13	848	1.00
49 Rice milling	0	0	0	0	1.00
50 Malt manufacturing	0	0	0	0	1.00
51 Wet corn milling	0	0	0	0	1.00
52 Soybean processing	0	0	0	0	1.00
53 Other oilseed processing	0	0	0	0	1.00
54 Fats and oils refining and blending	0	0	0	0	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 201025



Employee Compensation Impact

August 28, 2008

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EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact MULTPLIFER: Tyne SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
55 Breakfast cereal manufacturing	0	0	0	0	1.00
56 Sugar manufacturing	0	69,213	987	70,200	1.00
57 Confectionery manufacturing from c	105,689	2,837	8	108,533	1.00
58 Confectionery manufacturing from p	105,455	506	30	105,991	1.00
59 Nonchocolate confectionery manufac	0	0	0	0	1.00
60 Frozen food manufacturing	105,486	498	249	106,233	1.00
61 Fruit and vegetable canning and dryi	105,475	201	57	105,733	1.00
62 Fluid milk manufacturing	105,484	32,517	3,186	141,186	1.00
63 Creamery butter manufacturing	0	0	0	0	1.00
64 Cheese manufacturing	105,530	3,557	238	109,325	1.00
65 Dry- condensed- and evaporated dair	105,588	753	46	106,387	1.00
66 Ice cream and frozen dessert manufac	0	0	0	0	1.00
67 Animal- except poultry- slaughtering	0	64	79	142	1.00
68 Meat processed from carcasses	0	3,734	6,752	10,486	1.00
69 Rendering and meat byproduct proce	0	3,557	106	3,663	1.00
70 Poultry processing	0	3,225	6,796	10,022	1.00
71 Seafood product preparation and pac	0	0	0	0	1.00
72 Frozen cakes and other pastries manu	105,494	286	441	106,221	1.00
73 Bread and bakery product- except fr	105,484	1,035	6,245	112,763	1.00
74 Cookie and cracker manufacturing	102,155	1	1	102,158	1.00
75 Mixes and dough made from	105,488	3,636	1,142	110,267	1.00
76 Dry pasta manufacturing	0	0	1	1	1.00
77 Tortilla manufacturing	105,487	478	602	106,566	1.00
78 Roasted nuts and peanut butter manu	107,648	18	1	107,668	1.00
79 Other snack food manufacturing	105,486	639	2,325	108,450	1.00
80 Coffee and tea manufacturing	105,492	38	376	105,906	1.00
81 Flavoring syrup and concentrate man	105,484	18,497	310	124,291	1.00
82 Mayonnaise- dressing- and sauce	0	3,175	872	4,047	1.00
83 Spice and extract manufacturing	105,487	2,294	215	107,996	1.00
84 All other food manufacturing	105,486	20,349	5,482	131,317	1.00
85 Soft drink and ice manufacturing	105,487	270	433	106,189	1.00
86 Breweries	0	0	0	0	1.00
87 Wineries	105,494	335	45	105,874	1.00
88 Distilleries	0	0	0	0	1.00
89 Tobacco stemming and redrying	0	0	0	0	1.00
90 Cigarette manufacturing	0	0	0	0	1.00
91 Other tobacco product manufacturing	0	0	19	19	1.00
92 Fiber- yarn- and thread mills	0	1	1	2	1.00
93 Broadwoven fabric mills	0	53	63	117	1.00
94 Narrow fabric mills and schiffli embr	0	7	2	9	1.00
95 Nonwoven fabric mills	0	10	1	11	1.00
96 Knit fabric mills	0	0	0	0	1.00
97 Textile and fabric finishing mills	0	344	99	443	1.00
98 Fabric coating mills	0	167	11	178	1.00
99 Carpet and rug mills	0	5	8	13	1.00
100 Curtain and linen mills	0	242	4,147	4,390	1.00
101 Textile bag and canvas mills	0	2	4	6	1.00
102 Tire cord and tire fabric mills	0	0	0	0	1.00
103 Other miscellaneous textile product	0	282	93	374	1.00
104 Sheer hosiery mills	0	0	0	0	1.00
105 Other hosiery and sock mills	0	0	0	0	1.00
106 Other apparel knitting mills	0	3	62	65	1.00
107 Cut and sew apparel manufacturing	0	158	5,459	5,617	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



Employee Compensation Impact

August 28, 2008

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EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Time SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
108 Accessories and other apparel	0	159	1,489	1,648	1.00
109 Leather and hide tanning and finishi	0	2	0	2	1.00
110 Footwear manufacturing	0	0	5	5	1.00
111 Other leather product manufacturing	0	456	942	1,397	1.00
112 Sawmills	0	11	1	11	1.00
113 Wood preservation	0	0	0	0	1.00
114 Reconstituted wood product manufac	0	26	1	27	1.00
115 Veneer and plywood manufacturing	0	421	28	448	1.00
116 Engineered wood member and truss	0	1,070	261	1,331	1.00
117 Wood windows and door manufactur	105,484	2,104	301	107,889	1.00
118 Cut stock- resawing lumber- and plan	0	56	2	57	1.00
119 Other millwork- including flooring	0	2,812	485	3,297	1.00
120 Wood container and pallet manufactu	0	5,477	731	6,208	1.00
121 Manufactured home- mobile home-	0	0	0	0	1.00
122 Prefabricated wood building manufac	105,492	23	6	105,521	1.00
123 Miscellaneous wood product	0	2,670	209	2,878	1.00
124 Pulp mills	0	0	0	0	1.00
125 Paper and paperboard mills	0	3	0	4	1.00
126 Paperboard container manufacturing	0	383	48	431	1.00
127 Flexible packaging foil manufacturin	0	0	0	0	1.00
128 Surface-coated paperboard manufact	0	1,784	22	1,805	1.00
129 Coated and laminated paper and pack	0	6,248	182	6,430	1.00
130 Coated and uncoated paper bag manu	0	42	1	43	1.00
131 Die-cut paper office supplies manufa	0	17	9	26	1.00
132 Envelope manufacturing	0	5	1	6	1.00
133 Stationery and related product manuf	0	2	2	3	1.00
134 Sanitary paper product manufacturin	0	0	0	0	1.00
135 All other converted paper product ma	0	11	1	11	1.00
136 Manifold business forms printing	0	631	113	745	1.00
137 Books printing	0	4,098	48	4,145	1.00
138 Blankbook and looseleaf binder	0	59	63	122	1.00
139 Commercial printing	0	51,823	6,635	58,458	1.00
140 Tradebinding and related work	0	1,344	20	1,363	1.00
141 Prepress services	0	1,834	140	1,974	1.00
142 Petroleum refineries	0	0	0	0	1.00
143 Asphalt paving mixture and block ma	0	12	5	16	1.00
144 Asphalt shingle and coating material	0	1,024	256	1,280	1.00
145 Petroleum lubricating oil and grease	0	1,854	775	2,629	1.00
146 All other petroleum and coal product	0	0	0	0	1.00
147 Petrochemical manufacturing	0	0	0	0	1.00
148 Industrial gas manufacturing	0	2,158	233	2,391	1.00
149 Synthetic dye and pigment manufactu	0	0	0	0	1.00
150 Other basic inorganic chemical manu	0	459	34	494	1.00
151 Other basic organic chemical manufa	0	1,455	160	1,615	1.00
152 Plastics material and resin manufactu	0	10	1	11	1.00
153 Synthetic rubber manufacturing	0	0	0	0	1.00
154 Cellulosic organic fiber manufacturin	0	0	0	0	1.00
155 Noncellulosic organic fiber manufact	0	0	0	0	1.00
156 Nitrogenous fertilizer manufacturing	0	0	0	0	1.00
157 Phosphatic fertilizer manufacturing	0	0	0	0	1.00
158 Fertilizer- mixing only- manufacturin	0	32	4	36	1.00
159 Pesticide and other agricultural chem	0	22	1	23	1.00
160 Pharmaceutical and medicine manufa	0	25	579	604	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



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Employee Compensation Impact

August 28, 2008

EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
161 Paint and coating manufacturing	0	23	1	24	1.00
162 Adhesive manufacturing	0	2,685	253	2,938	1.00
163 Soap and other detergent manufactur	0	54	28	82	1.00
164 Polish and other sanitation good man	0	5,128	1,986	7,114	1.00
165 Surface active agent manufacturing	0	0	0	0	1.00
166 Toilet preparation manufacturing	0	1,541	3,563	5,104	1.00
167 Printing ink manufacturing	0	2,825	102	2,927	1.00
168 Explosives manufacturing	0	5	0	5	1.00
169 Custom compounding of purchased	0	1,460	30	1,489	1.00
170 Photographic film and chemical	0	146	23	169	1.00
171 Other miscellaneous chemical produc	0	5,211	347	5,557	1.00
172 Plastics packaging materials- film an	0	5,556	170	5,727	1.00
173 Plastics pipe- fittings- and profile sh	0	6,301	404	6,706	1.00
174 Laminated plastics plate- sheet- and	0	0	0	0	1.00
175 Plastics bottle manufacturing	0	11,013	354	11,368	1.00
176 Resilient floor covering manufacturi	0	4	1	5	1.00
177 Plastics plumbing fixtures and all	0	20,631	2,142	22,773	1.00
178 Foam product manufacturing	0	4,219	1,542	5,761	1.00
179 Tire manufacturing	0	1	0	1	1.00
180 Rubber and plastics hose and belting	0	0	0	0	1.00
181 Other rubber product manufacturing	0	285	14	299	1.00
182 Vitreous china plumbing fixture man	0	0	0	0	1.00
183 Vitreous china and earthenware artic	0	16	206	222	1.00
184 Porcelain electrical supply manufactu	0	0	0	0	1.00
185 Brick and structural clay tile manufa	0	0	0	0	1.00
186 Ceramic wall and floor tile manufact	0	689	198	886	1.00
187 Nonclay refractory manufacturing	0	0	0	0	1.00
188 Clay refractory and other structural c	0	0	0	0	1.00
189 Glass container manufacturing	0	607	9	616	1.00
190 Glass and glass products- except glas	0	2,980	567	3,546	1.00
191 Cement manufacturing	0	0	0	0	1.00
192 Ready-mix concrete manufacturing	0	1	0	1	1.00
193 Concrete block and brick manufactur	0	1	0	1	1.00
194 Concrete pipe manufacturing	0	0	0	0	1.00
195 Other concrete product manufacturin	0	2	3	5	1.00
196 Lime manufacturing	0	0	0	0	1.00
197 Gypsum product manufacturing	0	1	0	1	1.00
198 Abrasive product manufacturing	0	0	0	0	1.00
199 Cut stone and stone product manufac	0	13	140	153	1.00
200 Ground or treated minerals and earth	0	0	0	0	1.00
201 Mineral wool manufacturing	0	0	0	0	1.00
202 Miscellaneous nonmetallic mineral p	0	18	17	34	1.00
203 Iron and steel mills	0	0	0	0	1.00
204 Ferroalloy and related product manuf	0	0	0	0	1.00
205 Iron- steel pipe and tube from	0	74	0	74	1.00
206 Rolled steel shape manufacturing	0	1,410	7	1,417	1.00
207 Steel wire drawing	0	62	20	82	1.00
208 Alumina refining	0	0	0	0	1.00
209 Primary aluminum production	0	0	0	0	1.00
210 Secondary smelting and alloying of	0	0	0	0	1.00
211 Aluminum sheet- plate- and foil man	0	0	0	0	1.00
212 Aluminum extruded product manufac	0	0	0	0	1.00
213 Other aluminum rolling and drawing	0	6	0	6	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 201025



Employee Compensation Impact

August 28, 2008

EB-5 Impact Model.iap

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IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Tvne, SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
214 Primary smelting and refining of cop	0	0	0	0	1.00
215 Primary nonferrous metal- except co	0	406	7	413	1.00
216 Copper rolling- drawing- and extrudi	0	1	0	1	1.00
217 Copper wire- except mechanical- dra	0	793	22	816	1.00
218 Secondary processing of copper	0	0	0	0	1.00
219 Nonferrous metal- except copper and	0	986	18	1,004	1.00
220 Secondary processing of other nonfer	0	1,601	24	1,625	1.00
221 Ferrous metal foundaries	0	35	0	35	1.00
222 Aluminum foundries	0	103	0	103	1.00
223 Nonferrous foundries- except alumi	0	0	0	0	1.00
224 Iron and steel forging	0	74	0	74	1.00
225 Nonferrous forging	0	273	1	273	1.00
226 Custom roll forming	0	19	0	19	1.00
227 All other forging and stamping	0	333	12	344	1.00
228 Cutlery and flatware- except preciou	0	0	0	0	1.00
229 Hand and edge tool manufacturing	0	24	7	31	1.00
230 Saw blade and handsaw manufacturi	0	2	1	3	1.00
231 Kitchen utensil- pot- and pan manufa	0	0	0	0	1.00
232 Prefabricated metal buildings and c	0	0	0	0	1.00
233 Fabricated structural metal manufact	105,485	412	8	105,906	1.00
234 Plate work manufacturing	0	377	6	383	1.00
235 Metal window and door manufacturi	105,486	1,404	145	107,035	1.00
236 Sheet metal work manufacturing	0	1,021	14	1,035	1.00
237 Ornamental and architectural metal	105,482	244	18	105,743	1.00
238 Power boiler and heat exchanger man	0	0	0	0	1.00
239 Metal tank- heavy gauge- manufactur	0	10	0	10	1.00
240 Metal can- box- and other container	0	5,805	67	5,872	1.00
241 Hardware manufacturing	0	106	4	110	1.00
242 Spring and wire product manufacturi	0	373	73	445	1.00
243 Machine shops	0	28,506	226	28,732	1.00
244 Turned product and screw- nut- and	0	907	15	923	1.00
245 Metal heat treating	0	239	10	250	1.00
246 Metal coating and nonprecious engra	0	655	26	681	1.00
247 Electroplating- anodizing- and colori	0	1,877	67	1,945	1.00
248 Metal valve manufacturing	105,486	1,158	32	106,676	1.00
249 Ball and roller bearing manufacturing	0	1,015	9	1,024	1.00
250 Small arms manufacturing	0	0	0	0	1.00
251 Other ordnance and accessories manu	0	0	0	0	1.00
252 Fabricated pipe and pipe fitting manu	0	172	10	182	1.00
253 Industrial pattern manufacturing	0	0	0	0	1.00
254 Enameled iron and metal sanitary wa	0	287	18	305	1.00
255 Miscellaneous fabricated metal produ	0	12	1	13	1.00
256 Ammunition manufacturing	0	0	0	0	1.00
257 Farm machinery and equipment	0	2	0	2	1.00
258 Lawn and garden equipment manufac	0	0	0	0	1.00
259 Construction machinery manufacturi	0	70	9	79	1.00
260 Mining machinery and equipment ma	0	3	0	4	1.00
261 Oil and gas field machinery and equ	0	123	6	129	1.00
262 Sawmill and woodworking machiner	0	37	15	52	1.00
263 Plastics and rubber industry machine	0	194	16	210	1.00
264 Paper industry machinery manufactur	0	0	0	0	1.00
265 Textile machinery manufacturing	0	30	1	31	1.00
266 Printing machinery and equipment m	0	329	18	347	1.00
267 Food product machinery manufacturi	0	102	23	125	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



Employee Compensation Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: True SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
268 Semiconductor machinery manufactu	0	0	0	0	1.00
269 All other industrial machinery manuf	0	19	19	38	1.00
270 Office machinery manufacturing	0	261	89	350	1.00
271 Optical instrument and lens manufact	0	0	0	0	1.00
272 Photographic and photocopying equi	0	155	177	332	1.00
273 Other commercial and service indust	0	464	41	505	1.00
274 Automatic vending- commercial laun	0	15	6	21	1.00
275 Air purification equipment manufact	105,483	23	2	105,508	1.00
276 Industrial and commercial fan and b	0	0	0	0	1.00
277 Heating equipment- except warm air	105,487	0	0	105,487	1.00
278 AC- refrigeration- and forced air heat	105,485	0	0	105,485	1.00
279 Industrial mold manufacturing	0	13	0	13	1.00
280 Metal cutting machine tool manufact	0	0	0	0	1.00
281 Metal forming machine tool manufac	0	0	0	0	1.00
282 Special tool- die- jig- and fixture ma	0	467	6	472	1.00
283 Cutting tool and machine tool access	0	0	0	0	1.00
284 Rolling mill and other metalworking	0	215	5	220	1.00
285 Turbine and turbine generator set uni	0	0	0	0	1.00
286 Other engine equipment manufacturi	0	11	4	15	1.00
287 Speed changers and mechanical	0	5,418	51	5,470	1.00
288 Pump and pumping equipment manuf	0	97	1	98	1.00
289 Air and gas compressor manufacturin	0	0	0	0	1.00
290 Measuring and dispensing pump man	0	0	0	0	1.00
291 Elevator and moving stairway	0	0	0	0	1.00
292 Conveyor and conveying equipment	0	90	13	103	1.00
293 Overhead cranes- hoists- and	0	0	0	0	1.00
294 Industrial truck- trailer- and stacker	0	943	47	990	1.00
295 Power-driven handtool manufacturin	0	50	45	95	1.00
296 Welding and soldering equipment ma	0	0	0	0	1.00
297 Packaging machinery manufacturing	0	283	5	288	1.00
298 Industrial process furnace and oven	0	35	2	37	1.00
299 Fluid power cylinder and actuator ma	0	21	1	22	1.00
300 Fluid power pump and motor manufa	0	0	0	0	1.00
301 Scales- balances- and miscellaneous	0	607	53	660	1.00
302 Electronic computer manufacturing	0	545	569	1,114	1.00
303 Computer storage device manufactur	0	96	11	107	1.00
304 Computer terminal manufacturing	0	3,502	143	3,645	1.00
305 Other computer peripheral equipmen	0	3,168	905	4,073	1.00
306 Telephone apparatus manufacturing	105,485	1,481	202	107,169	1.00
307 Broadcast and wireless communicati	105,486	13,216	173	118,874	1.00
308 Other communications equipment ma	105,490	1,960	92	107,542	1.00
309 Audio and video equipment manufact	0	522	1,908	2,430	1.00
310 Electron tube manufacturing	0	0	0	0	1.00
311 Semiconductors and related device m	105,485	106,320	2,808	214,613	1.00
312 All other electronic component manu	0	27,567	748	28,315	1.00
313 Electromedical apparatus manufactur	105,502	594	85	106,181	1.00
314 Search- detection- and navigation in	105,485	8,501	98	114,084	1.00
315 Automatic environmental control	0	0	0	0	1.00
316 Industrial process variable instrument	105,485	5,877	171	111,533	1.00
317 Totalizing fluid meters and counting	0	0	0	0	1.00
318 Electricity and signal testing instrum	105,484	1,632	16	107,132	1.00
319 Analytical laboratory instrument man	105,482	302	61	105,844	1.00
320 Irradiation apparatus manufacturing	0	0	0	0	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 28.10.03



Employee Compensation Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Tvrn SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
321 Watch- clock- and other measuring	0	569	156	724	1.00
322 Software reproducing	0	0	0	0	1.00
323 Audio and video media reproduction	0	2,500	134	2,634	1.00
324 Magnetic and optical recording medi	0	595	68	662	1.00
325 Electric lamp bulb and part manufact	0	0	0	0	1.00
326 Lighting fixture manufacturing	105,490	1	0	105,491	1.00
327 Electric housewares and household f	0	30	851	881	1.00
328 Household vacuum cleaner manufact	0	0	0	0	1.00
329 Household cooking appliance manufa	0	0	0	0	1.00
330 Household refrigerator and home fre	0	0	0	0	1.00
331 Household laundry equipment	0	0	0	0	1.00
332 Other major household appliance	0	0	0	0	1.00
333 Electric power and specialty transfo	0	1,794	18	1,812	1.00
334 Motor and generator manufacturing	0	646	17	663	1.00
335 Switchgear and switchboard apparatu	0	299	35	333	1.00
336 Relay and industrial control manufac	0	1,316	35	1,351	1.00
337 Storage battery manufacturing	0	8	3	11	1.00
338 Primary battery manufacturing	0	0	0	0	1.00
339 Fiber optic cable manufacturing	0	0	0	0	1.00
340 Other communication and energy wir	0	77	2	80	1.00
341 Wiring device manufacturing	0	30	1	31	1.00
342 Carbon and graphite product manufac	0	0	0	0	1.00
343 Miscellaneous electrical equipment	0	1,433	97	1,530	1.00
344 Automobile and light truck manufact	0	0	0	0	1.00
345 Heavy duty truck manufacturing	0	0	0	0	1.00
346 Motor vehicle body manufacturing	105,488	3,049	107	108,645	1.00
347 Truck trailer manufacturing	0	142	0	142	1.00
348 Motor home manufacturing	0	0	0	0	1.00
349 Travel trailer and camper manufactur	0	0	0	0	1.00
350 Motor vehicle parts manufacturing	105,484	2,306	718	108,508	1.00
351 Aircraft manufacturing	105,486	5,621	267	111,374	1.00
352 Aircraft engine and engine parts man	105,484	32,358	91	137,933	1.00
353 Other aircraft parts and equipment	105,485	19,073	147	124,706	1.00
354 Guided missile and space vehicle ma	0	0	0	0	1.00
355 Propulsion units and parts for space	0	0	0	0	1.00
356 Railroad rolling stock manufacturing	0	97	15	112	1.00
357 Ship building and repairing	0	0	0	0	1.00
358 Boat building	0	0	0	0	1.00
359 Motorcycle- bicycle- and parts manuf	105,430	1,973	76	107,479	1.00
360 Military armored vehicles and tank p	0	2	8	9	1.00
361 All other transportation equipment m	0	4	1	4	1.00
362 Wood kitchen cabinet and countertop	0	6,231	1,809	8,039	1.00
363 Upholstered household furniture man	0	0	3,924	3,925	1.00
364 Nonupholstered wood household fum	0	25	522	547	1.00
365 Metal household furniture manufactu	0	0	276	277	1.00
366 Institutional furniture manufacturing	0	15	17	32	1.00
367 Other household and institutional fur	0	210	120	330	1.00
368 Wood office furniture manufacturing	0	0	0	0	1.00
369 Custom architectural woodwork and	0	47	29	76	1.00
370 Office furniture- except wood- manuf	0	0	0	1	1.00
371 Showcases- partitions- shelving- and	0	44	14	58	1.00
372 Mattress manufacturing	0	0	1,412	1,412	1.00
373 Blind and shade manufacturing	0	1	886	887	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Employee Compensation Impact

August 28, 2008

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IMPACT NAME: \$10 Million All Industries Imnact MULTIPLIER: Tvue SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
374 Laboratory apparatus and furniture m	0	0	0	0	1.00
375 Surgical and medical instrument man	105,460	1,165	163	106,789	1.00
376 Surgical appliance and supplies manu	105,502	901	293	106,697	1.00
377 Dental equipment and supplies manuf	0	0	0	0	1.00
378 Ophthalmic goods manufacturing	105,484	328	1,130	106,941	1.00
379 Dental laboratories	0	115	351	465	1.00
380 Jewelry and silverware manufacturin	0	14	342	355	1.00
381 Sporting and athletic goods manufact	0	4	15	19	1.00
382 Doll- toy- and game manufacturing	0	0	0	0	1.00
383 Office supplies- except paper- manuf	0	16	14	30	1.00
384 Sign manufacturing	0	2,040	266	2,307	1.00
385 Gasket- packing- and sealing device	0	151	8	160	1.00
386 Musical instrument manufacturing	0	0	0	0	1.00
387 Broom- brush- and mop manufacturi	0	0	0	0	1.00
388 Burial casket manufacturing	0	0	0	0	1.00
389 Buttons- pins- and all other miscell	0	329	78	407	1.00
390 Wholesale trade	0	1,227,446	229,835	1,457,280	1.00
391 Air transportation	105,485	31,139	12,830	149,454	1.00
392 Rail transportation	105,485	22,301	2,516	130,302	1.00
393 Water transportation	0	139	148	286	1.00
394 Truck transportation	105,485	276,754	36,284	418,524	1.00
395 Transit and ground passenger transpo	0	3,854	4,408	8,262	1.00
396 Pipeline transportation	0	768	438	1,206	1.00
397 Scenic and sightseeing transportation	105,485	57,416	7,176	170,077	1.00
398 Postal service	0	65,056	20,357	85,413	1.00
399 Couriers and messengers	0	51,317	8,515	59,832	1.00
400 Warehousing and storage	105,485	34,885	1,917	142,286	1.00
401 Motor vehicle and parts dealers	0	19,291	96,037	115,328	1.00
402 Furniture and home furnishings store	0	5,667	23,236	28,903	1.00
403 Electronics and appliance stores	0	6,112	21,867	27,979	1.00
404 Building material and garden supply	0	9,124	38,189	47,314	1.00
405 Food and beverage stores	0	13,692	67,606	81,299	1.00
406 Health and personal care stores	0	6,819	27,703	34,522	1.00
407 Gasoline stations	0	4,265	18,135	22,401	1.00
408 Clothing and clothing accessories sto	0	6,978	37,119	44,097	1.00
409 Sporting goods- hobby- book and	0	2,124	9,873	11,997	1.00
410 General merchandise stores	0	18,002	88,976	106,978	1.00
411 Miscellaneous store retailers	0	5,415	26,772	32,186	1.00
412 Nonstore retailers	0	4,634	19,711	24,345	1.00
413 Newspaper publishers	105,485	30,314	5,218	141,017	1.00
414 Periodical publishers	105,486	8,758	2,095	116,339	1.00
415 Book publishers	105,485	1,344	608	107,437	1.00
416 Database- directory- and other publis	105,482	5,093	869	111,444	1.00
417 Software publishers	105,486	830	2,083	108,399	1.00
418 Motion picture and video industries	105,485	75,701	8,717	189,904	1.00
419 Sound recording industries	105,482	9,845	1,612	116,940	1.00
420 Radio and television broadcasting	105,485	44,507	5,564	155,556	1.00
421 Cable networks and program distribu	0	827	3,063	3,889	1.00
422 Telecommunications	105,485	78,907	27,615	212,008	1.00
423 Information services	0	6,931	1,469	8,400	1.00
424 Data processing services	105,485	25,075	2,623	133,183	1.00
425 Nondepository credit intermediation	105,485	163,495	49,499	318,480	1.00
426 Securities- commodity contracts- inv	105,485	104,909	58,116	268,510	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

Version: 2.0.1025



Employee Compensation Impact

August 28, 2008

Copyright MIG 2008

EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact

MULTIPLIER: Tyme SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
427 Insurance carriers	0	82,953	70,526	153,479	1.00
428 Insurance agencies- brokerages- and r	105,485	39,791	30,336	175,613	1.00
429 Funds- trusts- and other financial veh	0	302	7,567	7,869	1.00
430 Monetary authorities and depository	0	108,089	64,946	173,036	1.00
431 Real estate	0	65,144	35,441	100,585	1.00
432 Automotive equipment rental and lea	0	9,768	4,807	14,576	1.00
433 Video tape and disc rental	0	216	4,734	4,951	1.00
434 Machinery and equipment rental and	0	19,081	2,263	21,344	1.00
435 General and consumer goods rental	0	15,355	4,482	19,838	1.00
436 Lessors of nonfinancial intangible ass	0	24,896	1,135	26,031	1.00
437 Legal services	0	167,968	67,782	235,750	1.00
438 Accounting and bookkeeping service	105,485	142,039	24,514	272,038	1.00
439 Architectural and engineering service	0	184,862	16,345	201,207	1.00
440 Specialized design services	105,486	25,951	2,726	134,163	1.00
441 Custom computer programming servi	105,485	16,390	946	122,822	1.00
442 Computer systems design services	105,485	106,467	10,688	222,640	1.00
443 Other computer related services-	105,485	19,753	2,307	127,545	1.00
444 Management consulting services	105,485	159,352	24,377	289,215	1.00
445 Environmental and other technical co	0	9,851	1,848	11,699	1.00
446 Scientific research and development s	0	76,944	5,891	82,835	1.00
447 Advertising and related services	105,485	146,709	19,165	271,360	1.00
448 Photographic services	105,490	4,025	2,690	112,204	1.00
449 Veterinary services	0	9,389	7,481	16,870	1.00
450 All other miscellaneous professional	0	56,249	2,147	58,396	1.00
451 Management of companies and	105,485	645,563	49,708	800,757	1.00
452 Office administrative services	105,485	51,684	10,880	168,049	1.00
453 Facilities support services	0	1,915	388	2,303	1.00
454 Employment services	0	187,518	36,909	224,428	1.00
455 Business support services	105,485	83,104	13,797	202,386	1.00
456 Travel arrangement and reservation s	0	11,559	4,826	16,384	1.00
457 Investigation and security services	0	35,284	7,264	42,548	1.00
458 Services to buildings and dwellings	0	50,496	17,116	67,612	1.00
459 Other support services	0	24,363	5,252	29,615	1.00
460 Waste management and remediation	0	24,500	4,377	28,877	1.00
461 Elementary and secondary schools	0	0	22,499	22,499	1.00
462 Colleges- universities- and junior col	0	3,905	26,026	29,931	1.00
463 Other educational services	0	1,314	16,807	18,120	1.00
464 Home health care services	0	0	29,064	29,064	1.00
465 Offices of physicians- dentists- and o	0	0	217,833	217,833	1.00
466 Other ambulatory health care services	0	438	49,648	50,086	1.00
467 Hospitals	0	0	180,517	180,517	1.00
468 Nursing and residential care facilities	0	0	51,366	51,366	1.00
469 Child day care services	0	0	18,048	18,048	1.00
470 Social assistance- except child day ca	0	34	44,955	44,989	1.00
471 Performing arts companies	0	3,151	5,006	8,157	1.00
472 Spectator sports	0	27,274	7,996	35,269	1.00
473 Independent artists- writers- and per	105,484	6,799	1,114	113,397	1.00
474 Promoters of performing arts and spo	0	32,837	2,616	35,454	1.00
475 Museums- historical sites- zoos- and	0	0	2,874	2,874	1.00
476 Fitness and recreational sports center	0	7,083	9,748	16,831	1.00
477 Bowling centers	0	0	450	450	1.00
478 Other amusement- gambling- and	0	2,120	18,932	21,052	1.00
479 Hotels and motels- including casino h	0	79,396	30,922	110,318	1.00
480 Other accommodations	0	10	306	316	1.00

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)



Employee Compensation Impact

August 28, 2008

Copyright MIG 2008

EB-5 Impact Model.iap

IMPACT NAME: \$10 Million All Industries Impact MULTIPLIER: Type SA

Industry	Direct*	Indirect*	Induced*	Total*	Deflator
481 Food services and drinking places	0	65,520	155,943	221,462	1.00
482 Car washes	0	1,454	3,474	4,928	1.00
483 Automotive repair and maintenance-	0	20,029	26,888	46,917	1.00
484 Electronic equipment repair and mai	0	6,385	1,003	7,387	1.00
485 Commercial machinery repair and ma	0	33,265	2,380	35,645	1.00
486 Household goods repair and mainten	0	3,419	1,370	4,789	1.00
487 Personal care services	0	0	19,386	19,386	1.00
488 Death care services	0	0	5,537	5,537	1.00
489 Drycleaning and laundry services	0	3,689	9,517	13,206	1.00
490 Other personal services	0	3,220	8,251	11,471	1.00
491 Religious organizations	0	0	3,850	3,850	1.00
492 Grantmaking and giving and social a	0	0	22,234	22,234	1.00
493 Civic- social- professional and simila	0	62,738	42,961	105,699	1.00
494 Private households	0	0	21,789	21,789	1.00
495 Federal electric utilities	0	0	0	0	1.00
496 Other Federal Government enterprise	0	2,674	2,732	5,406	1.00
497 State and local government passenger	0	9,375	10,725	20,100	1.00
498 State and local government electric	0	3,965	2,293	6,258	1.00
499 Other State and local government	0	34,567	25,896	60,463	1.00
500 Noncomparable imports	0	0	0	0	1.00
501 Scrap	0	0	0	0	1.00
502 Used and secondhand goods	0	0	0	0	1.00
503 State & Local Education	0	0	0	0	1.00
504 State & Local Non-Education	0	0	0	0	1.00
505 Federal Military	0	0	0	0	1.00
506 Federal Non-Military	0	0	0	0	1.00
507 Rest of the world adjustment to final	0	0	0	0	1.00
508 Inventory valuation adjustment	0	0	0	0	1.00
509 Owner-occupied dwellings	0	0	0	0	1.00
25001 Foreign Trade	0	0	0	0	1.00
28001 Domestic Trade	0	0	0	0	1.00
Total	8,332,466	6,369,673	2,794,134	17,496,273	

*2006 Dollars - if results are deflated and aggregated, then deflators displayed are set to 1.0 (results have been deflated)

September 2, 2008

Barbara Q. Velarde
Chief, Office of Service Center Operations
US Citizenship & Immigration Services
20 Massachusetts Avenue NW (Rm 2123)
Washington, D.C. 20529

Re: Designation of Targeted Employment Areas for the City of Dallas

Dear Ms. Velarde:

Pursuant to Title VIII of the Code of Federal Regulations, 204.6(i), and in accordance with the January 23, 1992 letter by Texas Governor Ann Richards to the U.S. Immigration and Naturalization Service, I, Tom Leppert, Mayor of the City of Dallas, hereby designate the area of the City of Dallas south of Trinity River and Interstate Highway 30, a Targeted Employment Area.

The designated Targeted Employment Area consists of areas with zip codes 75051, 75052, 75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75232, 75233, 75236, 75237, 75241, 75249 and 75253. According to the most recent U.S. Census data, (U.S. Census 2000 SF3), the unemployment rate of the area south of Trinity River and Interstate Highway 30, as a whole, is at 9.16%, which is 160.06% of the national average.

Sincerely,

Tom Leppert
Mayor
City of Dallas

Enclosures:

Excerpt, Title VIII: Code of Federal Regulations, 204.6(i),
Letter from Governor Ann Richards to the US Immigration and Naturalization Service
Census data

(i) State designation of a high unemployment area. The state government of any state of the United States may designate a particular geographic or political subdivision located within a metropolitan statistical area or within a city or town having a population of 20,000 or more within such state as an area of high unemployment (at least 150 percent of the national average rate). Evidence of such designation, including a description of the boundaries of the geographic or political subdivision and the method or methods by which the unemployment statistics were obtained, may be provided to a prospective alien entrepreneur for submission with Form I-526. Before any such designation is made, an official of the state must notify the Associate Commissioner for Examinations of the agency, board, or other appropriate governmental body of the state which shall be delegated the authority to certify that the geographic or political subdivision is a high unemployment area.



STATE OF TEXAS
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS 78711

ANN W. RICHARDS
GOVERNOR

January 23, 1992

Mr. James A. Puleo
Associate Commissioner for Examination
U.S. Immigration and Naturalization Service
425 I Street, N.W.
Washington, D.C. 20536

Re: State Designation of Local Government Authority in
accordance with CFR 204.6(i)

Dear Mr. Puleo:

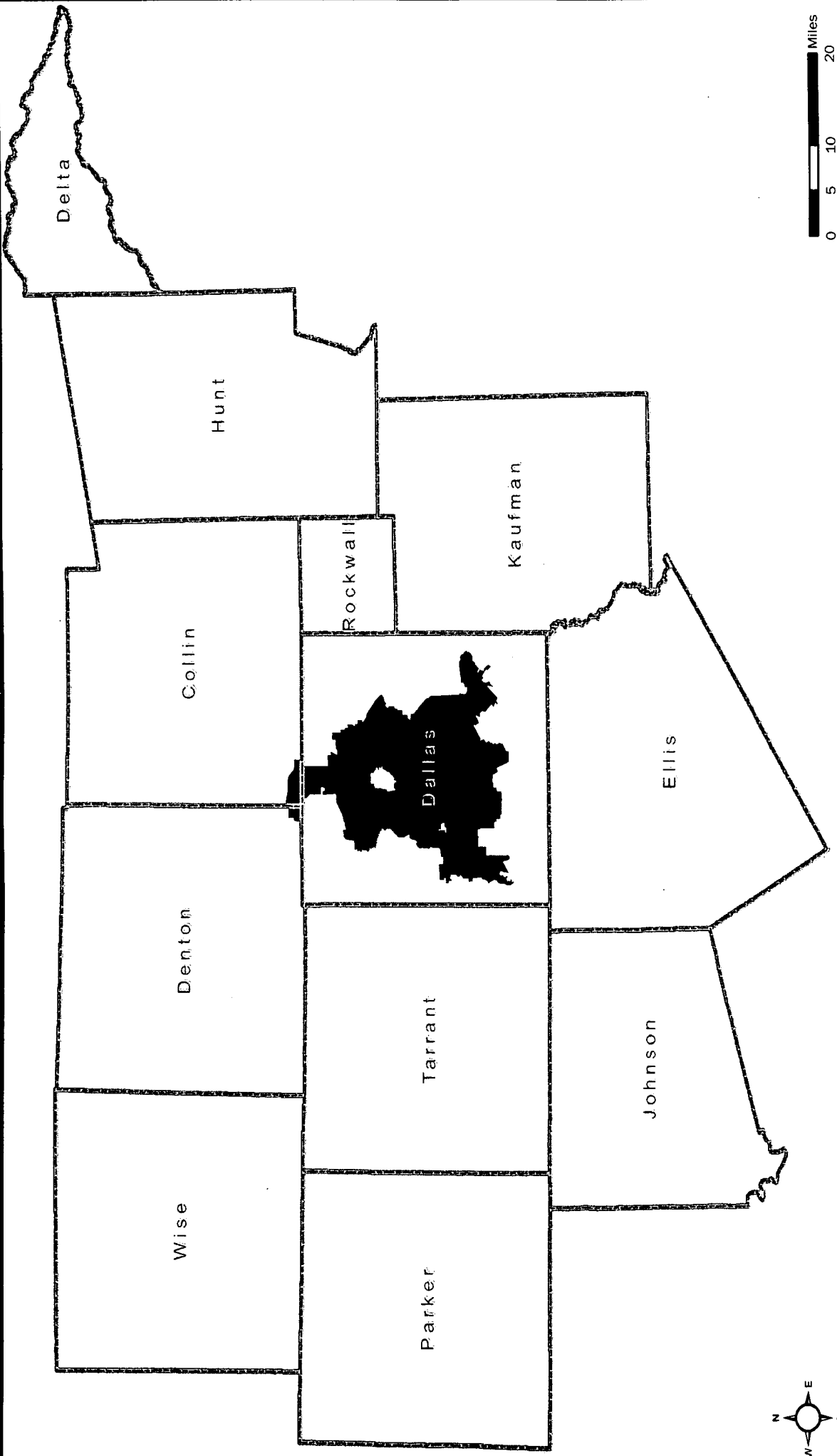
Pursuant to Title VIII of the Code of Federal Regulations, 204.6(i), the State must notify the Associate Commissioner of the governmental body of the State which shall be delegated the authority to certify that a geographic or political subdivision is a high unemployment area.

For purposes of compliance with this regulation, I, Ann W. Richards, Governor, Chief Executive Officer for the State of Texas, hereby designate the local Mayors of cities or towns located within a metropolitan statistical area or within a city or town with a population of 20,000 or more, as the appropriate governmental body of the State to certify that a particular geographic or political subdivision is a high unemployment area.

Sincerely,

A large, stylized handwritten signature in black ink that reads "Ann W. Richards".
ANN W. RICHARDS
Governor

Dallas-Fort Worth MSA



Legend

-  Counties
-  City of Dallas

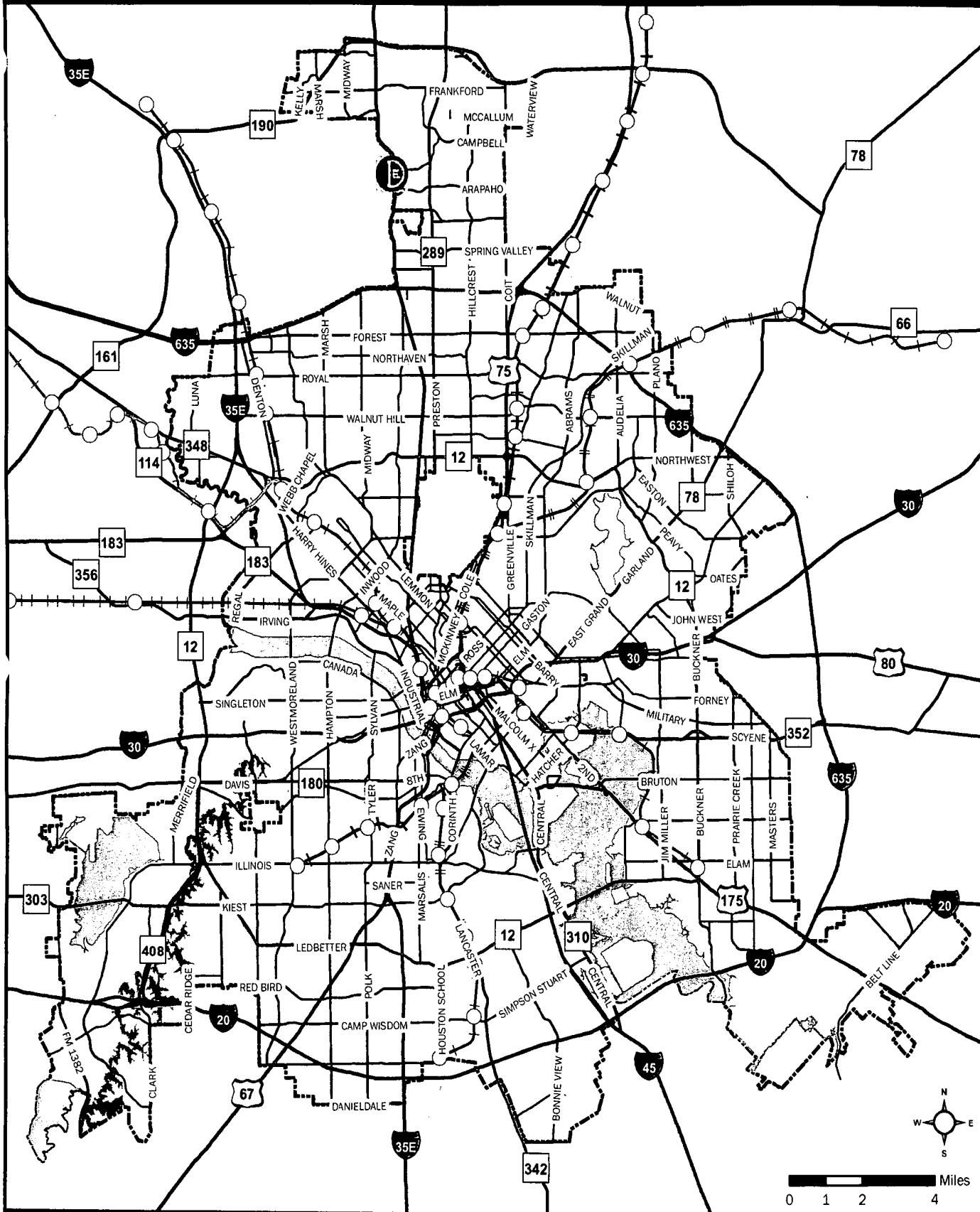
City of Dallas - Office of Economic Development
Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>



Created 9/5/08, Last Updated 9/8/08 - DFW MSA.TCG

Source: MSA - NCTCOG, 2008; City Limits - City of Dallas, 2008

Map Title



City of Dallas
Office of Economic Development



Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

Created 9/8/08 - City_Map.TCG

Legend

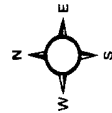
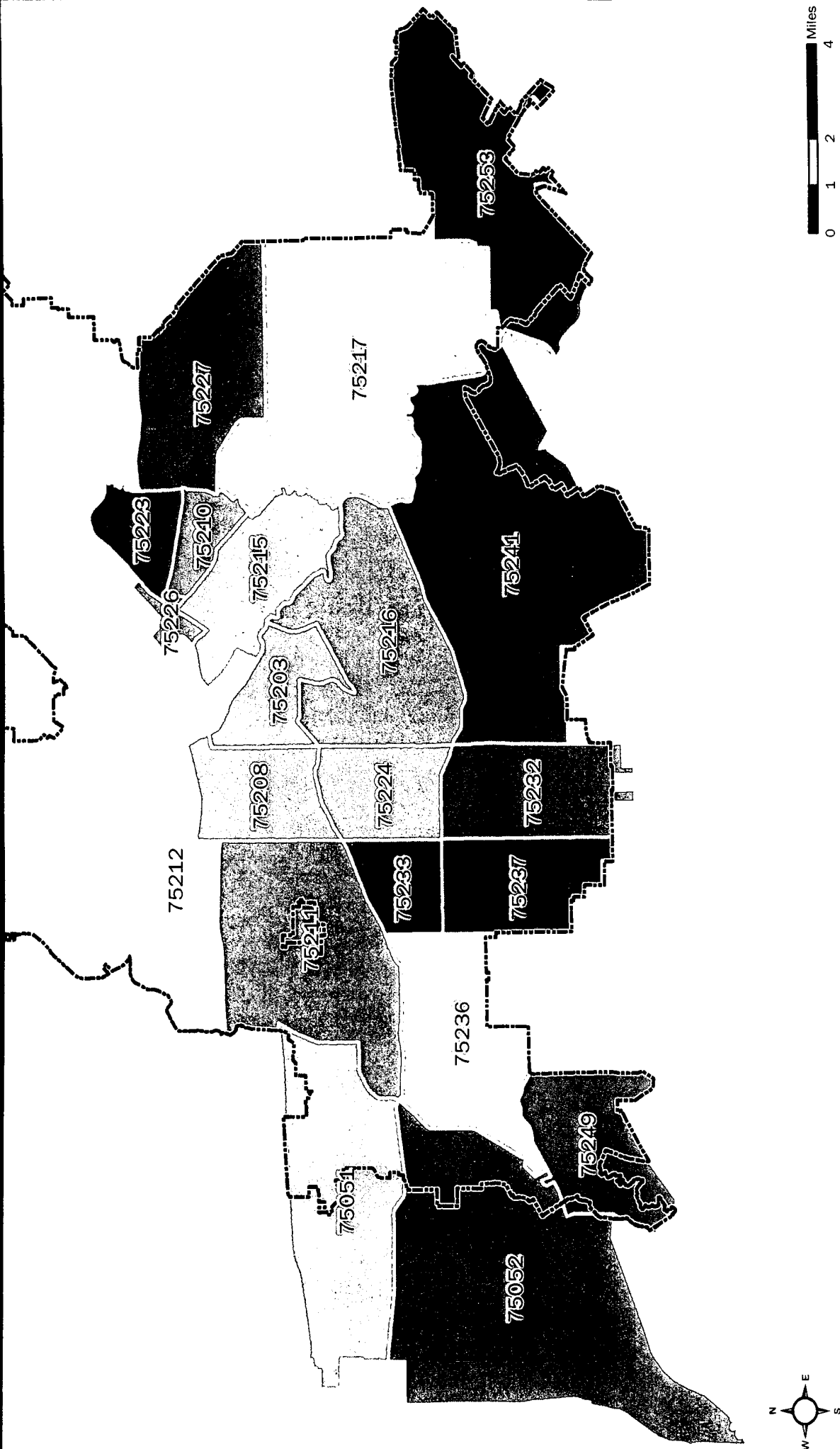
- Escarpment
- Flood Plain
- Lake
- City of Dallas

- Freeway
- Tollway
- Highway
- Secondary Highway
- Major Arterial

- DART Rail Stations
- DART Orange Line (Planned)
- DART Blue Line (With Extensions)
- DART Red Line
- DART Green Line (Open 2009-11)
- Trinity Rail Express

Source: Rail Lines - DART, 2008; Freeways - NCTCOG, 2008; All Other Data - City of Dallas, 2008

Southern Sector ZIP Codes



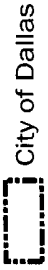
City of Dallas - Office of Economic Development

Research & Information Division
 (214) 670-1685
<http://www.Dallas-EcoDev.org>



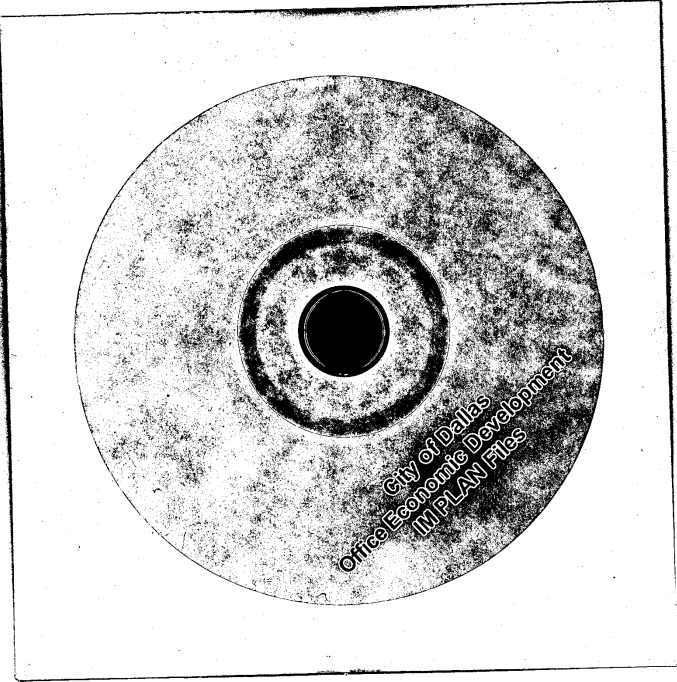
Created 9/8/08 Codes: TCG

Legend



City of Dallas

Source: City of Dallas, 2008





U.S. Citizenship
and Immigration
Services

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: May 24, 2011

Re:

RCW1031910157/City of Dallas
RCW1031910300/City of Dallas (Amendment)
RCW1031910302/City of Dallas (Amendment)
RCW1031910309/City of Dallas (Amendment)

This memo is in reference to request for four (4) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W/RCW-files, please return the W/RCW-files to the California Service Center, attention – SAO George Eberling, Work Station 22141, after your office has fulfilled the FOIA requests.



**U.S. Citizenship
and Immigration
Services**

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: January 5, 2011

Re: W08001180/Regional Center Properties Inc
W09001390/Regional Center Properties Inc (Amendment)
W09001860/New York Proton Regional Center LLC
W09000080/City of Dallas Regional Center
W09001660/City of Dallas Regional Center (Amendment)
W09002190/City of Dallas Regional Center (Amendment)
W09002570/City of Dallas Regional Center (Amendment)
W09001940/Manhattan Regional Center LLC

This memo is in reference to request for eight (8) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W-files, please return the W-files to the California Service Center, attention – SAO George Eberling, Work Station 24064, after your office has fulfilled the FOIA requests.

SENIOR DEMOCRATIC WHIP

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE
CHAIRWOMAN, SUBCOMMITTEE ON WATER
RESOURCES & ENVIRONMENT
SUBCOMMITTEE ON AVIATION
SUBCOMMITTEE ON RAILROADS

COMMITTEE ON SCIENCE AND TECHNOLOGY
SUBCOMMITTEE ON RESEARCH AND
SCIENCE EDUCATION
SUBCOMMITTEE ON ENERGY AND ENVIRONMENT

DEMOCRATIC STEERING AND POLICY COMMITTEE

CONGRESSIONAL BLACK CAUCUS
CHAIR, 107TH CONGRESS



Eddie Bernice Johnson
Congress of the United States
30th District, Texas

10:41:10
PLEASE RESPOND TO:
WASHINGTON OFFICE:
1511 LONGWORTH BUILDING
WASHINGTON, DC 20515-4330
(202) 225-8885

DALLAS OFFICE:
3102 MAPLE AVENUE
SUITE 600
DALLAS, TX 75201
(214) 922-8885

WWW.HOUSE.GOV/EBJOHNSON/
REP.E.B.JOHNSON@MAIL.HOUSE.GOV

September 28, 2010

Rosemary Langley Melville
USCIS California Service Center
24000 Avila Road, 2nd Floor, Room 2312
Laguna Niguel, CA 92677

Ref: Request for Expedite of City of Dallas Regional Center I-526 Exemplar Petition
USCIS File No.: W09002190

Dear Ms. Melville:

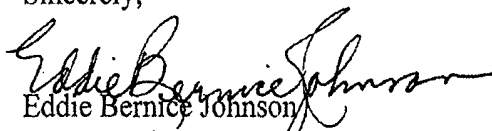
As you know, my district includes much of the City of Dallas, and so the City of Dallas Regional Center (CDRC), which USCIS approved for investment projects last year, is a program of immense interest to me and to my constituents. It will bring investment and private sector jobs to areas of Dallas that badly need them.

I understand that the City of Dallas Regional Center's very first "exemplar petition" is for a project that will directly create 250 call center jobs and indirectly create 183 jobs for Dallas residents. I know that this first project is just the beginning of what the CDRC will do to attract qualified foreign capital to investments in Dallas businesses. This in turn will create employment and expand economic opportunities for all in Dallas. The CDRC has worked diligently to screen qualified investors, and some have already escrowed their funds, while others are waiting for the decision on the exemplar.

I cannot emphasize enough how critically important this first exemplar project is for the City of Dallas and for my constituents. I strongly support the CDRC's expedite request for its long-pending "exemplar petition" and urge that you consider it favorably and promptly.

I appreciate your attention to this matter and welcome the opportunity to work with you on this issue.

Sincerely,


Eddie Bernice Johnson
Member of Congress

Spencer Crain Cabbage Healy & McNamara PLLC

September 27, 2010

USCIS California Service Center
ATTN: EB-5 UNIT SUPERVISOR
24000 Avila Road, 2nd Floor, Room 2312
Laguna Niguel, CA 92677

BY FEDERAL EXPRESS

Ref: REQUEST FOR EXPEDITE OF I-526 EXEMPLAR PETITION
Regional Center: City of Dallas Regional Center (CDRC)
Project: Civitas Encore Fund, LP Investment in Encore International Investments, LLC
USCIS File No.: W09002190
Our File No.: 277-008

Dear Supervisor:

I submit this request for expedite of the decision on the above-captioned exemplar petition, under the criteria of "**significant revenue loss**" and "**significant job creating or job loss.**" I must unfortunately add that adjudication of this exemplar petition has been considerably delayed by **Service error**, as well.

This I-526 exemplar petition was properly filed with supporting documents on **July 8, 2010**. Through Service error, it was returned to me on **July 20, 2010** (for lack of fee, and lack of signatures). *On the instruction of the USCIS officer I spoke to about this error, I did not have the exemplar petition signed, since it is an "example," not an actual petition.* (The officer actually instructed me to "bury" the unsigned petition in the documents.) On **August 3, 2010**, your office issued an RFE, citing, among other issues, the fact that the petition was not signed. On **August 23, 2010**, a complete response to the RFE was filed with your office.

1. **Job Creation.** This project will create 250 direct jobs and 183 estimated indirect jobs. This number of jobs is significant in any economy. It is **extremely significant** for the City of Dallas in this jobless recession.
2. **Revenue Loss.** The CDRC has invested over \$200,000 to conduct due diligence, to underwrite the Encore transaction described in the exemplar petition—its first—and to pay related legal and professional fees. It has invested over \$100,000 to initiate the marketing effort to EB-5 investors, as required by CIS in approving the CDRC proposal. The City of Dallas Regional Center has qualified investors ready to invest and so is **losing significant revenue from this and future CDRC projects. Further, the damage to the**

1201 Elm Street, Suite 4100
Dallas, Texas 75270
214.290.0000
214.290.0099 (Fax)

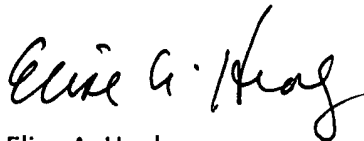
www.spencercrain.com

1330 Post Oak, Suite 1600
Houston, Texas 77056
713.963.3669
713.963.4663 (Fax)

City of Dallas' reputation, as this adjudication has now taken over 88 days, cannot be calculated.

In fairness, and because of the repeated Service error and misinformation in causing this delay, I respectfully urge you to expedite your decision on the CDRC's exemplar petition for the Civitas Encore, LP investment in Encore International Investments, LLC.

Respectfully,

A handwritten signature in black ink, appearing to read "Elise A. Healy". The signature is written in a cursive, flowing style.

Elise A. Healy
Attorney at Law

Spencer Crain Cabbage Healy & McNamara pllc

August 6, 2010

By Certified Mail Return Receipt Requested

USCIS California Service Center
ATTN: EB-5 Regional Center Proposal
P.O. Box 10526
Laguna Niguel, CA 92607-0526

Ref: Change of Address Report
City of Dallas Regional Center
File No.: W09000080
Our File No. 277.002

Dear EB-5 Officer:

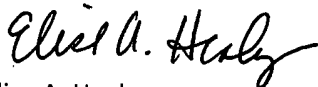
I represent the City of Dallas Regional Center (CDRC) and its contracted manager, Civitas Capital Management, LLC. My G-28s are on file, and I enclose copies for your reference.

In accordance with compliance measures stated in the Regional Center approval letter dated September 8, 2009, I hereby inform you that the address and contract information of the CDRC manager, Civitas Capital Management, LLC has changed. Please update your records accordingly, as follows:

Civitas Capital Management, LLC,
900 Jackson Street, Suite 150
Dallas, TX 75202
Telephone and Fax Numbers:
Managing Director, Daniel J. Healy, 214.572.2301
Main: 214.572.2300
Fax: 214.572.2398.

Should you require any additional information, do not hesitate to contact me directly.

Respectfully,



Elise A. Healy
Attorney at Law

Enc: As stated

CC: D. Healy

208587

1201 Elm Street, Suite 4100
Dallas, Texas 75270
214.290.0000
214.290.0099 (Fax)

www.spencercrain.com

1330 Post Oak, Suite 1600
Houston, Texas 77056
713.963.3669
713.963.4663 (Fax)

AL3100621
AUG 11 2010 10:50 AM

Notice of Entry of Appearance
as Attorney or Representative

Appearances - An appearance shall be filed on this form by the attorney or representative appearing in each case. Thereafter, substitution may be permitted upon the written withdrawal of the attorney or representative of record or upon notification of the new attorney or representative. When an appearance is made by a person acting in a representative capacity, his personal appearance or signature shall constitute a representation that under the provisions of this chapter he is authorized and qualified to represent. Further proof of authority to act in a representative capacity may be required. **Availability of Records** - During the time a case is pending, and except as otherwise provided in 8 CFR 103.2(b), a party to a proceeding or his attorney or representative shall be permitted to examine the record of proceeding in a Service office. He may, in conformity with 8 CFR 103.10, obtain copies of Service records or information therefrom and copies of documents or transcripts of evidence furnished by him. Upon request, he/she may, in addition, be loaned a copy of the testimony and exhibits contained in the record of proceeding upon giving his/her receipt for such copies and pledging that it will be surrendered upon final disposition of the case or upon demand. If extra copies of exhibits do not exist, they shall not be furnished free on loan; however, they shall be made available for copying or purchase of copies as provided in 8 CFR 103.10.

In re: Representation is limited to the following matter: Application for Designation as a Regional Center	Date: 11/20/2008
	File No.

I hereby enter my appearance as attorney for (or representative of), and at the request of the following named person(s):

Name: City of Dallas Office of Economic Development	<input type="checkbox"/> Petitioner	<input checked="" type="checkbox"/> Applicant
	<input type="checkbox"/> Beneficiary	
Address: (Apt. No.) (Number & Street) (City) (State) (Zip Code) 1500 Marilla Street Room 5C South Dallas TX 75201		
Name:	<input type="checkbox"/> Petitioner	<input type="checkbox"/> Applicant
	<input type="checkbox"/> Beneficiary	
Address: (Apt. No.) (Number & Street) (City) (State) (Zip Code)		

Check Applicable Item(s) below:

- 1. I am an attorney and a member in good standing of the bar of the Supreme Court of the United States or of the highest court of the following State, territory, insular possession, or District of Columbia
Texas Supreme Court of Texas and am not under a court or administrative agency order suspending, enjoining, restraining, disbaring, or otherwise restricting me in practicing law.
- 2. I am an accredited representative of the following named religious, charitable, social service, or similar organization established in the United States and which is so recognized by the Board:
- 3. I am associated with _____ the attorney of record previously filed a notice of appearance in this case and my appearance is at his request. (If you check this item, also check item 1 or 2 whichever is appropriate.)
- 4. Others (Explain Fully.)

SIGNATURE 	COMPLETE ADDRESS Spencer Crain Cabbage Healy & McNamara, PLLC 1201 Elm Street, Suite 4100, Lock Box 50 Dallas, Texas 75270
NAME (Type or Print) Elise A. Healy, Attorney at Law, TX#09329480	TELEPHONE NUMBER (214) 290-0004 Fax: (214) 290-0099

PURSUANT TO THE PRIVACY ACT OF 1974, I HEREBY CONSENT TO THE DISCLOSURE TO THE FOLLOWING NAMED ATTORNEY OR REPRESENTATIVE OF ANY RECORD PERTAINING TO ME WHICH APPEARS IN ANY IMMIGRATION AND NATURALIZATION SERVICE SYSTEM OF RECORDS:
Elise A. Healy, Attorney at Law, TX#09329480
(Name of Attorney or Representative)

THE ABOVE CONSENT TO DISCLOSURE IS IN CONNECTION WITH THE FOLLOWING MATTER:
Application for Designation as a Regional Center

Name of Person Consenting Karl Zavitkovsky, Director	Signature of Person Consenting 	Date 11/21/08
--	------------------------------------	-------------------------

(NOTE: Execution of this box is required under the Privacy Act of 1974 where the person being represented is a citizen of the United States or an alien lawfully admitted for permanent residence.)

This form may not be used to request records under the Freedom of Information Act or the Privacy Act. The manner of requesting such records is contained in 8CFR 103.10 and 103.20 ELSAQ.

**G-28; Notice of Entry of Appearance
as Attorney or Accredited Representative**

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): N/A CBP - List the specific matter in which appearance is entered:
 ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any	<input type="checkbox"/> Petitioner
Name: Last	First	Middle			<input checked="" type="checkbox"/> Applicant
Civitas Capital Management, LCC					
Address: Street Number and Street Name		Apt. No.	City	State	Zip Code
c/o Spencer Crain, 1201 Elm Street, Suite 4100			Dallas	TX	75270

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCIBP, or USICE.

Signature of Petitioner, Applicant, or Respondent: Daniel J HEALY, Managing Director Date: X 3/19/2010

Part 2. Information about Attorney or Accredited Representative (Check applicable items(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia:
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:
- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative		Attorney Bar Number(s), if any
Elise A. Healy, Attorney at Law		09329480FX
Signature of Attorney or Accredited Representative		Date
<u>Elise A. Healy</u>		3-19-2010
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)		
Spencer Crain Cabbage Healy & McNamara, PLLC, 1201 Elm Street, Suite 4100, Lock Box 50, Dallas, Texas 75270		
Phone Number (Include area code)	Fax Number, if any (Include area code)	E-Mail Address, if any
214-290-0004	(214) 290-0099	ehealy@spencercrain.com

U.S. Department of Homeland Security
P. O. Box 30111
Laguna Niguel, CA 92607-0111



U.S. Citizenship
and Immigration
Services

Date: 7-27-10

ELISE A HEALY
SPENCER CRAIN CUBBAGE HEALY & MCNAMA
RE: CIVITAS CAPITAL MANAGEMENT LLC
1201 ELM ST STE 4100 LOCK BOX 50
DALLAS TX 75270

File No.: _____
Form No: _____

RE: CHANGE OF ADDRESS

Dear Sir/Madam:

We are unable to process your address request until you provide the following required information and a copy of a Form 797c (Notice of Action), and return this information to the California Service Center (CSC):

Receipt # or WAC# _____ or XPW# _____ or

WSC# _____

Alien Registration Card Number (A#) _____

Form # or form type _____ Date of Birth _____

Complete Name _____

Street _____

City _____ State _____ ZIP _____

Date of Filing _____

Place this letter on top of any correspondence you provide to assist in this change of address. Return this information to the following address:

U.S. Citizenship and Immigration Services (USCIS)
California Service Center (CSC)
P.O. Box 30111
Laguna Niguel, CA 92607-0111

Sincerely,
SERVICE CENTER DIRECTOR

ID# SA7519
USCIS Conc. _____

4/30/04 Address Change

www.uscis.gov



U.S. Citizenship
and Immigration
Services

September 8, 2009

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

File No. W09000080

Application: Request for Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on December 3, 2008 Karl Zavitkovsky submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the City of Dallas Regional Center.

Based on its review and analysis of your proposal, and of your response to the USCIS Request For Evidence, USCIS hereby designates City of Dallas Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following 12 target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations

4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area.

The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Placement Memorandum;
 - b. Operating Agreement
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement; and
 - f. Escrow Instructions

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

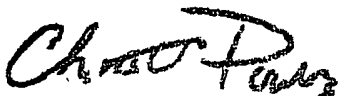
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC, ,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Christina Poulos
Director
California Service Center

cc: Elise A. Healy, Esq.

**CITY OF DALLAS
REGIONAL CENTER**

FILE NUMBER:

W09000080

**CHANGE OF
ADDRESS REPORT**

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



J16291005250225

Ship Date: 09AUG10
ActWgt: 1.0 LB
CAD: 4876583/INET3060

Delivery Address Bar Code



CSC

Ref # 277-001
Invoice #
PO #
Dept #

COA

AM AUG 10 2010

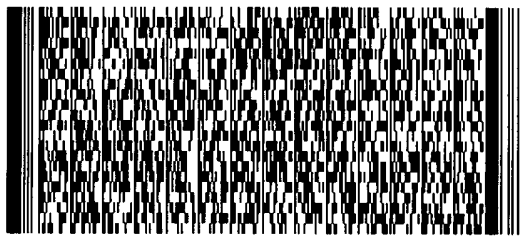
STAMP #107

SHIP TO: (214) 290-0004 BILL SENDER
**ATTN: EB-5 Regional Center Proposal
USCIS CALIFORNIA SERVICE CENTER
PO Box 10526**

LAGUNA NIGUEL, CA 92607

TRK# 7989 2679 6616
0201

TUE - 10 AUG A1
PRIORITY OVERNIGHT

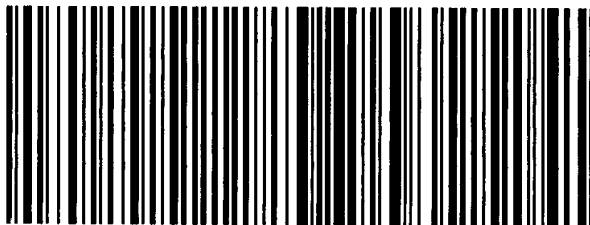


92607

CA-US

SNA

A7 JORA



508G4/33069A21

After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

A review of your request to Amend a Regional Center Proposal revealed that there is no cover letter requesting the amendment to the Regional Center that is signed by a principal of the Regional Center.

Amendments to Regional Center Proposals must meet all the Requirements of 8 CFR 103.2 which requires that all applications or petitions be signed by the applicant or petitioner. The request for an amendment to a Regional Center must be signed by a principal of the Regional Center:

8 CFR 103.2(a)(2) requires that the applicant or petitioner sign their petition or application. While no specific form is required for an Amendment to a Regional Center, the amendment must include a signature of a principal of the proposed Regional Center. Please provide a signed letter requesting the inclusion of an exemplar I-526 as an amendment to the City of Dallas Regional Center.

Note: Exemplar I-526 approval is not required for approved Regional Centers prior to the filing of I-526 petitions by investors. In addition, inclusion of an exemplar I-526 with the Regional Center proposal only indicates the format is not objectionable. It does not constitute pre-approval of I-526 petitions. Each I-526 filed must be adjudicated on its own merits.

While the exemplar I-526 provided does not appear to contain provisions contrary to law and regulation, if filed as is, it would probably require a request for additional evidence (RFE) to clarify or document various assertions within the filing. Examples of areas which may be of concern at the time of filing are:

1. Total job creation (from the Executive Summary, p. 1). How was that figure (433) reached, what is the job multiplier used, and where is it found in the report by Evans, Carroll & Associates, Inc? What is the breakdown for direct, indirect and induced jobs for this New Commercial Enterprise?
2. The new commercial enterprise, Encore International Investment Funds, LLC, apparently will create jobs by lending money to existing businesses. Will it also engage in equity investments? Are there any safeguards in effect that will ensure that all of the money lent will be used for job creating activities and not diverted to non-job creating activities such as expenses or repayment of other loans? Is Encore licensed to make loans in the State of Texas? Also at the time of filing, an RFE is likely to request copies of loan documents to determine interest rate and terms of the loans.
3. How will Encore verify direct job creation?
4. Page 3 of the cover letter indicates a fee will be paid out of the net cash flow. If any fee is taken from the investor's \$500,000 minimum investment amount it is prohibited and will should result in denial of the I-526 petition. All fees must be in addition to the investment. All of the investment must go to job creating activities.

The above four items contain exemplars of the kinds of questions likely to be posed by RFEs after the filing of the I-526s. It is by no means a complete list of possible relevant RFE questions. While the above are concerns which will be common to all the Encore I-526 applications, others, such as verification the funds

invested were lawfully obtained, will be different for each petition. Of course, draft documents will not be acceptable, only copies of actual signed documents should be filed with the I-526s. In addition, though not required, it is desirable that a table of contents precede the supporting evidence as the easier it is to find the required evidence the less likely RFEs will be necessary.

A review of the Regional Center proposal, approved on September 8, 2009, does not mention the intermediary company, the Encore International Investment Funds, which is going to make equity investments from the proceeds of the loan or loans provided by Civitas Encore Fund, LP. It appears that an additional corporate tier between the investor and the job creating activity has been created that was not contemplated in the City of Dallas Regional Center proposal. While such an arrangement is not specifically prohibited by the regulations, 8 CFR 204.6(m)(ii) does require that verifiable detail exist to show that jobs are created, although it is no longer required to show that the jobs be created through increased exports.

Also pertaining to the I-526 job creation requirement and evidence is 8 C.F.R. 204.6(j)(4)(i)(B), which states if the employment-creation requirement has not been satisfied prior to filing the petition, the petitioner must submit a "comprehensive business plan" which demonstrates that "due to the nature and projected size of the new commercial enterprise, the need for not fewer than ten (10) qualifying employees will result, including approximate dates, within the next two years, and when such employees will be hired." The exemplar I-526 did not submit any business plans and as such, could not be approved without either evidence that 10 full-time employees had already been hired as a result of the investment or a business plan for each job creating investment.

As a practical matter, it is simpler to have a single investment vehicle for each I-526 project because of ease in tracking the pathway of funds, clear linkage between an investor and jobs created by the investment and only one business plan is needed for each I-526. It is understood that diversification adds to the security of an investment and that this feature of the exemplar I-526 may be an attractive selling point to potential EB-5 investors. However, it is at the cost of greater difficulty in satisfying regulatory evidentiary requirements. While the scheme outlined in the submitted exemplar is not prohibited by the EB-5 regulations, the problem of providing the initial evidence required by 8 C.F.R. 204.6(j) is much greater.

In the scenario outlined by your exemplar I-526, no jobs would have been created by the investor's money at the time he filed the I-526. In that case a comprehensive business plan is required for each project his money is invested in. Encore lists 9 operating subsidiaries so at least 9 business plans would be required if the investor funds are not segregated. The City of Dallas Regional Center was approved to focus investments into 12 economic clusters. For a single investment fund to operate in all 12 clusters simultaneously, at least 12 business plans would be required. A comprehensive business plan is required for each job creating project.

To be considered "comprehensive," a business plan must be sufficiently detailed to permit the Service to reasonably conclude that the enterprise has the potential to meet the job-creation requirements. In Matter of Ho, the Administrative Appeals Office held that a "comprehensive business plan as contemplated by the

regulations should contain, at a minimum, a description of the business, its products and/or services, and its objectives." The decision states the following:

"The plan should contain a market analysis, including the names of competing businesses and their relative strengths and weaknesses, a comparison of the competition's products and pricing structures, and a description of the target market/prospective customers of the new commercial enterprise. The plan should list the required permits and licenses obtained. If applicable, it should describe the manufacturing or production process, the materials required, and the supply sources. The plan should detail any contracts executed for the supply of materials and/or the distribution of products. It should discuss the marketing strategy of the business, including pricing, advertising, and servicing. The plan should set forth the business's organizational structure and its personnel's experience. It should explain the business's staffing requirements and contain a timetable for hiring, as well as job descriptions for all positions. It should contain sales, cost, and income projections and detail the bases therefor. Most importantly, the business plan must be credible." See Matter of Ho .

While the requirement of showing the creation of 10 full-time jobs to qualifying employees is somewhat relaxed in a regional center, it still applies. The difference is that in a regional center, only the direct jobs must be shown to be full-time and held by qualified employees and the indirect jobs predicted by the economic report may be counted toward the 10 jobs per investor requirement.

Explain how the investor funds are "at risk", all of each investor funds are restricted to job creating activities and how direct job creation can be verified under the exemplar I-526 scenario. If assurances cannot be made that the practical problems of satisfying 8 C.F.R. 204.6(j) can be overcome the amendment may not be approved. It is not in the best interests either USCIS or the City of Dallas Regional Center to approved schemes that are likely to result in the denial of I-526 or subsequent I-829 petitions.

		Application/Petition REGIONAL CENTER PROPOSAL AMENDMENT
Receipt # W09002190		
Notice Date August 3, 2010	Page 1 of 5	Regional Center City of Dallas Regional Center

Elise Healy, Esq.
City of Dallas Regional Center
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm St., Suite 4100, Lock Box 50
Dallas, TX 75270

Request for Evidence

IMPORTANT: WHEN YOU HAVE COMPLIED WITH THE INSTRUCTIONS ON THIS FORM, RESUBMIT THIS NOTICE ON TOP OF ALL REQUESTED DOCUMENTS AND /OR INFORMATION TO THE ADDRESS BELOW. THIS OFFICE HAS RETAINED YOUR PETITION/APPLICATION WITH SUPPORTING DOCUMENTS.

THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS 24065/CSC1309 DIV III

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until October 25, 2010, in which to submit the information requested.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

You will be notified separately about any other applications or petitions you filed. Save a photocopy of this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
CALIFORNIA SERVICE CENTER
Attn: EB 5 RC Proposal
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0526



W09002195

Additional Information for Applicants and Petitioners.

General.

The filing of an application or petition does not in itself allow a person to enter or remain in the United States and does not confer any other right or benefit.

Inquiries.

If you do not hear from us within the processing time given on this notice and you want to know the status of this case, use InfoPass at www.uscis.gov to contact your local USCIS office or call our National Customer Service Center at 1-800-375-5283.

You should follow the same procedures before contacting your local USCIS office if you have questions about this notice.

Please have this form with you whenever you contact a local office about this case.

Requests for Evidence.

If this notice asks for more evidence, you can submit it or you can ask for a decision based on what you have already filed. When you reply, please include a copy of the other side of this notice and also include any papers attached to this notice.

Reply Period.

If this notice indicates that you must reply by a certain date and you do not reply by that date, we will issue a decision based on the evidence on file. No extension of time will be granted. After we issue a decision, any new evidence must be submitted with a new application or petition, motion or appeal, as discussed under "Denials".

Approval for a Petition.

Approval of an immigrant or nonimmigrant petition means that the beneficiary, the person for whom it was filed, has been found eligible for the requested classification. However, approval of a petition does not give any status or right. Actual status is given when the beneficiary is given the proper visa and uses it to enter the United States. Please contact the appropriate U.S. consulate directly if you have any questions about visa issuance.

For nonimmigrant petitions, the beneficiary should contact the consulate after receiving our approval notice. For approved immigrant petitions, the beneficiary should wait to be contacted by consulate.

If the beneficiary is now in the United States and believes he or she may be eligible for the new status without going abroad for a visa, he or she should use InfoPass to contact a local USCIS office about applying here.

Denials.

A denial means that after every consideration, USCIS concluded that the evidence submitted did not establish eligibility for the requested benefit.

If you believe there is more evidence that will establish eligibility, you can file a new application or petition, or you can file a motion to reopen this case. If you believe the denial is inconsistent with precedent decisions or regulations, you can file a motion for reconsideration.

If the front of this notice states that this denial can be appealed and you believe the decision is in error, you can file an appeal.

You can obtain more information about these processes by either using InfoPass to contact your local USCIS office, or by calling the National Customer Service Center.



WO 9000 80

RECEIPT NUMBER W09002190		CASE TYPE Regional Center Proposal	
RECEIPT DATE July 8, 2010		REGIONAL CENTER NAME City of Dallas Regional Center (Amendment)	
		PAGE 1 of 1	

City of Dallas Regional Center C/O Elise Healy, Esq. Spencer Crain Cabbage Healy & McNamara, PLLC 1201 Elm Street, Suite 4100, Lock Box 50 Dallas, Texas 75270	Notice Type: <h2 style="text-align: center;">Receipt Notice</h2>
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Receipt Notice - This notice confirms that USCIS received your Regional Center Proposal. If any of the above information is incorrect, send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing Time - The current processing time for this case is estimated at 120 days. Unlike other case types, verification or tracking of this case is not available electronically or on our website. We will notify you by mail when we make a decision on this case or if we need something from you. If you do not receive an initial decision or update from us within our current processing time, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov, or contact us at the address below.

Address Change - If your mailing address changes while your case is pending, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. Otherwise, you might not receive notice of our action on this case.

Please save this notice and a copy of any papers that you send to us along with proof of delivery.

U.S. CITIZENSHIP & IMMIGRATION SVC
 CALIFORNIA SERVICE CENTER
 Attn: EB-5 RC Proposal
 P.O. BOX 10526
 LAGUNA NIGUEL CA 92607-10526

- Please save this notice for your records. Please enclose a copy if you have to write us or a U. S. Consulate about this case, or if you file another application based on this decision.
- You will be notified separately about any other applications or petitions you have filed.

Additional Information

GENERAL.

The filing of an application or petition does not in itself allow a person to enter the United States and does not confer any other right or benefit.

INQUIRIES.

You should contact the office listed on the reverse side of this notice if you have questions about the notice, or questions about the status of your application or petition. *We recommend you call.* However, if you write us, please enclose a copy of this notice with your letter.

APPROVAL OF NONIMMIGRANT PETITION.

Approval of a nonimmigrant petition means that the person for whom it was filed has been found eligible for the requested classification. If this notice indicated we are notifying a U.S. Consulate about the approval for the purpose of visa issuance, and you or the person you filed for have questions about visa issuance, please contact the appropriate U.S. Consulate directly.

APPROVAL OF AN IMMIGRANT PETITION.

Approval of an immigrant petition does not convey any right or status. The approved petition simply establishes a basis upon which the person you filed for can apply for an immigrant or fiance(e) visa or for adjustment of status.

A person is not guaranteed issuance of a visa or a grant of adjustment simply because this petition is approved. Those processes look at additional criteria.

If this notice indicates we have approved the immigrant petition you filed, and have forwarded it to the Department of State Immigrant Visa Processing Center, that office will contact the person you filed the petition for directly with information about visa issuance.

In addition to the information on the reverse of this notice, the instructions for the petition you filed provide additional information about processing after approval of the petition.

For more information about whether a person who is already in the U.S. can apply for adjustment of status, please see Form I-485, *Application to Register Permanent Residence or Adjust Status*.



W09002195



W09002195



U.S. Citizenship
and Immigration
Services

September 29, 2010

Elise Healy, Esq.
City of Dallas Regional Center
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm St., Suite 4100, Lock Box 50
Dallas TX 75270

File No. W09002190

Application: Request to Amend Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on September 8, 2009, the City of Dallas Regional Center was approved and designated as a regional center to participate in the Immigrant Investor Pilot Program. In a written request dated July 8, 2010, the City of Dallas Regional Center sought to amend its initial Regional Center designation as follows:

1. To include a capital investment project by Civitas Encore Fund, LP and a loan to a new commercial enterprise located in Dallas, Texas. This project approval will allow investors in this project to proceed with filing their respective Forms I-526, Immigrant Petition by Alien Entrepreneur with the appropriate fee. Investors must include evidence of any changes or updates to the project such as changes to the estimated start and completion dates.

The capital investment project identified in the business plan in the approved Form I-526 must serve as the basis for determining at the Form I-829 stage whether the requisite capital investment has been sustained throughout alien's two year period of conditional residency. In addition, the Form I-829 must show that the business plan for the project submitted with the I-526 was carried out and that at least ten jobs were created as a result of that investment in that project. The business plan in the Form I-526 petition may not be materially changed after the petition is filed. For example, an investment in company A by the I-526 applicant may not be changed to company B for a different project prior to filing the I-829 even if both companies are in the same kind of business. In the event an investor's funds cannot be used in the project described in the plan submitted with the I-526, the investor's only recourse is to file a new I-526 for the new project.

Based on its review and analysis of the request to amend the Dallas City Regional Center, business plan, and supplementary evidence, the U.S. Citizenship and Immigration Services (USCIS) amends the designation of the Regional Center as described above. In accepting the amendment, USCIS has updated its records of your Regional Center approval, designation, and business plan to encompass this amendment relative to the investment of the Regional Center on the following 12 areas of commercial enterprise:

1. -Advance Building Components and Systems;
2. -Food Manufacturing;
3. -Headquarters Management and Administrative Operations;
4. -Instruments Manufacturing;
5. -Information Technology Services;
6. -Logistics, Trade and Commerce;
7. -Media, Entertainment & Amenities;
8. -Telecommunications;
9. -Transportation Equipment Manufacturing & Assembly;
10. -Energy, Clean Tech and Environment;
11. -Human Health, Education & Wellness and
12. -Building, Development & Infrastructure.

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for investments into financing projects and developing commercial enterprises in the above cited twelve (12) targeted commercial activities located within the approved Regional Center area within the city of Dallas, Texas. The geographic focus of the area may contain some High Unemployment Targeted Areas (TEAs) as designated by the State of Texas as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

However, where preservation or creation of "direct jobs" is claimed in support of an immigrant investor's I-526 petition affiliated with the Regional Center, then:

- To be credited for preserving/maintaining pre-existing direct jobs for "qualified employees" with the Regional Center for a "troubled business" as defined by the regulation at Part 204.6(e), the individual I-526 petition must be supported by probative evidence of the number of full time (35 hours per week) qualified employees, whose positions shall be preserved/maintained throughout the alien's period of conditional residency. Such evidence should include copies of quarterly state employment tax reports,

Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

- To be credited with projected creation of new “direct” jobs for “qualifying employees” upon filing the I-526 petition, then the petition must be supported by a comprehensive detailed business plan and supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for “qualifying employees” to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor’s I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien’s investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Operating Agreement;
 - b. Confidential Private Offering Memorandum ;
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement;
 - f. Escrow instructions and
 - g. Loan Agreement.

DESIGNEE’S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated

Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

- ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Rosemary Langley Melville
Director
California Service Center

		Application/Petition REGIONAL CENTER PROPOSAL AMENDMENT
Receipt # W09002190		
Notice Date August 3, 2010	Page 1 of 5	Regional Center City of Dallas Regional Center

Elise Healy, Esq.
City of Dallas Regional Center
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm St., Suite 4100, Lock Box 50
Dallas, TX 75270

Request for Evidence

IMPORTANT: WHEN YOU HAVE COMPLIED WITH THE INSTRUCTIONS ON THIS FORM, RESUBMIT THIS NOTICE ON TOP OF ALL REQUESTED DOCUMENTS AND /OR INFORMATION TO THE ADDRESS BELOW. THIS OFFICE HAS RETAINED YOUR PETITION/APPLICATION WITH SUPPORTING DOCUMENTS.

THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS 24065/CSC1309 DIV III

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until October 25, 2010, in which to submit the information requested.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

You will be notified separately about any other applications or petitions you filed. Save a photocopy of this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
CALIFORNIA SERVICE CENTER
Attn: EB 5 RC Proposal
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0526



Additional Information for Applicants and Petitioners.

General.

The filing of an application or petition does not in itself allow a person to enter or remain in the United States and does not confer any other right or benefit.

Inquiries.

If you do not hear from us within the processing time given on this notice and you want to know the status of this case, use InfoPass at www.uscis.gov to contact your local USCIS office or call our National Customer Service Center at 1-800-375-5283.

You should follow the same procedures before contacting your local USCIS office if you have questions about this notice.

Please have this form with you whenever you contact a local office about this case.

Requests for Evidence.

If this notice asks for more evidence, you can submit it or you can ask for a decision based on what you have already filed. When you reply, please include a copy of the other side of this notice and also include any papers attached to this notice.

Reply Period.

If this notice indicates that you must reply by a certain date and you do not reply by that date, we will issue a decision based on the evidence on file. No extension of time will be granted. After we issue a decision, any new evidence must be submitted with a new application or petition, motion or appeal, as discussed under "Denials".

Approval for a Petition.

Approval of an immigrant or nonimmigrant petition means that the beneficiary, the person for whom it was filed, has been found eligible for the requested classification. However, approval of a petition does not give any status or right. Actual status is given when the beneficiary is given the proper visa and uses it to enter the United States. Please contact the appropriate U.S. consulate directly if you have any questions about visa issuance.

For nonimmigrant petitions, the beneficiary should contact the consulate after receiving our approval notice. For approved immigrant petitions, the beneficiary should wait to be contacted by consulate.

If the beneficiary is now in the United States and believes he or she may be eligible for the new status without going abroad for a visa, he or she should use InfoPass to contact a local USCIS office about applying here.

Denials.

A denial means that after every consideration, USCIS concluded that the evidence submitted did not establish eligibility for the requested benefit.

If you believe there is more evidence that will establish eligibility, you can file a new application or petition, or you can file a motion to reopen this case. If you believe the denial is inconsistent with precedent decisions or regulations, you can file a motion for reconsideration.

If the front of this notice states that this denial can be appealed and you believe the decision is in error, you can file an appeal.

You can obtain more information about these processes by either using InfoPass to contact your local USCIS office, or by calling the National Customer Service Center.

A review of your request to Amend a Regional Center Proposal revealed that there is no cover letter requesting the amendment to the Regional Center that is signed by a principal of the Regional Center.

Amendments to Regional Center Proposals must meet all the Requirements of 8 CFR 103.2 which requires that all applications or petitions be signed by the applicant or petitioner. The request for an amendment to a Regional Center must be signed by a principal of the Regional Center:

8 CFR 103.2(a)(2) requires that the applicant or petitioner sign their petition or application. While no specific form is required for an Amendment to a Regional Center, the amendment must include a signature of a principal of the proposed Regional Center. Please provide a signed letter requesting the inclusion of an exemplar I-526 as an amendment to the City of Dallas Regional Center.

Note: Exemplar I-526 approval is not required for approved Regional Centers prior to the filing of I-526 petitions by investors. In addition, inclusion of an exemplar I-526 with the Regional Center proposal only indicates the format is not objectionable. It does not constitute pre-approval of I-526 petitions. Each I-526 filed must be adjudicated on its own merits.

While the exemplar I-526 provided does not appear to contain provisions contrary to law and regulation, if filed as is, it would probably require a request for additional evidence (RFE) to clarify or document various assertions within the filing. Examples of areas which may be of concern at the time of filing are:

1. Total job creation (from the Executive Summary, p. 1). How was that figure (433) reached, what is the job multiplier used, and where is it found in the report by Evans, Carroll & Associates, Inc? What is the breakdown for direct, indirect and induced jobs for this New Commercial Enterprise?
2. The new commercial enterprise, Encore International Investment Funds, LLC, apparently will create jobs by lending money to existing businesses. Will it also engage in equity investments? Are there any safeguards in effect that will ensure that all of the money lent will be used for job creating activities and not diverted to non-job creating activities such as expenses or repayment of other loans? Is Encore licensed to make loans in the State of Texas? Also at the time of filing, an RFE is likely to request copies of loan documents to determine interest rate and terms of the loans.
3. How will Encore verify direct job creation?
4. Page 3 of the cover letter indicates a fee will be paid out of the net cash flow. If any fee is taken from the investor's \$500,000 minimum investment amount it is prohibited and will should result in denial of the I-526 petition. All fees must be in addition to the investment. All of the investment must go to job creating activities.

The above four items contain exemplars of the kinds of questions likely to be posed by RFEs after the filing of the I-526s. It is by no means a complete list of possible relevant RFE questions. While the above are concerns which will be common to all the Encore I-526 applications, others, such as verification the funds

invested were lawfully obtained, will be different for each petition. Of course, draft documents will not be acceptable, only copies of actual signed documents should be filed with the I-526s. In addition, though not required, it is desirable that a table of contents precede the supporting evidence as the easier it is to find the required evidence the less likely RFEs will be necessary.

A review of the Regional Center proposal, approved on September 8, 2009, does not mention the intermediary company, the Encore International Investment Funds, which is going to make equity investments from the proceeds of the loan or loans provided by Civitas Encore Fund, LP. It appears that an additional corporate tier between the investor and the job creating activity has been created that was not contemplated in the City of Dallas Regional Center proposal. While such an arrangement is not specifically prohibited by the regulations, 8 CFR 204.6(m)(ii) does require that verifiable detail exist to show that jobs are created, although it is no longer required to show that the jobs be created through increased exports.

Also pertaining to the I-526 job creation requirement and evidence is 8 C.F.R. 204.6(j)(4)(i)(B), which states if the employment-creation requirement has not been satisfied prior to filing the petition, the petitioner must submit a "comprehensive business plan" which demonstrates that "due to the nature and projected size of the new commercial enterprise, the need for not fewer than ten (10) qualifying employees will result, including approximate dates, within the next two years, and when such employees will be hired." The exemplar I-526 did not submit any business plans and as such, could not be approved without either evidence that 10 full-time employees had already been hired as a result of the investment or a business plan for each job creating investment.

As a practical matter, it is simpler to have a single investment vehicle for each I-526 project because of ease in tracking the pathway of funds, clear linkage between an investor and jobs created by the investment and only one business plan is needed for each I-526. It is understood that diversification adds to the security of an investment and that this feature of the exemplar I-526 may be an attractive selling point to potential EB-5 investors. However, it is at the cost of greater difficulty in satisfying regulatory evidentiary requirements. While the scheme outlined in the submitted exemplar is not prohibited by the EB-5 regulations, the problem of providing the initial evidence required by 8 C.F.R. 204.6(j) is much greater.

In the scenario outlined by your exemplar I-526, no jobs would have been created by the investor's money at the time he filed the I-526. In that case a comprehensive business plan is required for each project his money is invested in. Encore lists 9 operating subsidiaries so at least 9 business plans would be required if the investor funds are not segregated. The City of Dallas Regional Center was approved to focus investments into 12 economic clusters. For a single investment fund to operate in all 12 clusters simultaneously, at least 12 business plans would be required. A comprehensive business plan is required for each job creating project.

To be considered "comprehensive," a business plan must be sufficiently detailed to permit the Service to reasonably conclude that the enterprise has the potential to meet the job-creation requirements. In Matter of Ho, the Administrative Appeals Office held that a "comprehensive business plan as contemplated by the

regulations should contain, at a minimum, a description of the business, its products and/or services, and its objectives." The decision states the following:

"The plan should contain a market analysis, including the names of competing businesses and their relative strengths and weaknesses, a comparison of the competition's products and pricing structures, and a description of the target market/prospective customers of the new commercial enterprise. The plan should list the required permits and licenses obtained. If applicable, it should describe the manufacturing or production process, the materials required, and the supply sources. The plan should detail any contracts executed for the supply of materials and/or the distribution of products. It should discuss the marketing strategy of the business, including pricing, advertising, and servicing. The plan should set forth the business's organizational structure and its personnel's experience. It should explain the business's staffing requirements and contain a timetable for hiring, as well as job descriptions for all positions. It should contain sales, cost, and income projections and detail the bases therefor. Most importantly, the business plan must be credible." See Matter of Ho .

While the requirement of showing the creation of 10 full-time jobs to qualifying employees is somewhat relaxed in a regional center, it still applies. The difference is that in a regional center, only the direct jobs must be shown to be full-time and held by qualified employees and the indirect jobs predicted by the economic report may be counted toward the 10 jobs per investor requirement.

Explain how the investor funds are "at risk", all of each investor funds are restricted to job creating activities and how direct job creation can be verified under the exemplar I-526 scenario. If assurances cannot be made that the practical problems of satisfying 8 C.F.R. 204.6(j) can be overcome the amendment may not be approved. It is not in the best interests either USCIS or the City of Dallas Regional Center to approved schemes that are likely to result in the denial of I-526 or subsequent I-829 petitions.

Spencer Crain Cabbage Healy & McNamara pllc

August 23, 2010

PRIVILEGED AND CONFIDENTIAL

USCIS California Service Center
ATTN: EB-5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

Ref: RFE Response to Exemplar I-526 Amending the City of Dallas Regional Center Proposal
Your File No.: W09002195
Our File No.: 277-008

Dear CSC Adjudication Officer:

Thank you for the comments and insights expressed in the above-captioned Request for Evidence, dated August 3, 2010. Please accept this letter and the attached documents as a timely response. The response addresses your questions and comments in the order raised.

1. Please provide a signed letter requesting the inclusion of an exemplar I-526 as an amendment to the City of Dallas Regional Center.

RESPONSE:

Attached at **Tab 1** is a letter from Karl Zavitkovsky, Director, City of Dallas Office of Economic Development, who signed the original City of Dallas Regional Center (CDRC) Proposal. Mr. Zavitkovsky's letter formally requests that the Civitas Encore Fund, LP I-526 exemplar petition, and supporting documents, including those submitted herewith, be accepted and approved as an amendment to the CDRC proposal approved on September 8, 2009.

In addition, because the CDRC's management and day to day operations are contracted to Civitas Capital Management, LLC, as was documented in the approved CDRC proposal, **Tab 1** also includes an updated I-526 exemplar petition and Form G-28 signed by Civitas' Managing Partner, Daniel J. Healy. I have included both Mr. Zavitkovsky's letter and an exemplar I-526 petition signed by Mr. Healy because the CDRC is structured such that Civitas Capital Management, LLC, is contractually engaged by the City of Dallas to manage the CDRC. As a result of it being the designated manager of the CDRC, and pursuant to the terms of its contract with the City of Dallas, it is Civitas Capital

1201 Elm Street, Suite 4100
Dallas, Texas 75270
214.290.0000
214.290.0099 (Fax)

www.spencercrain.com

1330 Post Oak, Suite 1600
Houston, Texas 77056
713.963.3669
713.963.4663 (Fax)

Management, LLC, that has created the Civitas Encore Fund, LP, as the vehicle through which EB-5 I-526 petitioners will invest through the CDRC.

Taken together, the documents at **Tab 1** meet the requirement set forth at 8 CFR §103.2, that all applications or petitions must be signed by the applicant or petitioner.

2. Total job creation (from the Executive Summary, p. 1). How was that figure (433) reached, what is the job multiplier used, and where is it found in the report by Evans, Carroll & Associates, Inc.? What is the breakdown for direct, indirect and induced jobs for this new commercial enterprise?

RESPONSE:

The total job creation of 433 jobs reflected in the report (the "**Economic Study**", attached at **Tab 2**) authored by Evans, Carroll & Associates, Inc. ("**Evans Carroll**") was derived based on the creation of 250 direct jobs by the call center (the "**Job Creating Activity**") to be established by Encore International Investment Funds, LLC (the "**Borrower**") within the boundaries of the CDRC. The Borrower is required to establish 250 jobs pursuant to the terms of the **Term Loan Agreement** entered into by and between Civitas Encore Fund, LP (Lender), and Encore International Investment Funds, LLC (Borrower), and is based upon the Borrower's estimate of the personnel required to support its existing and planned hotel, resort and other property portfolio. The executed Term Loan Agreement is attached to this response at **Tab 3**.

Section 5.13 of the Term Loan Agreement provides that the Borrower's is contractually required to hire 250 direct, full-time employees within eighteen (18) months of the date on which the loan made by the Fund to the Borrower is closed. The relevant language is excerpted below:

Section 5.13. Creation of Qualifying Jobs. Within eighteen (18) months of the Closing Date, the Borrower shall have used the proceeds of the Term Loan to directly hire at least 250 full-time legal U.S. employees, each of whom works not less than thirty-five (35) hours per week, and each of which is otherwise a "Qualifying Job" under the EB-5 Program, as determined by the Lender in its reasonable discretion and will at all times thereafter maintain at least 250 such full time employees.

Source: Term Loan Agreement dated July 9, 2010 between Encore International Investment Funds, LLC and Civitas Encore Fund, L.P. See complete copy of the Term Loan Agreement at **Tab 3**.

The amended Comprehensive Business Plan for Civitas Encore Fund, LP, attached at **Tab 4**, sets forth the economic and financial basis which supports the creation of a minimum of 250 direct jobs at the Dallas call center, describes the titles and essential duties of the jobs, and estimates the approximate timing and milestones for hiring US workers for those positions, in conformity with *Matter of Ho*.

The following Table 5. Permanent Increase in Employment, Telephone Call Center accounts for (a) the 250 direct call center jobs the Borrower is required to create, and

(b) the indirect, induced, and total jobs created by the Job Creating Activity—the call center—to be established by the Borrower using the proceeds of the Loan. This table can be found in *Section 10. Economic Impact of Operating Call Center* of the Economic Study (see pages 36-37 of the Economic Study). The Economic Study is attached at **Tab 2**.

TABLE 5. PERMANENT INCREASE IN EMPLOYMENT, TELEPHONE CALL CENTER				
Industry Group	Direct	Indirect	Induced	Total
Other goods	0	0.1	0.4	0.5
Utilities	0	0.1	0.2	0.3
Construction	0	0.4	0.7	1.1
Manufacturing	0	1.9	7	8.9
Wholesale trade	0	0.8	4.6	5.4
Retail trade	0	0.5	24.2	24.8
Transportation	0	3.1	2.6	5.7
Information svcs	0	2.1	1.3	3.4
Banks and credit intermed	0	1.2	2.4	3.6
Other financial	0	1.9	7.9	9.8
Real estate	0	3.4	3.8	7.2
Lawyers and accountants	0	3	2.3	5.3
Architects and engineers	0	0.6	0.3	0.9
Computer program and design	0	3.3	1	4.3
Other professional svcs	0	4.2	2.4	6.7
Employment services	0	14.6	2.4	16.9
Other business services	0	2.9	0.7	3.5
Telephone call centers	250	1.9	0.4	252.3
Building support services	0	3.2	1.7	4.9
Social services	0	0.6	9.3	9.9
Health care	0	0	13.5	13.5
Entertainment and leisure	0	1.2	4.1	5.2
Hotels	0	1.4	1	2.4
Restaurants	0	5.7	11.5	17.2
Repair services	0	0.9	1.3	2.2
Personal services	0	1.3	5.9	7.2
Government	0	5.4	4.5	9.9
Total Jobs	250	66	117	433
Source: Economic Study by Evans Carroll, Section 10 - Economic Impact of Operating Call Center, pages 36-37. See Tab 2 .				

The job multiplier used in the Economic Study is 1.732, and can be found in the Executive Summary of the Economic Study (see page 3 of the Economic Study). The specific passage is as follows:

• The operator has indicated there will be 250 direct jobs. The IMPLAN employment multiplier, which is based on the economic data for Dallas, Denton, Collin, and Tarrant counties, is 1.732. As a result, there will be a total of 433 jobs, of which 66 will be indirect and 117 will be induced. The call center is in NAICS 5614, which is other business support services.

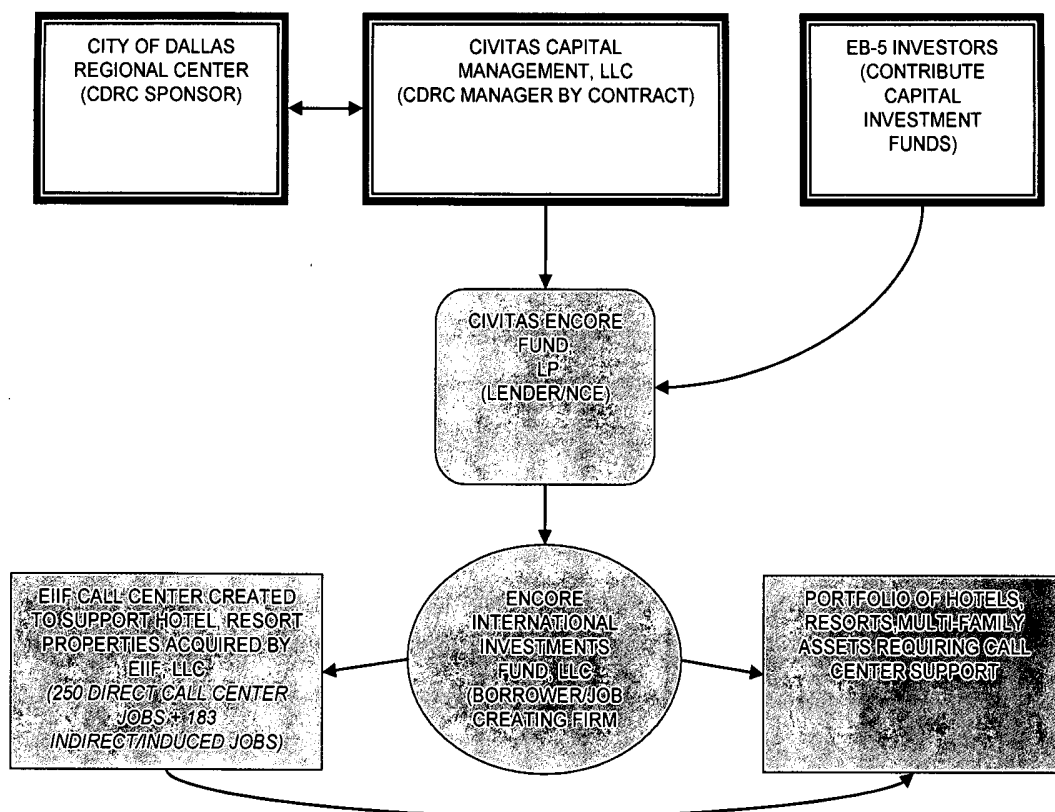
Source: Economic Study by Evans Carroll, page 3. See **Tab 2**.

3. The new commercial enterprise, Encore International Investment Funds, LLC, apparently will create jobs by lending money to existing businesses. Will it also engage in equity investments? Are there any safeguards in effect that will ensure that all of the money lent will be used for job creating activities and not diverted to non-job creating activities such as expenses or repayment of other loans? Is Encore licensed to make loans in the State of Texas? Also at the time of filing, an RFE is likely to request copies of loan documents to determine interest rate and terms of the loans.

RESPONSE:

Encore International Investment Funds, LLC, will create jobs by *borrowing* up to \$15,000,000 from Civitas Encore Fund, LP, a limited partnership organized by Civitas Capital Management, LLC, as the entity through which EB-5 investors will make qualifying investments of capital within the CDRC, and solely for the purpose of creating jobs in the Dallas Call Center.

As described in the Term Loan Agreement, Encore International Investment Funds, LLC, will use the funds borrowed from Civitas Encore Fund, LP, to (1) create a customer service/reservations call center in Dallas, Texas, and (2) to acquire a portfolio of hotels, luxury resort condominiums, multi-family and similar real estate assets that require the reservations and customer service support that the call center will provide. You are correct that Encore International Investment Funds, LLC, may either purchase or extend debt, or make equity investments, in order to acquire interests in real properties that require the services of the Dallas call center. Please see the executed Term Loan Agreement by and between Encore International Investment Funds, LLC (Borrower), and Civitas Encore Fund, LP (Lender), attached at **Tab 3**. The graphic representation below shows in simplified form Encore International Investment Funds, LLC's relationship to Civitas Encore Fund, LP within the overall structure of the CDRC as set forth in its original, approved proposal.



The new commercial enterprise in this exemplar petition is Civitas Encore Fund, LP. This limited partnership, to which EB-5 investors will subscribe pursuant to the Private Offering Memorandum, Subscription Agreement, and Limited Partnership Agreement previously submitted, is in the business of (1) making senior, secured Term Loan(s) totaling up to \$15,000,000, to Encore International Investment Funds, LLC, and (2) asset managing that loan to ensure it performs according to the Term Loan Agreement, *including compliance with EB-5 job creation requirements and verification of the same.*

Civitas Encore Fund, LP *will not* make an equity investment in Encore International Investment Funds, LLC. It is solely in the business of loaning capital in the form of a senior, secured term loan in a single or multiple advances. Civitas Encore Fund, LP will be loaning capital to Encore International Investment Funds, LLC specifically in compliance with the CDRC Regional Center Proposal, as the CDRC was approved “to engage in the following economic activities: business development including equity funding/financing and loaning capital.” Please see the CDRC Approval Letter, attached at **Tab 5**.

There is no Federal or state law requiring Civitas Encore Fund, LP or the job-creating enterprise, Encore International Investment Funds, LLC, to be licensed to engage in a corporate lending transaction. Consumer lending, of course, is regulated at the state and federal levels. However, neither the Lender nor the Borrower in the proposed transaction are engaged in consumer lending, nor do they intend to be. Both are authorized to engage in business in the state of Texas.

Further, the job-creating firm whose business activities will be funded by the loan made by Civitas Encore Fund, LP, Encore International Investments Fund, LLC (the borrower), will develop and operate a reservations and customer service call center headquartered in Dallas, Texas, in support of hotel, luxury resort condominium properties, and multi-family real estate assets, which the Borrower will acquire. Such assets require call center services for their proper management in order to achieve their financial performance goals, and generate income so that the Borrower can repay the loan to Civitas Encore Fund, LP. The Borrower thus will provide management and administrative support services to its portfolio of US real estate properties and is therefore within the Headquarters, Management & Administrative Operations industry cluster set forth in the approved Regional Center Proposal, and listed in the approval letter of September 8, 2009.

With regard to whether there are "any safeguards in effect that will ensure that all of the money lent will be used for job creating activities and not diverted to non-job creating activities such as expenses or repayment of other loans," Civitas Capital Management, LLC has negotiated strong safeguards in the Term Loan Agreement, the purpose of which is to ensure that the EB-5 capital loaned by Civitas Encore Fund, LP, to Encore International Investments Fund, LLC, will be used for job creating activities. The funds invested by each EB-5 investor will *not* be used for Civitas Encore Fund, LP's operating expenses or for the repayment of other loans of the Borrower, or for any purpose other than those described in the Term Loan Agreement attached at **Tab 3**.

The relevant provisions from the Term Loan Agreement include the following excerpt from Section 5.1, Affirmative Covenants, Term Loan Agreement, at pages 20-21. These provisions expressly set forth the Borrower's obligation to provide specific documents to enable Civitas Encore Fund, LP (Lender) to verify employment creation targets are being met timely, and to provide any other documentation Lender deems necessary to enable it to determine how the Borrower is using the loan funds:

The Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 5.1. Financial Statements and Other Information. The Borrower will deliver to the Lender:

(e) promptly following any request therefore, for Lender's use in connection with compliance with EB-5 Program rules and regulations, any information that Lender may reasonably request regarding Borrower's or any Subsidiary Guarantor's employees, including without limitation, a list of job titles, payroll data, copies of Form I-9 and similar employee data, payroll tax information, job descriptions, hiring plans, such Person's Texas Quarterly Employer's Reports, such Person's Federal Employer Quarterly Tax Return, and documentation of such Person's recruitment efforts, including use of advertisement and the Dallas Call Center; and

(f) promptly following any request therefor, such other information regarding the results of operations, business affairs and financial condition of the Parent, the Borrower or any of their Subsidiaries as the Lender may reasonably request.

In addition, the following provision from the Term Loan Agreement, at page 23, requires the Borrower to use the loan funds for the establishment and expansion of the Dallas Call Center and to the acquisition of "Permitted Investments."

Section 5.9. Use of Proceeds. The Borrower will use (a) up to \$5,000,000 of the Term Loan proceeds for working capital purposes related to the establishment and expansion of the Dallas Call Center, and (b) the remaining portion of the Term Loan proceeds solely to acquire Permitted Investments. No part of the Term Loan proceeds will be used, whether directly or indirectly, (i) for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulation T or U, (ii) to acquire any publicly traded securities, or (iii) for any purpose that is ineligible under the EB-5 Program.

"Permitted Investments" is a defined term in the Term Loan Agreement. The definition is set forth at page 8 of the Term Loan Agreement, and is reproduced below:

"Permitted Investments" means investments in (i) hospitality, retail, and multi-family real estate properties or real estate related assets physically located in the continental United States of America such as loans and partnership interests, and (ii) operating businesses such as call centers; provided that no portion of any such investment will consist of publicly traded securities or permit the use of funds that would violate any law, rule, or regulation related to the EB-5 Program.

Finally, please note that in Section 5.13 of the Term Loan Agreement (reproduced below), the Borrower is obligated to create 250 direct jobs (at the Dallas Call Center) within 18 months of the loan closing. As discussed above, Civitas Encore Fund, LP, as Lender, has strong tools under the Term Loan Agreement that will enable it to monitor Borrower's use of the loan proceeds; to obtain from the Borrower the financial and other information it needs to ensure that Borrower meets its job-creation obligation timely; and to professionally manage the loan's performance on behalf of EB-5 investors.

Civitas Encore Fund, LP is also *highly motivated to use those tools* to ensure that Borrower complies with the use of loan proceeds and job-creation obligations, since Borrower's success in meeting its job-creation obligation and compliance with EB-5 regulations translates *directly* into Civitas's success in achieving a "double bottom line return" for its investors: that is, delivering a fair return on their invested capital (subject to the risk of default), while also enabling investors to secure lawful permanent residence in the United States, pursuant to the statute and regulations governing the EB-5 program.

Section 5.13. Creation of Qualifying Jobs. Within eighteen (18) months of the Closing Date, the Borrower shall have used the proceeds of the Term Loan to directly hire at least 250 full-time legal U.S. employees, each of whom works not less than thirty-five (35) hours per week, and each of which is otherwise a “Qualifying Job” under the EB-5 Program, as determined by the Lender in its reasonable discretion and will at all times thereafter maintain at least 250 such full time employees.

4. How will Encore verify direct job creation?

RESPONSE:

Civitas Encore Fund, LP, as Lender, is responsible for verifying direct job creation by the Borrower, Encore International Investment Funds, LLC. As is discussed above, and documented in the Term Loan Agreement, Encore International Investment Funds, LLC (Borrower) is required to provide Civitas Encore Fund, LP (Lender) with documentation to enable the Lender to verify direct job creation, as required under USCIS regulations governing the operation of Regional Centers. Specifically, Borrower is bound under the Affirmative Covenant at Section 5.1(e) of the Term Loan Agreement to provide the Lender “any information that Lender may reasonably request regarding Borrower’s or any Subsidiary guarantor’s employees, including, without limitation

- A list of job titles
- Payroll data
- Copies of Form I-9 and similar employee data,
- Payroll tax information,
- Job descriptions,
- Hiring plans,
- Texas Quarterly Employer’s Reports,
- Federal Employer Quarterly Reports and
- Documentation of recruitment efforts including use of advertisement and the Dallas Call Center.”

The principals of Civitas Encore Fund, LP are experienced, professional asset managers, as was documented in the original proposal. They have negotiated the terms of the loan to enable them to:

- Monitor the Borrower’s financial performance and use of funds closely;
- Ensure that Borrower timely meets the direct job-creation requirement of 250 call center jobs located in Dallas, Texas; and
- Obtain sufficient documentation to prove direct job creation within 18 months of loan closing.

5. A review of the Regional Center proposal, approved on September 8, 2009, does not mention the intermediary company, the Encore International Investment Funds, which

is going to make equity investments from the proceeds of the loan or loans provided by Civitas Encore Fund, LP. It appears that an additional corporate tier between the investor and the job creating activity has been created that was not contemplated in the city of Dallas Regional Center proposal. While such an arrangement is not specifically prohibited by the regulations, 8 CFR 204.6(m)(ii) does require that verifiable detail exist to show that jobs are created, although it is no longer required to show that the jobs be created through increased exports.

RESPONSE:

The original CDRC proposal approved on September 8, 2009, stated that the CDRC would be managed and operated on behalf of the City of Dallas by Civitas Capital Management, LLC, pursuant to an exclusive 10-year contract, a copy of which was provided to the Service as part of the City of Dallas's proposal.

The business plan set forth in the CDRC proposal provided that Civitas would create a series of limited partnerships, and that these limited partnerships would make the following types of investments in businesses or developments located within the CDRC:

[The following is excerpted from the CDRC's August 9, 2009 response to the Service's RFE, at 11]:

"CDRC Fund investments will generally take one of the following forms:

- *Expansion Capital. These will be investments in established companies for the purposes of growing their businesses, and may take the form of senior loans, mezzanine loans, equity investments or hybrid structures.*
- *Project Capital. These will be investments in real estate projects at various levels of the capital structure, including senior loans, mezzanine loans, equity investments or hybrid structures.*
- *Venture Capital. These will be equity and equity-like investments in small, rapidly growing private companies in various stages of development with high-impact business plans or intellectual property."*

In addition, the CDRC's August 2009 RFE response stated the following at page 11 concerning its plan to offer "multiple concurrent investment fund offerings," none of which were named, since none could even be formed without Service approval of the CDRC proposal:

"Civitas retains the discretion to close a Fund in any amount, with a target of \$75 million to \$100 million per Fund. This translates to 150 to 200 qualified investors per Fund. The CDRC may have multiple concurrent Fund offerings, including diversified funds as well as concentrated, one-off project Funds, all of which will meet or exceed

*EB-5 economic impact and job creation requirements as discussed in Section II of this submission and supporting documentation at **Tabs 3 and 4.***

It is certainly true that at the time the CDRC proposal was finalized and approved in August-September 2009, it did not mention either Encore International Investment Funds, LLC, or Civitas Encore Fund, LP. Both are special-purpose entities. Civitas Encore Fund LP was created in April 2010 solely for the purpose of pooling \$15,000,000 of EB-5 investors' capital and lending it to a specific entity, Encore International Investment Funds, LLC in order for that company to create a call center in Dallas, Texas. Civitas Encore Fund, LP will also professionally asset-manage the loan on behalf of its investors to ensure it performs, subject to the risks outlined in its offering memorandum, and to ensure that the Borrower complies with all provisions of the Term Loan Agreement, including compliance with USCIS regulations governing the use of EB-5 investors' funds.

Because the general outline of the CDRC's operation was set forth in its approved regional center proposal, and because that general outline discussed the creation of a series of investment Funds that would make equity, debt or hybrid capital investments in existing or new businesses, it is not correct to say that "an additional corporate tier between the investor and the job creating activity has been created that was not contemplated in the City of Dallas Regional Center proposal." The CDRC proposal always contemplated that Civitas Capital Management, LLC would create and offer a series of Funds in the form of limited partnerships, and that these partnerships would make capital investments (debt, equity or hybrid) in firms that would use the EB-5 funds to create (or preserve) jobs in Dallas, Texas.

6. Also pertaining to the I-526 job creation requirement and evidence is 8 CFR 204.6(j)(4)(i)(B), which states that if the employment creation requirement has not been satisfied prior to filing the petition, the petitioner must submit a "comprehensive business plan" which demonstrates that "due to the nature and projected size of the new commercial enterprise, the need for not fewer than ten (10) qualifying employees will result, including approximate dates, within the next two years, and when such employees will be hired." The Exemplar I-526 did not submit any business plans, and as such, could not be approved without either evidence that 10 full-time employees had already been hired as a result of the investment or a business plan for *each* job-creating investment.

RESPONSE:

As is illustrated above, the new commercial enterprise in this case is Civitas Encore Fund, LP, which was created to invest up to \$15,000,000 in Encore International Investment Funds, LLC, for the purpose of establishing a Dallas call center to support that company's real estate portfolio assets. The business plan for this job-creating investment project was submitted with the exemplar petition. It set forth the nature and projected size of the job-creating activity, i.e., the Dallas Call Center to be established and operated by Encore International Investments Fund, LLC, using the loan proceeds. It described the titles and

provided summary descriptions of the duties of the jobs to be created in connection with the Dallas Call Center. It explained that the Call Center would provide reservations and customer service support to Encore International Investments Fund, LLC's portfolio of real estate assets, including hotels, resort communities, and multi-family properties. It described the track record and broad experience of the Encore principals in acquiring, developing, constructing and managing hotels, resort condominiums, multi-family and retail projects. It set forth the timing of the job creation activity, i.e., within 18 months of loan closing, 250 direct jobs will be created by Encore International Investments Fund, LLC, at its Dallas Call Center.

For these reasons, it is not correct to say that "the exemplar I-526 did not submit any business plans." However, we recognize that the business plan submitted with the exemplar should have been organized to more clearly reflect the requirements set forth in *Matter of Ho*. Therefore, an amended business plan for Civitas Encore Fund, LP is being submitted with this response.

7. As a practical matter, it is simpler to have a single investment vehicle for each I-526 project because of ease of tracking pathway of funds, clear linkage between an investor and jobs created by the investment and only one business plan is needed for each I-526.

RESPONSE:

We agree with this assessment, and this is precisely what the CDRC manager, Civitas Capital Management, LLC, intends to do with each of the limited partnership Funds it creates, beginning with Civitas Encore Fund, LP. Each Fund will invest in a single job-creating company or project. In the present case, Civitas Encore Fund, LP will invest solely in Encore International Investments Fund, LLC, a company formed to use the investment funds to create a telephone call center to support a portfolio of hotel and other properties. Hence, the single business plan for all of the projected 30 EB-5 I-526 petitioners will be the business plan of Civitas Encore Fund, LP. It is understood and agreed that the business plan needs revision to clarify that it meets the requirements set forth in *Matter of Ho*, and such a revised business plan accompanies this response.

8. In the scenario outlined in your exemplar I-526, no jobs would have been created by the investor's money at the time he filed the I-526. In that case a comprehensive business plan is required for each project his money is invested in. Encore lists 9 operating subsidiaries, so at least 9 business plans would be required if the investor funds are not segregated.

RESPONSE:

Encore, Inc., the Borrower's parent company, does own 9 operating subsidiaries, in addition to Encore International Investment Funds, LLC, as was described in the Civitas Encore Fund, LP business plan.

However, Civitas Encore Fund, LP will not invest any EB-5 capital in Encore Enterprises, Inc.'s 9 subsidiaries. Those subsidiaries were listed and briefly described in the Civitas Encore Fund, LP business plan only to convey to the Service the length and depth of the experience in hospitality operations that the principals of Encore International Investment Funds, LLC bring to the transaction. In performing its due diligence with respect to underwriting the \$15,000,000 senior corporate loan(s) that Civitas Encore Fund, LP will make to Encore International Investment Funds, LLC, Civitas naturally developed evidence that the Borrower had the hospitality operations experience and financial strength to develop the call center to support its hospitality acquisitions, and to manage the call center and the property portfolio such that the borrowed funds would be repaid, with interest. In fact, Encore Enterprises, Inc. is Guarantor of the loan, as is set forth in the Term Loan Agreement.

Therefore, there is no need to provide a business plan for each of the 9 operating subsidiaries of Encore, Inc. None of them will receive any EB-5 capital. Only Encore, Inc.'s 10th operating subsidiary, Encore International Investment Funds, LLC, will receive EB-5 capital.

9. The City of Dallas Regional Center was approved to focus investments into 12 economic clusters. For a single investment fund to operate in all 12 clusters simultaneously, at least 12 business plans would be required. A comprehensive business plan is required for each job-creating project.

RESPONSE:

The CDRC's approved proposal does set forth 12 industry clusters in which EB-5 capital will be focused.

However, the approved proposal does not contemplate any CDRC investment Fund that will "operate in all 12 clusters simultaneously." Nor does the CDRC's first investment Fund, Civitas Encore Fund, LP, intend to operate in all 12 industry clusters. As described in its business plan, Civitas Encore Fund, LP intends to make an investment, in the form of a loan of EB-5 capital, in a firm, Encore International Investment Funds, LLC, that will establish and develop a reservations and customer service call center that will employ 250 full time US workers within 18 months of closing the loan. The call center will provide support to the company's portfolio of hotel, luxury condominiums, multi-family and other real estate assets owned or to be acquired. As such, the Dallas Call Center falls within the Headquarters, Management and Administrative Operations industry cluster, one of the 12 approved in the CDRC proposal. Hence, the business plan of Civitas Encore Fund, LP describes a single job-creating project, focused within a single approved industry cluster.

10. Explain how the investor funds are "at risk", all of each investor funds are restricted to job creating activities and how direct job creation can be verified under the exemplar I-526 scenario. If assurance cannot be made that the practical problems of satisfying 8 CFR §204.6(j) can be overcome the amendment may not be approved. It is not in the best

interests [of] either USCIS or the City of Dallas Regional Center to approve schemes that are likely to result in the denial of I-526 or subsequent I-829 petitions.

RESPONSE:

Investor funds are at risk of loss because, as set forth at page 26 of the Confidential Private Offering Memorandum previously submitted:

- All of the proceeds of the Civitas Encore Fund, LP offering will be loaned to a single corporate borrower, so the investment will not be diversified. This means, for example, that if the Borrower is adversely affected by an economic downturn and occupancy rates in hotels and resorts fall, then Encore International Investment Funds LLC's cash flow may materially diminish. This would clearly affect its ability to repay the loan.
- Civitas Encore Fund, LP's ability to pay Limited Partners the targeted annual distributions on their Interests will depend upon the cash flow it receives from the Borrower, Encore International Investment Funds, LLC. Under the Term Loan Agreement, Civitas Encore Fund, LP will receive a 6.5% per annum interest payment on the term loan(s), 2% of which will be available to satisfy preference payments owing to the Limited Partners (EB-5 investors) under the Partnership Agreement. Should the Borrower's business fail to realize sufficient cash flow to allow payments to Civitas Encore Fund, LP, the Fund may be unable to pay investors the entire amount of the targeted distribution.
- The Borrower's repayment of the Term Loan(s) on the Maturity Date depends on whether or not the Borrower receives sufficient proceeds from its business activities. If the Borrower lacks the capital to repay the Term Loan(s) and the Guarantor fails to repay the Term Loan(s) on behalf of the Borrower, EB-5 investors could lose all or some portion of their investment in Civitas Encore Fund, LP.
- The investment in Civitas Encore Fund, LP is illiquid, meaning EB-5 investors cannot transfer their interests in the Fund, for which there is no existing market.
- The Borrower is newly formed and has no operating history. There can be no assurance that the business activities of the Borrower will be successful. For example, the Dallas call center may experience significant losses if hotel occupancy rates decline in the properties it contracts to support.

Based on the foregoing, it should be clear that the funds of EB-5 petitioners who invest in Civitas Encore Fund, LP will be at risk of loss.

All investor funds are restricted to the job-creating activity because they will be invested solely in Encore International Investment Funds, LLC, a firm formed for the purpose of establishing a call center located in Dallas, Texas to provide administrative support to enable the company to profitably manage its hotel, resort, multi-family and other real estate assets. Civitas Encore Fund, LP has the right to obtain, and the Borrower the affirmative obligation to provide, detailed financial documentation to establish that its use of the loan proceeds is limited to the

creation of a Dallas call center and the acquisition of hotel and other properties that require the support of the Dallas call center.

With respect to verification of direct job creation, Civitas Encore Fund, LP, as Lender has a very practical solution. It has the right, and intends to exercise it vigorously, to monitor the performance of its loan. It has the right, and intends to exercise it timely, to obtain from the Borrower, specific documentation of how it is using the loan funds, and how it is performing financially. It has the right, and intends to exercise it regularly, to obtain from Borrower "without limitation" all reasonable documentation of its direct job-creation. As set forth in the Term Loan Agreement, the Borrower must provide Civitas Encore Fund, LP on request, the following types of documents:

- A list of job titles
- Payroll data
- Copies of Form I-9 and similar employee data,
- Payroll tax information,
- Job descriptions,
- Hiring plans,
- Texas Quarterly Employer's Reports,
- Federal Employer Quarterly Reports and
- Documentation of recruitment efforts including use of advertisement and the Dallas Call Center.

SUMMARY:

In summary, Encore International Investment Funds, LLC is owned and will be operated by experienced and successful real estate development and management professionals. Since 1999, they have developed or re-developed over \$1 billion in hospitality, condominium, multi-family and retail real estate projects. In 2008, they sold a substantial portfolio of real estate assets to an affiliate of Goldman Sachs, at a significant profit. They are professionals whose understanding of their market is well established.

Civitas Encore Fund, LP has entered into a senior secured corporate loan transaction with Encore International Investment Funds, LLC for the purpose of creating 250 direct and 183 indirect and induced jobs in in the CDRC. Civitas Encore Fund, LP has a very practical means of proving that its Borrower has satisfied the job-creation requirements of the EB-5 program, and it has every incentive to enforce its right under the Term Loan Agreement to obtain documentation of that fact.

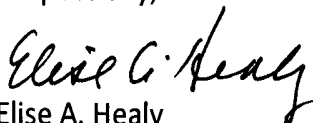
Pooling and focusing EB-5 investors' capital on the creation of employment, in order to improve regional productivity, is the purpose of the Regional Center program. The City of Dallas Regional Center, and its manager, Civitas Capital Management, LLC, fully understand this purpose and have developed Civitas Encore Fund, LP as the first of many Funds designed to achieve that purpose within the requirements of the EB-5 program. The CDRC and Civitas have

already committed significant resources to the development and marketing of this project, and have no desire to waste either their own resources, or the Service's, on projects that will not create verifiable jobs in accordance with the business plan.

Based on the attached additional evidence, it is respectfully urged that Civitas Encore Fund, LP's transaction with Encore International Investment Funds, LLC meets each element of the EB-5 program. The transaction enables EB-5 petitioners to make an at risk investment in a Dallas-based company whose purpose is to create a 250 direct and an estimated 183 indirect and induced jobs within a TEA in the CDRC. The call center will serve the needs of the Borrower's existing portfolio as well as additional hotel, condominium and other real estate properties to be acquired for the purpose of generating income and business for the call center.

I trust that the Service will thoroughly consider the additional information and documentation provided in this response, and will approve the enclosed exemplar petition as an amendment to the City of Dallas Regional Center proposal.

Respectfully,


Elise A. Healy
Attorney at Law

CC: Karl Zavitkovsky; City of Dallas Office Economic Development
Daniel J. Healy, Civitas Capital Management, LLC

Index of Exhibits

RFE Response to Exemplar I-526 Amending the City of Dallas Regional Center Proposal

Your File Number: W09002195

Our File Number: 277-008

Tab Number	Document Description
1	Letter from Karl Zavitkovsky, Director, City of Dallas Office of Economic Development; Form G-28 and amended I-526 signed by Daniel J. Healy on behalf of Civitas Capital Management, LLC.
2	Evans, Carroll & Associates, Inc. Report of Economic Study Impact of Telephone Call Center.
3	The Term Loan Agreement between Civitas Encore Fund, LP and Encore International Investment Funds, LLC.
4	The amended Comprehensive Business Plan for Civitas Encore Fund, LP as of August 23, 2010.
5	The City of Dallas Regional Center (CDRC) Approval Letter.



CITY OF DALLAS

August 17, 2010

USCIS California Service Center
ATTN: EB RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

Ref: W09002195
City of Dallas Regional Center
Regional Center Proposal Amendment

Dear CSC Adjudication Officer:

This letter is submitted in response to a query raised in your Request for Evidence dated August 3, 2010, in the above-captioned matter.

On behalf of the City of Dallas Regional Center, I hereby request that the I-526 exemplar petition filed by attorney of record Elise A. Healy on July 20, 2010, together with the additional evidence submitted in response to the RFE, be accepted as an amendment to the CDRC's Regional Center proposal, which your office approved in a letter dated September 8, 2009. Ms Healy's Form G-28, entering her appearance on behalf of the City of Dallas Office of Economic Development in its Regional Center proposal, is on file with your office.

Should you require any additional information, kindly advise me, and it will be furnished promptly through counsel.

Respectfully,

A handwritten signature in black ink, appearing to read 'Karl Zavitkovsky', written over a large, stylized flourish.

Karl Zavitkovsky
Director
City of Dallas Office of Economic Development

CC: Dan Healy, Managing Partner, Civitas Capital Management

209345

Do Not Write in This Block - For USCIS Use Only (Except G-28 Block Below)		
Classification <hr/>	Action Block	Fee Receipt <hr/> To be completed by Attorney or Representative, if any <input checked="" type="checkbox"/> G-28 is attached TX 09329480 Attorney's State License No. _____
Priority Date <hr/>		
Remarks:		

START HERE - Type or print in black ink.

Part 1. Information About You

Family Name	ENCORE FUND LP	Given Name	Civitas	Middle Name	
In care of Street Number and Name:	Civitas Capital Management, LLC				
Address:	900 Jackson Street	Apt. Number	Suite 150		
City	Dallas	State or Province	TX	Country	USA
		Zip/Postal Code	75202		
Date of Birth (mm/dd/yyyy)	N/A EXEMPLAR	Country of Birth	N/A EXEMPLAR	Social Security # (if any)	N/A EXEMPLAR
				A # (if any)	N/A EXEMPLAR
If you are in the United States, provide the following information:		Date of Arrival (mm/dd/yyyy)			
		I-94 #			
Current Nonimmigrant Status		Date Current Status Expires (mm/dd/yyyy)			
		Daytime Phone # with Area Code			

Part 2. Application Type (Check one)

- a. This petition is based on an investment in a commercial enterprise in a targeted employment area for which the required amount of capital invested has been adjusted downward.
- b. This petition is based on an investment in a commercial enterprise in an area for which the required amount of capital invested has been adjusted upward.
- c. This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

Part 3. Information About Your Investment

Name of commercial enterprise in which funds are invested	ENCORE INTERNATIONAL INVESTMENT FUNDS, LLC		
Street Address	C/O CIVITAS CAPITAL MANAGEMENT, LLC, 900 JACKSON STREET, SUITE 150		
Phone # with Area Code	214-572-2301	Business organized as (corporation, partnership, etc.)	LIMITED LIABILITY COMPANY
Kind of business (e.g. furniture manufacturer)	Administrative Support for Hospitality Investment Company	Date established (mm/dd/yyyy)	06/23/2010
		IRS Tax #	Applied For

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____



G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): I-526 EXEMPLAR CBP - List the specific matter in which appearance is entered:
 ICE - List the specific matter in which appearance is entered: _____

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any <input checked="" type="checkbox"/> Petitioner <input type="checkbox"/> Applicant <input type="checkbox"/> Respondent	
Name: Last	First	Middle			
Civitas ENCORE FUND LP					
Address: Street Number and Street Name		Apt. No.	City	State	Zip Code
900 Jackson Street, Suite 150,			Dallas	Texas	75202

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent: Daniel J. Healy, Managing Partner
 Date: 8/17/2010

Part 2. Information about Attorney or Accredited Representative (Check applicable item(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Texas Supreme Court
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative Elise A. Healy		Attorney Bar Number(s), if any TX 09329480
Signature of Attorney or Accredited Representative 		Date <u>8-23-2010</u>
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code) Spencer Crain Cabbage Healy & McNamara PLLC 1201 Elm Street, Suite 4100, LB 50 Dallas TX 75270		
Phone Number (Include area code) 214.290.0004	Fax Number, if any (Include area code) 214.290.0099	E-Mail Address, if any ehealy@spencercrain.com

Part 3. Information About Your Investment (Continued)

Date of your initial investment (mm/dd/yyyy)	Exemplar	Amount of your initial investment	\$	\$500,000.00
Your total capital investment in the enterprise to date	\$ Exemplar	Percentage of the enterprise you own		N/A; limited partnership fund making loan to NCE

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership, and whether or not the person is seeking classification under section 203(b)(5). **NOTE:** A "natural" party would be an individual person, and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in **Part 2** that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and State:

County	Dallas	State	Texas
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Part 4. Additional Information About the Enterprise

Type of Enterprise (check one):

- New commercial enterprise resulting from the creation of a new business.
- New commercial enterprise resulting from the purchase of an existing business.
- New commercial enterprise resulting from a capital investment in an existing business.

Composition of the Petitioner's Investment:

Total amount in U.S. bank account	\$	N/A Exemplar
Total value of all assets purchased for use in the enterprise.....	\$	N/A Exemplar
Total value of all property transferred from abroad to the new enterprise.....	\$	N/A Exemplar
Total of all debt financing.....	\$	N/A Exemplar
Total stock purchases.....	\$	N/A Exemplar
Other (explain on separate paper).....	\$	N/A Exemplar
Total	\$	N/A Exemplar

Income:

When you made the investment.....	Gross	\$	N/A Exemplar	Net	\$	N/A Exemplar
Now.....	Gross	\$	N/A Exemplar	Net	\$	N/A Exemplar

Net worth:

When you made investment.....	Gross	\$	N/A Exemplar	Now	\$	N/A Exemplar
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Part 5. Employment Creation Information

Number of full-time employees in the enterprise in U.S. (excluding you, your spouse, sons, and daughters)

When you made your initial investment? 0 Now N/A Exemplar Difference N/A Exemplar

How many of these new jobs were created by your investment? N/A Exemplar How many additional new jobs will be created by your additional investment? 250 Direct; 183 Indirect; See Business Plan

What is your position, office, or title with the new commercial enterprise?

Limited Partner in Civitas Encore Fund, LP, which is providing a senior secured loan of capital to Encore International Investment Funds, LLC for the purpose of creating a call center to support hotel and resort condominium properties.

Briefly describe your duties, activities, and responsibilities.

All of the rights, duties and responsibilities of a limited partner under the Uniform Limited Partnership Act. See attached limited partnership agreement.

What is your salary? \$ N/A What is the cost of your benefits? \$ N/A

Part 6. Processing Information

Check One:

- The person named in Part 1 is now in the United States, and an application to adjust status to permanent resident will be filed if this petition is approved.
 If the petition is approved and the person named in Part 1 wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality: []

Country of current residence or, if now in the United States, last permanent residence abroad: []

If you provided a United States address in Part 1, print the person's foreign address: []

If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet: []

Are you in deportation or removal proceedings? [] Yes (Explain on separate paper) [] No
Have you ever worked in the United States without permission? [] Yes (Explain on separate paper) [] No

Part 7. Signature Read the information on penalties in the instructions before completing this section.

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit I am seeking.

Signature Daniel J. Healy, Managing Partner [Signature] Date 8/17/2010

NOTE: If you do not completely fill out this form or fail to submit the required documents listed in the instructions, you may not be found eligible for the immigration benefit you are seeking and this petition may be denied.

Part 8. Signature of Person Preparing Form, If Other Than Above (Sign below)

I declare that I prepared this application at the request of the above person, and it is based on all information of which I have knowledge.

Signature [Signature] Print Your Name Elise A. Healy Date 8/23/10

Firm Name Spencer Crain Cabbage Healy & McNamara PLLC Daytime phone # with area code 214.290.0004

Address 1201 Elm Street, Suite 4100, LB 50 Dallas TX 75270 USA



**Economic Impact of Opening and Operating a Telephone Call
Center for Reservations and Customer Service as part of the
Dallas EB-5 Regional Center**

Prepared for:

**Civitas Capital Management, LLC and the
City of Dallas Regional Center**

Prepared by:

Michael K. Evans

Evans, Carroll & Associates, Inc.

2785 NW 26th St.

Boca Raton, FL 33434

561-470-9035

mevans@evanscarrollecon.com

June, 2010

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1. Executive Summary

- Civitas Capital Management plans to fund the operation of a telephone call center, whose employees will be engaged in providing customer support, scheduling, and reservations for a hotel company. The call center will be located in an existing building, so there will be no construction costs.
- The operator has indicated there will be 250 direct jobs. The IMPLAN employment multiplier, which is based on the economic data for Dallas, Denton, Collin, and Tarrant counties, is 1.732. As a result, there will be a total of 433 jobs, of which 66 will be indirect and 117 will be induced. The call center is in NAICS 5614, which is other business support services.
- The annual increase in output for this project is estimated at \$50.3 million, of which \$25.3 million is the direct revenue of the call center, \$8.5 million is indirect output, and \$16.5 million is induced output.
- The annual increase in labor income (household earnings) is estimated at \$22.7 million, of which \$13.7 million is the direct labor income of the call center workers, \$3.3 million is indirect income, and \$5.7 million is induced income.
- The project will be located in a part of Dallas that is a Targeted Employment Area, so that each EB-5 participant can invest \$500,000. As a result, approximately \$15 million will be raised from EB-5 investors.

2. Tabulation of Principal Results

If the telephone call center were to be operating at full capacity within two and a half years, the economic impact as measured by household earnings, demand for business services, utilities, maintenance and repair, and new supplier and vendor relationships is summarized in Table A.

Table A. Summary Measures of Economic Impact for Telephone Call Center

Household income for direct jobs created	\$13,733,000
Household income for indirect jobs created from new businesses purchasing goods and services that are locally produced, distributed, or sold	\$3,328,000
Household income for induced jobs created when new direct employees spend part of their paychecks on goods and services that are locally produced, distributed, or sold.	\$5,710,000
Demand for business services, including both professional and business support services but excluding telephone call centers	\$4,181,000
Demand for utility services: electric, natural gas, and water and sewer management	\$638,000
Maintenance and repair construction	\$159,000
New supplier/vendor relationships created with manufacturers	\$3,484,000

Household Earnings (Labor Income)

The jobs created by the various components of the telephone call center will subsequently create new sources of household income. The household income from direct jobs is about \$13.7 million. The household income from indirect total jobs is about \$3.3 million, and the household income from induced jobs is about \$5.7 million, for a grand total of \$22.7 million. This income calculation comes from the IMPLAN input-output model, which measures the average income per job by industry. The model calculations are based on the types of jobs that will be created within the regional

center, with indirect/induced impacts allocated based on the types of commodity inputs required by the businesses that would potentially locate in the regional center.

Demand for Business Services, Utilities, Maintenance and Construction, and New Supplier/Vendor Relationships Created with Manufacturers

The total economic impact of the regional center from the supplier purchases and business relationships for the telephone call center will create approximately \$8.5 million in additional economic activity across the region, not including the direct jobs at the call center. These supplier purchases are calculated from the indirect increase in output generated by the IMPLAN model. It should be noted that some of these supplier industries might potentially locate within the regional center, and their economic output is included in this total.

The estimate of supplier purchases is based on the commodity data in the IMPLAN input-output model. This data specifies the amount and type of commodity input needed to maintain specific types of business operations. The model estimates the supplier purchases based on the types of jobs and number of jobs that will be created within the regional center. In addition, the model allocates the supplier purchases to businesses within the region, based on trade flow data from the U.S. Bureau of Economic Analysis.

The regional center will create demand for business services including, professional services, and business services and support services. The impact of this activity totals about \$4.2 million annually, not including the direct output of the call center.

Utilities include services such as electricity, natural gas, and water and sewer facilities. The economic impact on utility services totals about \$0.6 million.

Maintenance and repair services include some building and construction activity on existing buildings. The regional center would create an economic impact of about \$0.16 million within these sectors in the region. Because most of the construction activity is either upfront during building construction or integrated into repair and maintenance services, the economic impact for construction sectors is minimal on an ongoing basis.

New supplier/vendor relationships with manufacturers would create an economic impact of about \$3.5 million. These activities include purchases of locally manufactured goods plus purchased materials used by the call center that are produced locally.

3. Introduction and Scope of Work

This report presents an analysis of the economic impact of operating a telephone call center in Dallas, TX. While the call center's specific location is yet to be determined, it will be located within a designated Targeted Employment Area exhibiting a high unemployment rate. The call center is currently projected to be located within an existing building, and, as a result, no construction activity will take place as part of this project.

Section (4) presents summary economic statistics for Dallas, Collin, Denton, and Tarrant counties, which are then compared to the Texas and overall U. S. statistics. Figure 1 graphs the growth in personal income for these counties compared to the overall U.S. economy. Section (5) presents labor market statistics for 2007-09. Section (6) provides data on the commuting patterns for various counties in the Dallas metropolitan area and shows why the combined area of Dallas, Collin, Denton, and Tarrant counties was chosen for the IMPLAN multiplier analysis contained in this report.

Sections (7) through (9) explain the methodology of using the IMPLAN model, the definition for calculating direct jobs, and the methodology for determining indirect jobs. Section (10) then shows the increases in direct, indirect, and induced employment, output, and labor (household) earnings that will be generated by the operation of the call center.

4. Economic Parameters for Dallas and Neighboring Counties

Table 1. Comparison of Dallas County, the State of Texas, and the U.S.

Category	Dallas	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,800,107	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	1,256,218	69.8%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	1,253,944	69.7%	12,096,927	66.0%	156,225,077	65.4%
Employed	1,180,804	65.6%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	73,140	4.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,274	0.1%	107,625	0.6%	1,240,036	0.5%
Not in labor force	543,889	30.2%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	1,180,804	100.0%	8,401,290	1.0%	146,266,253	100.0%

Management & professional	361,086	30.6%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	190,761	16.2%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	304,205	25.8%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	2,340	0.2%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	165,158	14.0%	843,666	10.0%	13,612,976	9.3%
Production & transportation	157,254	13.3%	750,988	8.9%	18,253,773	12.5%

INDUSTRY

Civilian employed population 16 +	1,180,804	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,358	0.5%	334,729	2.9%	2,653,081	1.8%
Construction	139,625	11.8%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	122,134	10.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	44,824	3.8%	378,731	3.3%	4,383,802	3.0%
Retail trade	129,280	10.9%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	68,232	5.8%	664,090	5.8%	7,595,843	5.2%
Information	32,340	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	104,389	8.8%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	154,735	13.1%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	189,666	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	95,132	8.1%	935,378	8.2%	12,904,517	8.8%
Other private services	64,199	5.4%	594,804	5.2%	7,092,352	4.8%
Public administration	29,890	2.5%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	846,928	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	60,339	7.1%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	41,091	4.9%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	108,587	12.8%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	103,004	12.2%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	131,840	15.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	153,078	18.1%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	90,033	10.6%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	86,108	10.2%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	31,972	3.8%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	40,876	4.8%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	47,085	90.5%	50,043	96.2%	52,029	
Mean household income (dollars)	70,273	98.3%	69,324	97.0%	71,498	

Families	555,578	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	25,727	4.6%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	20,056	3.6%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	68,262	12.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	64,052	11.5%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	85,247	15.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	99,834	18.0%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	65,867	11.9%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	66,442	12.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	25,935	4.7%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	34,156	6.1%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	52,576	83.0%	58,765	92.7%	63,366	
Mean family income (dollars)	79,438	95.3%	79,112	94.9%	83,351	
Per capita income (dollars)	26,147	94.8%	25,096	91.0%	27,589	
Median earnings for workers	27,390	91.7%	27,448	91.9%	29,868	
Median earnings for male full-time	35,513	78.0%	41,539	91.2%	45,556	
Median earnings for female full-time	35,465	100.0%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	14.10%	145.4%	12.40%	127.8%	9.70%	
All people	17.40%	131.8%	15.80%	119.7%	13.20%	

Note: in these and similar tables, the percentage figures in black are proportions of the total in that category, while the percentage figures in red are relative to the U.S. figures.

In terms of the occupational distribution of Dallas County, there is a strong manufacturing base, with 10.3% of the workforce engaged in that industry, compared to 9.9% for all Texas and 11.2% for the U. S. At least through 2008, the construction sector had also been quite strong, with 11.8% of the workforce compared to 7.4% nationally. The county has virtually no agriculture or mining (oil drilling). It also has a higher than usual proportion of employees in financial services, 8.8% compared to 6.9% nationally, and professional and administrative services, 13.1% compared to 10.4%. The major shortfalls are in education and health care, 16.1% compared to nationally 21.7%, and public administration, 2.5% compared to 4.7%.

Income distribution is about equal to the national average at the bottom and top of the income scale. However, there is a greater concentration in the near-poverty and lower-middle income levels. For families, 12.3% are in the \$15,000 to \$25,000 bracket,

compared to 8.2% nationally, and 11.5% are in the \$25,000 to \$35,000 bracket, compared to 9.1% nationally. As a result, median family income is only 83.0% of the national average; the other income figures are closer to the national average, but are still below in all cases except for the median earnings for full-time female workers. Also as result of this skewed distribution, the poverty rate for families is about 40%, or 4 percentage points, above the national average.

Table 2. Comparison of Collin County, the State of Texas, and the U.S.

Category	Collin	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	570,406	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	425,458	74.6%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	425,304	74.6%	12,096,927	66.0%	156,225,077	65.4%
Employed	407,580	71.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	17,724	3.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	154	0.0%	107,625	0.6%	1,240,036	0.5%
Not in labor force	144,948	25.4%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	407,580	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	197,174	48.4%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	50,678	12.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	110,135	27.0%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	539	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	26,095	6.4%	843,666	10.0%	13,612,976	9.3%
Production & transportation	22,959	5.6%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	407,580	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	3,090	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	25,539	6.3%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	45,070	11.1%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	13,301	3.3%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,845	11.5%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	12,901	3.2%	664,090	5.8%	7,595,843	5.2%
Information	20,116	4.9%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	45,620	11.2%	787,876	6.9%	10,112,239	6.9%

Professional & administrative	68,158	16.7%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	65,698	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	31,161	7.6%	935,378	8.2%	12,904,517	8.8%
Other private services	19,145	4.7%	594,804	5.2%	7,092,352	4.8%
Public administration	10,936	2.7%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	269,484	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	9,816	3.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	6,074	2.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	16,718	6.2%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	17,036	6.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	27,916	10.4%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	44,333	16.5%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	41,223	15.3%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	56,899	21.1%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	25,227	9.4%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	24,242	9.0%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	81,395	156.4%	50,043	96.2%	52,029	
Mean household income (dollars)	101,043	141.3%	69,324	97.0%	71,498	
Families	196,568	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	3,312	1.7%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	2,948	1.5%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	8,591	4.4%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,430	4.8%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	16,379	8.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	30,783	15.7%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	31,538	16.0%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	48,153	24.5%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	23,402	11.9%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	22,032	11.2%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	95,514	150.7%	58,765	92.7%	63,366	
Mean family income (dollars)	115,029	138.0%	79,112	94.9%	83,351	
Per capita income (dollars)	36,794	133.4%	25,096	91.0%	27,589	
Median earnings for workers	40,994	137.3%	27,448	91.9%	29,868	
Median earnings for male full-time	61,741	135.5%	41,539	91.2%	45,556	

Median earnings for female full-time	45,147	127.3%	32,530	91.7%	35,471
PERCENTAGE BELOW POVERTY LEVEL					
All families	4.70%	48.5%	12.40%	127.8%	9.70%
All people	6.90%	52.3%	15.80%	119.7%	13.20%

Collin County is a wealthy "bedroom" suburb of Dallas, although it also has a strong manufacturing base, which employs 11.1% of the workforce, more than the 10.3% for Dallas County and virtually the same as the U. S figure. However, unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.9% to 2.4% for information services, 11.2% to 6.9% for financial services and real estate, and 16.7% to 10.4% for professional services.

The income distribution is clearly skewed toward the higher end. In particular, 11.2% of the families have incomes over \$200,000, double the national figure of 5.6%. At the low end, only 1.7% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family income are both more than 50% above the national average, while poverty rates are only about 50% of U.S. average.

Table 3. Comparison of Denton County, the State of Texas, and the U.S.

Category	Denton	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	478,440	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	364,521	76.2%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	363,632	76.0%	12,096,927	66.0%	156,225,077	65.4%
Employed	346,771	72.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	16,861	3.5%	633,697	3.5%	9,958,824	4.2%
Armed Forces	889	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	113,919	23.8%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	346,771	100.0%	8,401,290	1.0%	146,266,253	100.0%

Management & professional	135,901	39.2%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	47,332	13.6%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	100,918	29.1%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	176	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	30,536	8.8%	843,666	10.0%	13,612,976	9.3%
Production & transportation	31,908	9.2%	750,988	8.9%	18,253,773	12.5%

INDUSTRY

Civilian employed population 16 +	346,771	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	2,414	0.7%	334,729	2.9%	2,653,081	1.8%
Construction	22,153	6.4%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	32,288	9.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	12,477	3.6%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,265	13.3%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	19,785	5.7%	664,090	5.8%	7,595,843	5.2%
Information	14,251	4.1%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	35,154	10.1%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	42,631	12.3%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	66,436	19.2%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	28,702	8.3%	935,378	8.2%	12,904,517	8.8%
Other private services	15,060	4.3%	594,804	5.2%	7,092,352	4.8%
Public administration	9,155	2.6%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	209,287	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	6,129	2.9%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	5,499	2.6%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	15,835	7.6%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	15,774	7.5%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	25,636	12.2%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	37,360	17.9%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	33,139	15.8%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	40,358	19.3%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	15,019	7.2%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	14,538	6.9%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	73,544	141.4%	50,043	96.2%	52,029	
Mean household income (dollars)	91,752	128.3%	69,324	97.0%	71,498	

Families	148,108	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	1,453	1.0%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	1,874	1.3%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	7,865	5.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,251	6.2%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	13,229	8.9%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	24,905	16.8%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	26,240	17.7%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	35,504	24.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	13,765	9.3%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	14,022	9.5%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	90,329	142.5%	58,765	92.7%	63,366	
Mean family income (dollars)	107,527	129.0%	79,112	94.9%	83,351	
Per capita income (dollars)	32,204	116.7%	25,096	91.0%	27,589	
Median earnings for workers	35,666	119.4%	27,448	91.9%	29,868	
Median earnings for male full-time	52,826	116.0%	41,539	91.2%	45,556	
Median earnings for female full-time	40,988	115.6%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	4.00%	41.2%	12.40%	127.8%	9.70%	
All people	6.50%	49.2%	15.80%	119.7%	13.20%	

Denton County is another wealthy "bedroom" suburb of Dallas, similar in many respects to Collin County. It does not have quite as strong a manufacturing base, with 9.3% of the workforce employed, compared to 11.2% nationally. Like Collin County and unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.1% to 2.4% for information services, 10.1% to 6.9% for financial services and real estate, and 12.3% to 10.4% for professional services. These figures are all somewhat lower than in Collin County.

The income distribution of Denton County is also clearly skewed toward the higher end. In particular, 9.5% of the families have incomes over \$200,000, compared to the national figure of 5.6%. At the low end, only 1.0% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family

income are both more than 40% above the national average; that is not quite as high as Collin County, where the figure is over 50%. However, the poverty rates are less than 50% of U.S. average and are even slightly below the rates for Collin County.

Table 4. Comparison of Tarrant County, the State of Texas, and the U.S.

Category	Tarrant	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,304,081	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	932,043	71.5%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	929,560	71.3%	12,096,927	66.0%	156,225,077	65.4%
Employed	877,101	67.3%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	52,459	4.0%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,483	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	372,038	28.5%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	877,101	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	295,558	33.7%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	126,724	14.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	247,567	28.2%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	640	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	90,492	10.3%	843,666	10.0%	13,612,976	9.3%
Production & transportation	116,120	13.2%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	877,101	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,847	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	71,412	8.1%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	109,542	12.5%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	34,877	4.0%	378,731	3.3%	4,383,802	3.0%
Retail trade	101,623	11.6%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	75,563	8.6%	664,090	5.8%	7,595,843	5.2%
Information	23,962	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	76,689	8.7%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	86,016	9.8%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	149,496	17.0%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food	69,723	7.9%	935,378	8.2%	12,904,517	8.8%

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Other private services	43,439	5.0%	594,804	5.2%	7,092,352	4.8%
Public administration	27,912	3.2%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	621,777	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	35,104	5.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	26,543	4.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	58,200	9.4%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	63,996	10.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	90,538	14.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	118,267	19.0%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	83,546	13.4%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	87,257	14.0%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	30,938	5.0%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	27,388	4.4%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	56,251	108.1%	50,043	96.2%	52,029	
Mean household income (dollars)	74,969	104.9%	69,324	97.0%	71,498	
Families	425,867	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	14,852	3.5%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	12,542	2.9%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	30,187	7.1%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	37,902	8.9%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	56,650	13.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	81,567	19.2%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	66,091	15.5%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	74,976	17.6%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	27,180	6.4%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	23,920	5.6%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	68,088	107.5%	58,765	92.7%	63,366	
Mean family income (dollars)	86,060	103.3%	79,112	94.9%	83,351	
Per capita income (dollars)	27,694	100.4%	25,096	91.0%	27,589	
Median earnings for workers	31,323	104.9%	27,448	91.9%	29,868	
Median earnings for male full-time	45,436	99.7%	41,539	91.2%	45,556	
Median earnings for female full-time	36,966	104.2%	32,530	91.7%	35,471	

PERCENTAGE BELOW POVERTY
LEVEL

All families	9.40%	96.9%	12.40%	127.8%	9.70%
All people	12.20%	92.4%	15.80%	119.7%	13.20%

Tarrant County, and Fort Worth, are more "blue collar" than Dallas, Collin, and Denton counties. The manufacturing base represents 12.3% of the total workforce, higher than the other three counties mentioned above and also above the national average figure of 11.2%. The proportion of employees in construction is below the Texas average but above the national average. There are slightly more jobs in financial services but fewer jobs in professional services than is the case nationally. The biggest differential is in transportation, with 8.6% of the workforce engaged compared to 5.2% nationally.

In terms of income distribution and poverty levels, Tarrant County is close to the national average for all major indexes. Hence it has less poverty than Dallas County, but less income and wealth than Collin and Denton counties.

Table 2. Population Growth in Selected Dallas Metropolitan Area Counties

	Texas	Dallas County	Tarrant County	Collin County	Denton County	4 counties
July 1,2009	24,782,302	2,451,730	1,789,900	791,631	658,616	5,691,877
July 1,2008	24,304,290	2,411,921	1,749,974	763,438	637,516	5,562,849
July 1,2007	23,837,701	2,381,873	1,709,745	732,986	615,172	5,439,776
July 1,2006	23,369,024	2,353,448	1,662,902	699,675	589,882	5,305,907
July 1,2005	22,801,920	2,316,657	1,612,195	659,840	558,026	5,146,718
July 1,2004	22,418,319	2,297,435	1,580,347	627,748	533,323	5,038,853
July 1,2003	22,057,801	2,287,070	1,552,186	596,599	512,229	4,948,084
July 1,2002	21,710,788	2,280,415	1,523,284	568,810	489,526	4,862,035
July 1,2001	21,332,847	2,267,590	1,488,516	537,779	464,862	4,758,747
July 1,2000	20,945,963	2,225,371	1,454,402	500,162	438,994	4,618,929
2009/08	1.97%	1.65%	2.28%	3.69%	3.31%	2.32%
2008/07	1.96%	1.26%	2.35%	4.15%	3.63%	2.26%
2007/06	2.01%	1.21%	2.82%	4.76%	4.29%	2.52%
2006/05	2.49%	1.59%	3.15%	6.04%	5.71%	3.09%
2005/04	1.71%	0.84%	2.02%	5.11%	4.63%	2.14%

2004/03	1.63%	0.45%	1.81%	5.22%	4.12%	1.83%
2003/02	1.60%	0.29%	1.90%	4.89%	4.64%	1.77%
2002/01	1.77%	0.57%	2.34%	5.77%	5.31%	2.17%
2001/00	1.85%	1.90%	2.35%	7.52%	5.89%	3.03%
2009/00	1.88%	1.08%	2.33%	5.23%	4.61%	2.35%

As shown in Table 2, unlike most of the rest of the country, population growth actually accelerated in Dallas County in the 2009 recession and remained very high in the surrounding counties. The tendency is sometimes to equate the continued expansion of the Texas economy with the high price of oil, but in fact the Dallas area has very little oil, and is benefitting from continued growth in high-tech manufacturing and professional services, managing to attract companies who are leaving jurisdictions with higher tax rates.

5. Employment and Unemployment Statistics for Selected Dallas Metropolitan Area Counties

This section shows the recent labor market statistics for various subsectors of the Dallas metropolitan area, plus the state of Texas. While the unemployment rate rose sharply in 2009, the increase was far less in Texas than was the case for the overall U.S. economy, where the unemployment rate rose to 9.3% in 2009.

Table 3. Labor Force, Employment, and Unemployment

		Labor Force	Employment	Unemployment	Un Rate %
Area:	Texas				
2007	Annual	11421105	10921706	499399	4.4
2008	Annual	11635095	11059298	575797	4.9
2009	Annual	11930847	11020226	910621	7.6
Area:	Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area				
2007	Annual	3078736	2945240	133496	4.3
2008	Annual	3111671	2955005	156666	5.0

2009	Annual	3162378	2914250	248128	7.8
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Area: Dallas city, TX

2007	Annual	577587	550189	27398	4.7
2008	Annual	585499	553153	32346	5.5
2009	Annual	592402	543968	48434	8.2

Area: Collin County, TX

2007	Annual	395426	380118	15308	3.9
2008	Annual	404668	386020	18648	4.6
2009	Annual	409675	379610	30065	7.3

Area: Denton County, TX

2007	Annual	337231	324020	13211	3.9
2008	Annual	343551	327996	15555	4.5
2009	Annual	347598	322550	25048	7.2

Area: Dallas County, TX

2007	Annual	1136204	1083472	52732	4.6
2008	Annual	1137970	1075720	62250	5.5
2009	Annual	1152946	1057857	95089	8.2

Area: Tarrant County, TX

2007	Annual	867870	830358	37512	4.3
2008	Annual	878609	835392	43217	4.9
2009	Annual	898086	828594	69492	7.7

6. Choice of Economic Region for Economic Analysis

We next consider the choice of counties that should be included in the economic multipliers used in this study. Table 4 shows the size of the total workforce in each of four counties in the Dallas metropolitan area, based on 2000 Census data, and the residence of these employees for each of the four counties.

In determining which counties should be included in the multiplier analysis for this and other projects in the Dallas metropolitan area, we use the criterion that the proportion of the workforce included should range from 90% to 95%; below 90%, the

multipliers are likely to be understated, while above 95% they are likely to be overstated. In Table 4, the percentages in red indicate the counties used for multiplier analysis.

Table 4. Commuting Patterns for Dallas Metropolitan Area

	Dallas	%	Collin	%	Denton	%	Tarrant	%
All counties	1357253	100.0%	208432	100.0%	141073	100.0%	672811	100.0%
Dallas	905380	66.7%	47978	23.0%	13258	9.4%	46430	6.9%
Collin	119210	8.8%	128271	61.5%	5194	3.7%	3442	0.5%
Denton	95367	7.0%	14896	7.1%	103598	73.4%	15809	2.3%
Tarrant	136092	10.0%	3228	1.5%	9290	6.6%	534154	79.4%
Tot Included	1256049	92.5%	191145	91.7%	131340	93.1%	580584	86.3%

The Dallas metropolitan area, as defined by Census, has several other counties, but they are not included in our analysis because the four counties given above represent 90% to 95% of the workforce for Dallas, Collin, and Denton counties. That is not the case for Tarrant County, which falls slightly below the 90% level; for businesses located in that county, we would omit Collin and Denton counties and add Parker County. Figure 1 shows all the counties in the Dallas/Fort Worth Metroplex area. Figure 2 shows a more detailed map for Dallas County.

Figure 1. Map of Counties in Dallas/Fort Worth Metroplex

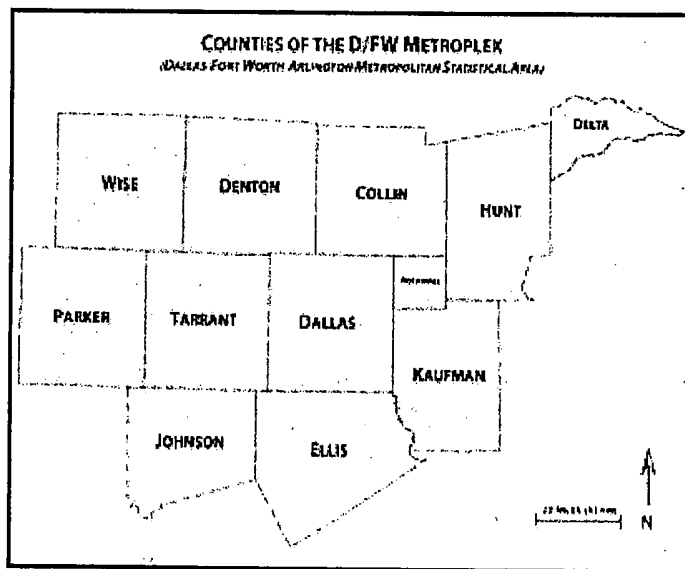


Figure 2. Map of Dallas County

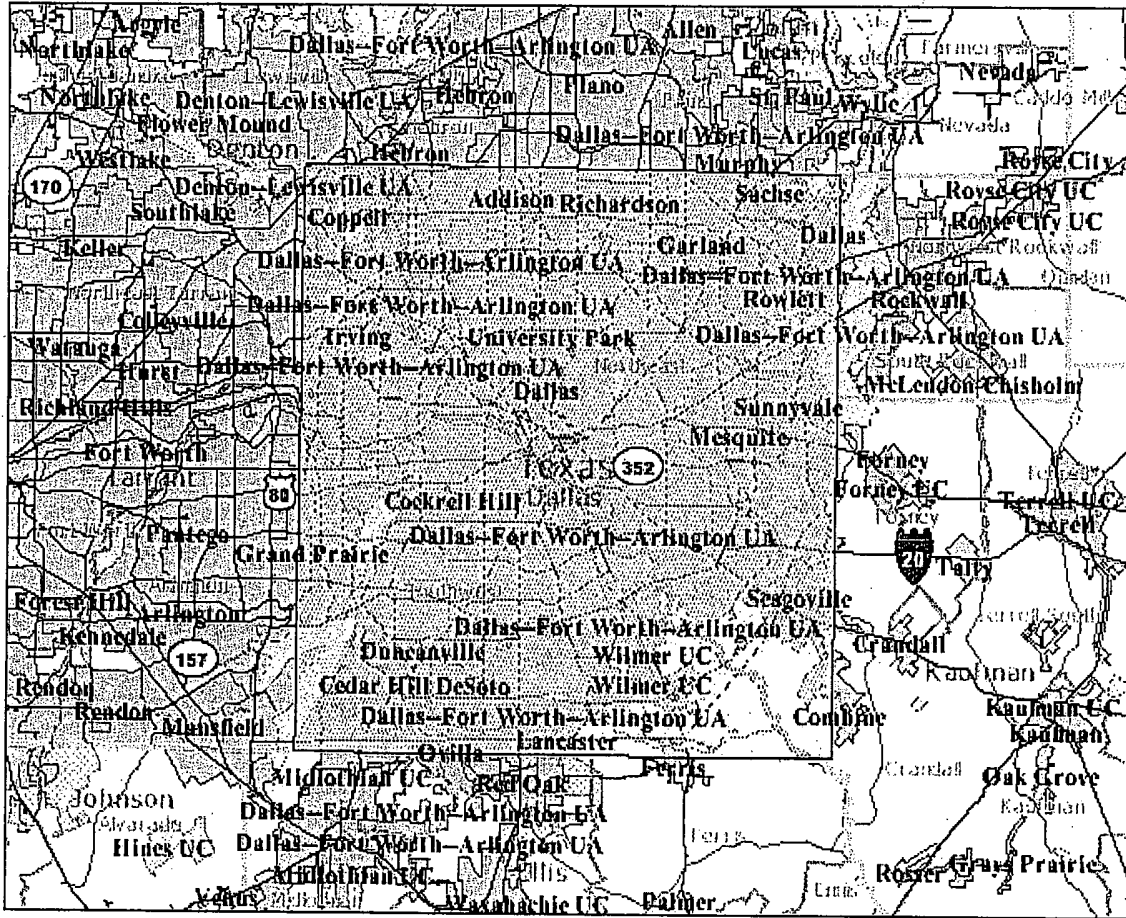
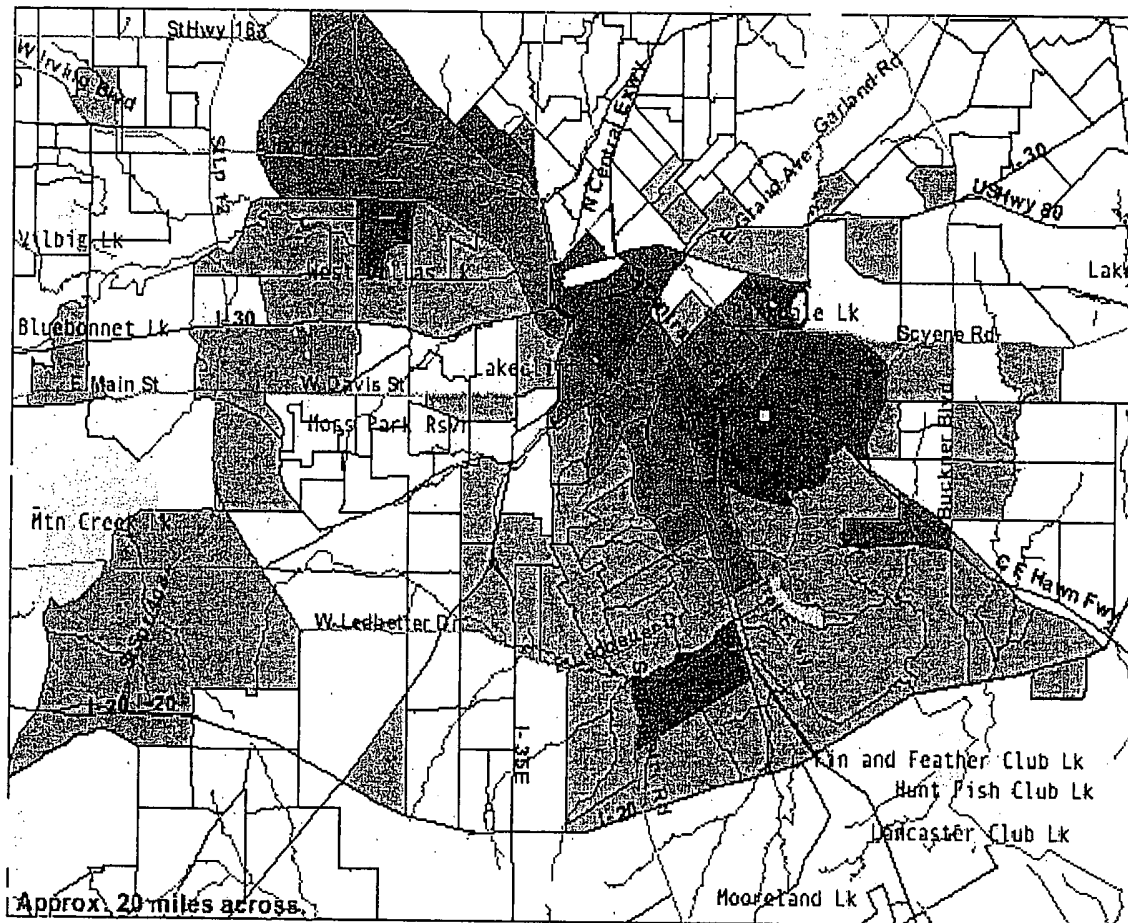


Figure 3 shows a map of Dallas County with unemployment by census tracts. The green areas are those with an unemployment rate of 14% or more in 2009. It is expected that the call center will be located in one of those census tracts.

Figure 3. Map of Dallas Census Tracts by Unemployment Rate



7. Guide to Using the IMPLAN model for USCIS Adjudicators

Note: this material has been prepared for USCIS Adjudicators who may not be familiar with input/output model methodology for the IMPLAN model. It can be skipped without loss of continuity by those readers who are already familiar with this approach.

Evans, Carroll & Associates, Inc. has used the IMPLAN model in approximately 60 studies to determine the economic impact of EB-5 and similar programs. This section explains in more detail how the IMPLAN model works, and why it is a valid approach for determining the economic impact for EB-5 regional centers.

The IMPLAN model calculates job creation for each category of economic activity. This model has been used in many earlier applications by USCIS and is one of

the two recognized models (the other one is RIMS II) that are generally used in these applications.

IMPLAN (and other input/output models) are based on the concept of a production function, which determines the quantities of inputs are required to produce a unit of output. The basic data are collected by the Commerce Department from a variety of sources, such as the Annual Survey of Manufacturers and various annual surveys of the service sector. The data are benchmarked to the Economic Census figures once every five years and then updated annually. These figures comprise a national input/output model.

The regional coefficients are then modified to take into account the proportion of goods and services required to produce one unit of output that are produced locally. These regional coefficients are based on data from the Economic Census.

For a manufacturing plant, for example, the raw materials required are measured by the input/output coefficients. Using the data for output per employee, these figures are then converted into new jobs created for indirect employees. The regional coefficients are then used to determine what proportion of these employees work in facilities in the local area. All these coefficients are imbedded in the IMPLAN model. The results shown in the tables contained in Sections (9) – (14) of this report are the end product of entering the inputs for direct jobs and solving the model for the indicated region.

For a service industry such as a hotel, office building, life sciences laboratory, retail store, or restaurant, the same concept is employed, except in this case most of the indirect jobs are also in a service occupation. In order for these businesses to function, they must hire lawyers, accountants, computer programmers, and administrators. They deposit their funds in banks and other financial institutions, creating new jobs in those industries. The buildings must be leased and the business must be insured, creating new jobs in those industries. Once again, the new jobs created are based on the regional coefficients of the IMPLAN model.

An input/output model is not a forecasting model that takes into account varying economic conditions. Instead, input/output models are designed to be static models. At any given time – based on production data gathered by the Department of Commerce – it is ascertained that a given quantity of inputs are used to determine a unit of output. These coefficients are assumed to be the same regardless of whether there is a boom or a recession. For example, it takes the same amount of coal, scrap iron, limestone, machinery, and labor to produce a ton of steel regardless of the underlying business cycle conditions.

Input/output models have been used in thousands of applications to determine the economic impact of a given investment of a specific project; sometimes these are regional models, sometimes they are national models.

The use of input/output models in general, and IMPLAN in particular, represent the standard and accepted way of determining the increase in i) employment and ii) the economic impact of regional center projects. In addition to employment, economic impact is measured by increases in output and labor income (sometimes referred to as household earnings) that will be generated by a given increase in direct jobs or expenditures for a given project. Output and labor income capture all of the factors listed in 8 C.F.R. Section 204.6(m)(3)(iv) such as "increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction."

The calculation of the employment multipliers is accomplished as follows:

1. The first step is to determine employment per dollar of output for each industry. There are 440 industries in the IMPLAN input/output matrix, but in this report these are generally aggregated into about 30 industry classifications. The figures for industry output and total employment are taken from Census data and vary for each county.
2. The figures for employment per dollar of output are then multiplied by various coefficients in the model, representing direct, indirect, and induced effects. The column for direct effects has a coefficient of 1 for the specific industry and 0 for all other industries. The column for indirect effects is based on the technical coefficients of production (e.g., how much coal is required to produce one ton of steel). These coefficients range from 0 to 1.
3. The column for induced effects is based on the proportion of household income that is spent in that industry. Usually the figures are higher for health care and retail trade and lower (or zero) for manufacturing industries.

To illustrate this, consider a very simple three-sector model in which we determine the employment multiplier for auto manufacturing. The three sectors are auto manufacturing, other manufacturing, and services.

	Output	Employment	Empl/Output
Auto mfg	100	10	0.10
Other mfg	2,000	250	0.08
Services	4,000	800	0.20

Employment Multipliers for Auto Manufacturing (in actual work, these would be taken from the IMPLAN model)

	Direct	Indirect	Induced
Auto mfg	1.00	0.05	0.08
Other mfg	0.00	0.25	0.40
Services	0.00	0.20	1.20

These figures are multiplied by the empl/output column to obtain the following results:

Employment Effects			
	Direct	Indirect	Induced
Auto mfg	0.10	0.005	0.008
Other mfg	0	0.002	0.005
Services	0	0.040	0.240
Total	0.10	0.047	0.253

In this case, the employment multiplier would be calculated as $(0.10 + 0.047 + 0.253)/0.10$, which in this case is 4.0. The total number of jobs created by the new auto plant is then equal to 4.0 times the number of direct new jobs, which has been calculated outside the IMPLAN model.

In EB-5 regional center applications, the number of direct jobs is calculated outside the model. While there are a variety of methods for doing this, one standard method is to determine the number of square feet per employee. Then the number of employees is identically equal to the number of square feet divided by square feet per employee. Another method is to calculate the ratio of output to capital (from government statistics), multiply by the amount of investment to get the incremental change in output, and then divide by output/employee in the particular county or region. These methods are discussed in greater detail in the next section. Once the number of direct new jobs has been determined, the IMPLAN model is then used to determine the number of indirect and induced jobs.

Indirect jobs are those created when the new business purchases goods and services that are produced or sold locally. These are discussed in more detail in Section (8).

In the case of a restaurant, for example, some of the food might be purchased from local farms, or food manufacturing plants. The proportions are determined by the coefficients imbedded in the IMPLAN (or other input/output) model. These coefficients are based on actual data for purchased goods and services taken from the Economic

Census, the Annual Survey for Manufacturers, and other similar sources compiled by the Commerce Department. The regional purchase coefficients are based on regional estimates prepared by the Commerce Department. These figures can be found on the BEA website.

In general, food purchases account for about 1/3 of total restaurant output. Thus if the restaurant generated \$6 million in sales, \$2 million would be spent on purchasing food. Some of this would be grown or produced locally, while some of it would be grown or produced outside the region, but sold locally.

Suppose, for example, that the restaurant purchased its desserts from a nearby bakery. In this example, suppose dessert accounts for 10% of the food bill, which means \$200,000 worth of dessert are purchased. That amount of activity would increase the number of employees at the bakery, both in terms of salespeople and in terms of bakers. The bakery would then buy sugar, flour, eggs, and other ingredients from other sources; here again, some would be local, and some would be out of the region. If the flour is purchased from a local source, then that would generate further jobs in growing and milling wheat, and so forth. The input/output table captures all of these relationships and converts them to the number of additional employees that are generated by the purchase of desserts. Similar calculations would be taken for all other food served at the restaurant.

The restaurant would also hire a cleaning service to launder the tablecloths and napkins, it would hire an accountant to keep track of its receipts and pay taxes, and from time to time it would need to hire plumbers, electricians, and carpenters to perform repairs. There are many other services they would also need to use. The input/output model shows the fraction of total sales expended in each of these categories. There are 440 categories in the latest input/output table, although not all of them apply to all categories.

Induced jobs are those created when the restaurant employees spend some of their paychecks on goods and services produced or sold locally. This would include expenditures on food, clothing, health care, entertainment, and a variety of other goods and services. These figures are based on consumer surveys showing the amount spent by individuals and families at different income levels in different locations, and are prepared by the Bureau of Labor Statistics.

All the calculations for the number of indirect and induced jobs are done by the computer program imbedded in the IMPLAN model, using these coefficients calculated from BEA and BLS data, which are then used to invert and solve a matrix that contains $440 * 440$ (equals 193,600) elements. Obviously all these elements cannot be

reproduced in each report; however, a related table is found on the BEA website (<http://www.bea.gov/bea/interactive.htm>).

In the same manner, the IMPLAN model also generates predictions of output and labor (household) income for each industry category; these are the "derived monetary predictions" referred to in the RFE. The coefficients that determine output and income are based on the same methodology used to generate the employment numbers; the figures are then multiplied by the output per worker, and labor income per worker. These figures are also taken from data found in the Economic Censuses and supplemented by the BLS.

All these calculations are part of the input/output algorithm, which is internal to the IMPLAN (or other input/output) model. Hence the pathway for determining the results is as follows:

1. Calculate the number of new direct employees for each new business.
2. Use the computer program algorithm that contains coefficients in the input/output model that determine the number of new employees per dollar of new sales for each industry category where the new business purchases goods and services produced or sold locally.
3. Use the computer program algorithm that contains coefficients in the input/output model that determine the number of new employees per dollar of new sales for each industry category where employees spend part of their paychecks on goods and services produced or sold locally.
4. Solve the entire input/output model to take into consideration secondary links (i.e., bakers purchase flour, which is grown from wheat) that create employment gains throughout the economy.
5. Use the gains in employment to determine the increase in output by multiplying employment by the average output/employee for all relevant industries.
6. Use the gains in employment to determine the increase in labor income by multiplying employment by the average compensation/employee for all relevant industries.

The IMPLAN model is a regional input/output model developed and maintained by the Minnesota IMPLAN group, headquartered in Minneapolis. The basic model was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management.

The IMPLAN model has certain similarities with the RIMS (Regional Input/Output Modeling system) model developed by the Department of Commerce, but is generally thought to contain several superior features besides its greater ease and flexibility of use. These improvements can be summarized as follows:

1. The Commerce Department is not permitted to publish data in any category where there are less than three organizations in a given economic area. IMPLAN has developed an algorithm to fill in the missing numbers.
2. IMPLAN has introduced improved methods of accounting for flows of goods and services among counties.
3. IMPLAN permits aggregation of any subset of industries for calculation and tabular purposes. This is useful when results are desired for, say, 1-digit industries instead of the 440 industries actually found in the input/output table.
4. As seen in the tables throughout this text, IMPLAN estimates three separate effects, labeled "direct", "indirect" and "induced". The direct effects are those entered by the user. The other two columns represent the multiplier effects, but they are usually combined in other input/output models. Briefly, the indirect effect represents purchases made by businesses when their sales rise. For example, a restaurant might order more food produced or sold in the region, or an automobile plant might order more steel. The induced effect represents the additional household spending because income has risen. For example, restaurant workers would spend their paychecks on various goods and services, some of which are produced in the region. In general, then, the larger the region under consideration, the larger the multipliers would be.

The following material, taken from the IMPLAN manual, describes the input/output process in more detail.

Input/output analysis is a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all of the monetary market transactions for consumption in a given time period. The resulting mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy.

A descriptive model includes information about local economic interactions known as regional economic accounts. These tables describe a local economy in terms of the flow of dollars from purchasers to producers within the region. The initial IMPLAN data details all purchases, including imported goods and services. When regional

economic accounts are created, imports to the region are removed from the initial data, allowing examination of local inter-industry transactions and final purchases.

The regional economic accounts are used to construct local level multipliers. Multipliers describe the response of the economy to a stimulus (a change in demand or production). The multipliers represent the Predictive Model.

Purchases for final use (final demand) drive an input/output model. Industries producing goods and services for consumption purchase goods and services from other producers. These other producers, in turn, purchase goods and services. These indirect purchases (or indirect effects) continue until leakages from the region (imports, wages, profits, etc.) stop the cycle.

The indirect effects and the effects of increased household spending (induced effects) can be mathematically derived as sets of multipliers. The derivation is called the Leontief inverse. The resulting sets of multipliers describe the change of output for each industry caused by a one dollar change in final demand for any given industry.

The input/output analysis framework is similar to a financial accounting framework that tracks purchases of and expenditures on goods and services in dollars. Input/output accounting traces the flow of dollars between businesses and between businesses and final consumers. An input/output accounting framework can be illustrated using classic financial accounting T-accounts, which include receipts (income) and expenditures (expenses) on each side of a "T", as shown below.

Final Consumption (or final demand) drives input/output models. Industries respond to meet demand directly or indirectly, by supplying goods and services to industries responding directly. Each industry that produces goods and services generates demands for other goods and services, and so on. Multipliers describe these iterations.

There are three different multipliers developed for predictive modeling: Type I, Type II, and Type SAM. We start with the transactions table and derive a coefficient by dividing each industry column by the column total. This coefficient matrix is also known as the *A Matrix*.

The columns of the *A Matrix* are production functions. A production function shows where an industry spends, and in what proportions, to generate each dollar of output.

Receipts	Expenditures
Sales to industries	Purchases of goods and services
Sales to institutions	Local
Exports	Imported
	Investment
	Payroll
	Taxes
	Profits
	Distributed
	Retained

Through algebraic manipulation of the A Matrix, we can derive the multipliers. The predictive model shows how output will change with a given change in final demand. The inverse is the matrix of multipliers.

Multipliers break the effects of stimuli on economic activity down into three components:

1. Direct effects are the changes in the industries to which a final demand change was made.
2. Indirect effects are the changes in inter-industry purchases as they respond to the new demands of the directly affected industries.
3. Induced effects typically reflect changes in spending from households as income increases or decreases due to the changes in production.

The Type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e., industries buying from local industries.

The Type II multiplier captures direct and indirect effects in addition to the inter-industry effects; it also takes into account the income and expenditures of household. The household income and expenditures are treated as industries. This internalizes the household sector, including the induced or household spending effects.

The Type SAM multiplier uses all information about the institutions selected to be included in the predictive model. If only households are included, all information for industries, factors, and households are included.

The latest version of the IMPLAN model contains 440 separate industrial sectors. In preparing these calculations, the direct employment effects were entered for construction, retail outlets, hotels, office space, and residential operations. The remaining sectors are then aggregated, generating a total of approximately 30 sectors, which are reproduced in the tables later in this report.

Each IMPLAN calculation is based on separate figures for a specific set of counties, which is determined by the location of the project and the likely flow of the workforce to the new businesses that are in operation. The size of the multipliers for any county depends on part on its size; a very small county would have a smaller multiplier because a larger proportion of the goods and services would be purchased outside the county. A very large county, such as Cook County in Chicago, would have a larger multiplier.

There is always a tradeoff here in the following sense. The more contiguous counties that are included – i.e., the larger the overall area – the higher the multiplier is likely to be, and hence the higher the number for indirect and induced job creation. On the other hand, making the area larger than it should be overstates the result and vitiates its usefulness.

The Census publishes data on county-to-county workflow. In most cases, most of the people who work in a given county also live there. The question is how to identify those other counties that provide a significant proportion of the workers, because they will spend part of their paychecks at home, which means those counties should also be included in the multiplier calculations. In general, the multipliers are likely to be the most accurate when they include those counties whose residents represent 90% to 95% of the county workforce. The four-county totals have been given in Section (6).

8. Definition of Direct Jobs for EB-5 Analysis

Before proceeding further, a discussion of what direct jobs means in this context is warranted. The definition of "direct jobs" used in this report should not be confused with the concept of direct job creation measurable by Forms I-9, payroll records, or other similar documentation as set forth in 8 C.F.R. § 204.6(j)(4)(i)(A). That section

contemplates jobs created by the actual employees of the new commercial enterprise, specifically in the non-regional center context.

When economists use the term "direct" jobs in the context of an econometric methodology such as IMPLAN, what is meant are jobs created directly by revenues (which in the EB-5 Pilot Program results in whole or in part from an immigrant investor's investment). For example, where a regional center-based new commercial enterprise comprised of immigrant investors renovates a building it purchased, the employees of the various unaffiliated tenants of that building would be considered "direct" jobs in the context of an econometric report.

However, those jobs are not "direct" in the sense set forth in 8 C.F.R. § 204.6(j)(4)(i)(A) where the new commercial enterprise is itself the employer that can provide Form I-9 or other similar documentation on its own employees. The tenants' employees are not "direct" employees of the regional center-based new commercial enterprise. The IMPLAN model is then used to calculate the number of indirect and induced jobs, as well as the increase in output and labor (household) income, that are generated by the new businesses.

The direct jobs are entered into the IMPLAN model, and the multiplier process, described in the next section, is then used to calculate the overall economic impact. However, in cases such as construction projects that require less than two years to complete, direct jobs cannot be counted, in which case a different methodology, known as the expenditure model, is used instead.

The expenditure model, which is used to calculate the number of construction jobs, uses the IMPLAN framework, but in a different manner. As already noted, most IMPLAN calculations are based on the input of the number of direct jobs, with the multipliers based on input/output relationships among industries (indirect jobs) and the purchasing power of the region (induced jobs). Nonetheless, it is clear that some jobs are created as the money is spent to pay the construction workers, and they in turn spend some proportion of their paychecks locally. These jobs can be counted even though the temporary direct jobs are excluded.

In practical terms, the calculations are performed as follows. A given expenditure amount (say \$15 million) is entered into the IMPLAN model in the appropriate construction sector, which in this case is industrial production. The total number of jobs is calculated in the usual manner, but the number of direct jobs is then subtracted, leaving only the indirect and induced jobs.

9. Methodology for Determining Indirect Jobs

In spite of the explanation of the IMPLAN model given directly above, some USCIS adjudicators have raised questions about how that model is used to determine the increase in the number of indirect jobs. That is an important issue because, unlike the direct job count, which can be verified by USCIS from various payroll and withholding documents, the calculation of indirect jobs cannot be verified directly but depends on mathematical calculations.

The general concept is based on the coefficients in the input/output model itself (the same methodology applies to IMPLAN, RIMS II, or any other generally recognized and accepted input/output model). In any given year, the government calculates how much input is used for a given amount of output. The detailed figures are taken from the Economic Censuses taken once every five years, and updated from various annual supplements.

Basically the process has two steps, each of which is described next in greater detail. The first is to determine the amount of output, and hence the number of jobs, required to produce a given amount (say \$1 million) of the final product or service. These are national coefficients. The second is to determine what proportion of those goods and services are purchased within the local region (the regional purchase coefficients, or RPCs).

In the case of a manufacturing process, the national coefficients are based on production functions: how much coke per ton of steel, how much steel per motor vehicle, how much flour for a loaf of bread, and so on. However, most of the jobs are created in the service sector, where Commerce Department data are used to determine, for example, how much restaurants spend on laundry services, how much airlines spend for attorneys, and so on. These figures are based on information contained in the various Economic Censuses. The national coefficients would also determine, for example, how many architects and engineers would be hired for a construction project of a given scope and size, and how many new employees at financial institutions would be required to handle the additional cash flow generated by the new business. Both of these are discussed below in greater detail.

Even after these coefficients are determined, however, the regional purchase coefficients (RPC) must still be estimated. If, for example, a trucking firm spends 1% of its revenue on accountants, how much of that money is spent on local firms, and how much is spent outside the region?

That answer depends on various factors. The most important is the amount of the good or service produced within the region. If a trucking firm, for example, were located in a small county with no accountants, obviously it would not hire any local

accountants. That sets a lower limit -- but is not generally the case. Instead, a balancing algorithm is used.

Suppose, for example, that all the firms producing, distributing, or selling goods and services in a given county spent \$10 million on accounting services. Also, suppose that total billings of all accountants in the county were \$20 million. In that case, local accountants could handle all the local business, plus business from neighboring counties. If, on the other hand, total accountant billings in the county were only \$5 million, local firms could not spend more than half of the money on local accountants.

Of course it is possible that there are adequate resources in the county but local firms choose to use companies outside the county; perhaps prices or services are better. No input/output model can account for such anomalies. On the other hand, given transportation costs, it would be highly unusual for a firm to be located in a given location and not serve the nearby businesses, instead choosing only those clients who were farther away.

The IMPLAN model -- and other regional input/output models -- assigns regional purchase coefficients (RPCs) in all cases where the local industry purchases goods and services from local firms. This matrix could have as many as $440 * 440 = 193,600$ elements, although in practice many of them are zero. Large counties with a wide variety of businesses have more non-zero elements than small counties with relatively few businesses.

In general, the RPCs tend to be close to zero for most manufactured goods, and close to unity for most services. While there are many exceptions to this rule, most firms will use financial, professional, business, and health care services that are located in that county or contiguous areas.

To take just one example of many, consider the number of new jobs created by architects and engineers for a new construction project of any given size. Most construction cost manuals, such as those published by R. S. Means, indicate that those costs are usually about 5% to 9% of the total job. According to the national IMPLAN file, the figures are 9.2% for commercial construction and 4.5% for industrial construction.

These figures can be compared with the proportions of architects and engineers in the local four-county area, based on the IMPLAN data for those five counties. The IMPLAN model shows proportions of 8.4% for commercial and 4.3% for industrial construction, indicating that 91% of the architects and engineers for commercial jobs and 95% for industrial jobs are hired locally. These figures are fairly typical of other locations and regions; except for "signature" buildings designed by famous names, most

architects and engineers live in the same region as the buildings that are being constructed.

To summarize to this point, the number of indirect jobs as a proportion of direct jobs depends on (a) the national relationships, and (b) the regional purchase coefficients. There are a few industries that produce relatively large numbers of jobs in almost all cases. These industries are discussed below and include banking, real estate, legal and accounting, architects and engineers, other professional services, employment services, other business services, restaurants, and government. In all of these cases, the vast majority of workers are hired locally.

Our comments for the rest of this section are based on the assumption of a \$10 million investment, since this is the basis for the generic calculations in the remainder of this report.

Banking: On an aggregate basis, for every \$10 million in deposits, very broadly defined (M3), there is about 1 new banking employee. As a rough rule of thumb, the size of M3 is roughly equal to the size of GDP. Hence we would expect about 1 new banking employee for every \$10 million increase in output, as calculated from the IMPLAN model.

Real estate: Additional real estate employees are based on two factors. One is the leasing activity of the new building, and the other is the increase in residential real estate activity as people get new jobs, either within the area or by moving into the area. On a lease basis, a \$10 million investment is likely to result in a building of 80,000 square feet. If it leases for \$40/square foot, that would be \$3.2 million in annual lease payments, and with a 6% commission would generate \$192,000 in revenues, which would account for about 2 new real estate employees (the figure would be less for industrial buildings). The increase in employment would also result in some real estate activity as workers moved into better housing in the same location, or moved in from other areas. In a normal year, there are about 7 million sales of new and existing homes for a labor force of about 140 million, or 5%. Hence if the total increase in employment were 200, that would imply 10 real estate transactions; if they average \$200,000 at a 6% commission, that would be \$12,000 per home or a total of \$120,000, which would support approximately 3 new real estate jobs.

Legal & Accounting: Each of these accounts for about 1% of total employment; so if there were a total increase of 200 jobs, we would expect an average of 4 new employees in this classification.

Architects & Engineers: Almost all architecture and engineering jobs stem from the new construction activity. This category has already been discussed above; for a \$10 million construction project, which would create about 80 new construction jobs, we

would expect about 7 new jobs in architects and engineers for a commercial project and 3 to 4 new jobs for an industrial project.

Other professional services: This category includes employees in consulting, scientific research and development, advertising, and management, as well as several other smaller, specialized categories. In general, consulting, management, and the all other category each account for about 1% of total employment, and R&D and advertising account for about ½% of total employment, for a total of about 4% of total employment. This figure will vary widely depending on the degree to which consultants and R&D are used by the new business.

Employment services: On a national average basis, 1 out of every 45 people is employed by this industry. Here again, the figures will vary widely depending on (a) the proportion of people who are hired through employment agencies, and (b) the proportion of the work that is outsourced to employment services.

Other business services: Most of these jobs are in the category of building support services, which includes janitorial services, lawn maintenance, and waste management. The other categories include back-office jobs that are outsourced, such as direct mail, copying, and duplicating services. For an office building of 80,000 square feet, the cost would be approximately \$2/sq ft per year for maintenance, or \$160,000, which would support about 4 new jobs; here again, the figure would be lower for industrial buildings. The back-office services would vary widely depending on the type of new business; retail stores, for example, would print and distribute more advertising brochures than a manufacturing operation.

Restaurants: This category reflects business meals. Of course the number of business meals depends greatly on the type of business; lawyers, accountants, and consultants will have more business meals than manufacturing plants or water treatment facilities. On a national average basis, though, Commerce Department figures show that total restaurant sales in 2007 were \$580 billion, while consumer expenditures at restaurants were \$500 billion, indicating about \$80 billion for business expenses. With a labor force of approximately 140 million, that works out to about \$570 per employee. Hence if 200 new jobs were created, business meal expenses would rise by about \$114,000, which would imply between 2 and 3 new indirect jobs in the restaurant industry. These figures are likely to be somewhat higher when direct jobs are created for office buildings and hotels.

Government: The increase in public sector employees represents the amount funded by increased real estate taxes. For a construction project with \$10 million in hard costs, the total value is likely to be between \$15 and \$20 million when one includes furniture, fixtures, equipment, and land values. Using a national average property tax rate of 1%, that would raise \$150,000 to \$200,000, which would create 3 to 4 new jobs

in the public sector. If the property tax rate is higher, the number of government jobs created would also tend to be higher.

10. Economic Impact of Operating Call Center

According to the developer, there will be 250 direct jobs at the telephone call center. At the appropriate time these will be verified by payroll records. The tables in this section of the report are based on the IMPLAN model multipliers for Dallas, Collin, Denton, and Tarrant counties.

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	0.1	0.4	0.5
Utilities	0	0.1	0.2	0.3
Construction	0	0.4	0.7	1.1
Manufacturing	0	1.9	7.0	8.9
Wholesale trade	0	0.8	4.6	5.4
Retail trade	0	0.5	24.2	24.8
Transportation	0	3.1	2.6	5.7
Information svcs	0	2.1	1.3	3.4
Banks and credit intermed	0	1.2	2.4	3.6
Other financial	0	1.9	7.9	9.8
Real estate	0	3.4	3.8	7.2
Lawyers and accountants	0	3.0	2.3	5.3
Architects and engineers	0	0.6	0.3	0.9
Computer program and design	0	3.3	1.0	4.3
Other professional svcs	0	4.2	2.4	6.7
Employment services	0	14.6	2.4	16.9
Other business services	0	2.9	0.7	3.5
Telephone call centers	250	1.9	0.4	252.3
Building support services	0	3.2	1.7	4.9
Social services	0	0.6	9.3	9.9
Health care	0	0.0	13.5	13.5
Entertainment and leisure	0	1.2	4.1	5.2
Hotels	0	1.4	1.0	2.4
Restaurants	0	5.7	11.5	17.2
Repair services	0	0.9	1.3	2.2
Personal services	0	1.3	5.9	7.2

Government		5.4	4.5	9.9
Total	250	66	117	433

Table 5 shows that the call center creates 250 direct jobs, 66 indirect jobs, and 117 induced jobs, for a total of 433 jobs, and an employment multiplier of 1.73. Of the 66 jobs, most of them follow the guidelines given in the previous section except for the 15 jobs in employment services, indicating that many of the new employees are hired on a contract basis from agencies.

Table 6. Total Annual Increase in Output, Telephone Call Center, Thousands of Dollars

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	78	303	381
Utilities	0	166	472	638
Construction	0	64	95	159
Manufacturing	0	758	2726	3484
Wholesale trade	0	175	1010	1184
Retail trade	0	38	1804	1841
Transportation	0	536	453	989
Information svcs	0	809	505	1314
Banks and credit intermed	0	304	599	903
Other financial	0	659	2710	3369
Real estate	0	639	719	1358
Lawyers and accountants	0	445	333	778
Architects and engineers	0	72	42	114
Computer program and design	0	444	127	571
Other professional svcs	0	780	431	1211
Employment services	0	475	78	553
Other business services	0	435	101	536
Telephone call centers	25274	189	39	25503
Building support services	0	274	144	418
Social services	0	34	498	532
Health care	0	0	1516	1516
Entertainment and leisure	0	68	231	299
Hotels	0	151	114	265
Restaurants	0	331	666	997
Repair services	0	106	162	268
Personal services	0	63	294	357

Government		398	333	731
Total	25274	8491	16505	50269

Table 6 shows a total annual increase in output of \$50.3 million, of which \$25.3 million represents the direct revenue of the call center, \$8.5 million is the output generated by the new indirect workers, and \$16.5 million is the output generated by the induced workers. Since the number of new employees shown in Table 5 is 250 direct jobs, 66 indirect jobs, and 117 induced jobs, the average output per new employee is approximately \$101,000 for direct workers, \$128,700 for indirect workers, and \$141,100 for induced workers, for an overall average of \$116,100 for all new employees.

Table 7. Total Annual Increase in Labor Income, Telephone Call Center, Thousands of Dollars

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	19	75	94
Utilities	0	34	98	132
Construction	0	23	34	58
Manufacturing	0	181	652	833
Wholesale trade	0	68	393	461
Retail trade	0	17	788	804
Transportation	0	197	166	363
Information svcs	0	205	128	333
Banks and credit intermed	0	96	189	285
Other financial	0	120	493	615
Real estate	0	99	111	210
Lawyers and accountants	0	245	184	429
Architects and engineers	0	47	27	74
Computer program and design	0	278	80	358
Other professional svcs	0	349	193	542
Employment services	0	373	61	434
Other business services	0	177	41	218
Telephone call centers	13733	103	21	13857
Building support services	0	96	51	147
Social services	0	17	253	270
Health care	0	0	872	872
Entertainment and leisure	0	30	100	130
Hotels	0	53	40	94

Restaurants	0	118	238	356
Repair services	0	39	59	98
Personal services	0	20	92	112
Government		324	271	595
Total	13733	3328	5710	22774

Table 7 shows a total annual increase in labor (household) earnings of \$22.8 million, of which \$13.7 million represents the direct labor income of the call center employees, \$3.3 million is the labor income received by the new indirect workers, and \$5.7 million is the income received by the new induced workers. Since the number of new employees shown in Table 5 is 250 direct jobs, 66 indirect jobs, and 117 induced jobs, the average income per employee (including fringe benefits) is approximately \$54,900 for direct workers, \$50,400 for indirect workers, and \$48,800 for induced workers, for an overall average of \$52,600 for all new employees.

Resume of Dr. Michael K. Evans

mevans@evanscarrollecon.com

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980
- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.
- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management*,

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders; inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evansb5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact for a fractional-ownership marina in Port Charlotte, FL, plus office space, retail stores, restaurants, and a home brokerage office.
- Calculated the economic impact of construction and operation of four retirement homes in Vermont.

- Calculated the economic impact of an upscale retail shopping center in Vail, CO. and a medical office building in Edwards, CO (both in Eagle County).
- Calculated economic impact of a wind turbine manufacturing plant in Larimer County, CO
- Calculated economic impact of a hotel, retail stores, restaurants, office buildings, and bank facilities in Pasadena, CA
- Calculated economic impact of a luxury hotel and condominiums in Destin, FL

- Calculated economic impact of constructing and operating a mixed-use commercial project in Jupiter, FL
- Determined whether 17 possible restaurant locations in - and Broward Counties qualified as Targeted Employment Areas.
- Determined the economic impact of opening and operating a slot-machine casino in Hanover, MD, as part of a proposed EB-5 regional center for the Baltimore metropolitan area.
- Calculated the economic impact of renovating and expanding a restaurant on Martha's Vineyard, MA, as part of an EB-5 regional center in that state.
- Determined the economic impact of assembling and installing solar panels for residences in the state of LA.
- Determined a Targeted Employment Area for Dallas, TX as part of a proposed EB-5 regional center for the Dallas area. APPROVED
- Calculated the economic impact for various mixed used projects for a proposed regional center for the entire State of Texas, including shopping centers, office buildings, restaurants, assisted living centers, medical technology facilities, and other personal and business services.
- Calculated the economic impact for the construction and operation of several fast-food restaurants in 10 counties in central California.
- Calculated the economic impact for the renovation and expansion of a shopping mall in Greenville, SC.
- Calculated the economic impact of buying existing apartment buildings at deep discount prices, renovating and operating them, in 21 counties in FL.

- Calculated the economic impact of building and operating an institute for proton cancer therapy for a proposed EB-5 regional center in Brooklyn, NY.
- Calculated the economic impact of building and operating a mixed-use facility with medical offices, hotels, and apartments for a proposed EB-5 regional center in Queens, NY.
- Determined a Targeted Employment Area for Philadelphia, PA as part of a proposed EB-5 regional center for the Philadelphia area.
- Calculated the economic impact of a proposed office building and mixed-use facility for an EB-5 regional center in Dallas, Texas
- Calculated the economic impact for various mixed-use projects for a proposed EB-5 regional center in the greater New York City area, including an extended stay hotel, urgent care center, financial lending firm for alternative assets, retail stores, apartments, office space, warehouses, industrial "flex" space, entertainment centers, restaurants, conference and convention centers, nursing home and assisted living facilities, medical offices, medical technology facilities, and high-tech manufacturing.
- Calculated the economic impact of "green" hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of .
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties. APPROVED
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in - and Broward counties in FL.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County, NY.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for "green" manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for various counties in Charlotte and Sarasota counties, FL
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, FL.

- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings. APPROVED
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana. APPROVED
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties. APPROVED
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California. APPROVED
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio. APPROVED

- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio. APPROVED
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.
- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi. APPROVED
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Developed an Input/Output Model for Guam, which was then used to calculate the economic impact of several generic projects. APPROVED
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County. APPROVED
- Prepared an economic impact analysis for the "timber to homes" project for a proposed regional center in Colorado. APPROVED
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of that included impact calculations for 14 different types of industries. APPROVED
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries. APPROVED
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey. APPROVED
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.

- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada. APPROVED
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.
- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL APPROVED
- Calculated the economic impact of construction of El Monte Village in El Monte, CA. APPROVED
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects. APPROVED
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC
- Calculated economic impact of expanding Sugarbush resort in VT. Study included expansion of existing facilities and addition of new facilities. APPROVED
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area APPROVED

- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area. APPROVED
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties. APPROVED

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.
- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.

- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.
- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations
- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extend subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)

TERM LOAN AGREEMENT

dated as of July 9, 2010

between

Encore International Investment Funds, LLC
as Borrower

and

Civitas Encore Fund, LP
as Lender

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- Exhibit H – Form of Capitalization and Contribution Agreement

TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT (this "*Agreement*") is made and entered into as of July 9, 2010 by and between Encore International Investment Funds, LLC, a Delaware limited liability company (the "*Borrower*") and Civitas Encore Fund, LP, a Texas limited partnership (the "*Lender*").

WITNESSETH:

WHEREAS, the Borrower has requested the Lender, and the Lender has agreed, subject to the terms and conditions of this Agreement, to make a term loan to Borrower in the principal amount of \$15,000,000;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower and the Lender agree as follows:

ARTICLE I DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions. In addition to the other terms defined herein, the following terms used herein have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" means, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

"Approved Accounts" means any account(s) designated in writing by the Borrower and approved in writing by the Lender, so long as the Lender has a perfected security interest in the funds held in such account(s).

"Borrowing Request" means a request by the Borrower to the Lender for a Term Loan in accordance with Section 2.1 hereof, which shall be in writing and substantially in the form of Exhibit A hereto.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Dallas, Texas are authorized or required by law to close.

"Capital Contribution Agreement" means that certain Capital Contribution Agreement by and between the Borrower and the Parent, dated as of July 9, 2010, substantially in the form of Exhibit H.

"Capital Lease Obligations" of any Person means all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Equivalents” means any of the following, which must be payable in Dollars: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations, the timely payment of principal and interest of which is fully guaranteed by the United States of America; (b) interest bearing demand or time deposits (including certificates of deposit) which are held in banks having general obligations rated at least “A-1” or equivalent by S&P or Moody’s; (c) commercial paper rated (on the date of acquisition thereof) at least A-1 or P-1 or equivalent by S&P or Moody’s and/or guaranteed by the FDIC, respectively (or an equivalent rating by another nationally recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating commercial paper), maturing not more than ninety (90) days from the date of creation thereof; and (d) demand deposit accounts maintained in the ordinary course of business.

“Change in Control” means the occurrence of one or more of the following events: (a) any sale, lease, exchange or other transfer (in a single transaction or a series of related transactions) of all or substantially all of the assets of the Borrower or any of its Subsidiaries to any Person or “group” (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder in effect on the date hereof), (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or “group” (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) (other than the Sponsor or any of its Affiliates) of a majority of the outstanding shares of the voting stock of the Parent, or (c) the Parent shall at any time cease to own 100% of the issued and outstanding equity of the Borrower.

“Change in Law” means (a) the adoption of any applicable law, rule or regulation after the date of this Agreement, (b) any change in any applicable law, rule or regulation, or any change in the interpretation or application thereof, by any Governmental Authority after the date of this Agreement, or (c) compliance by the Lender (or for purposes of Section 2.10(b), by the Lender’s holding company, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“City Closing Fee” means \$75,000.

“City of Dallas Regional Center” means that certain “Regional Center” affiliated with the City of Dallas, Texas and approved by the United States Citizenship and Immigration Service on September 8, 2009.

“City Exit Fee” means an amount paid by the Borrower equal to one-half of one percent (0.5%) of the principal of all repayments of the Term Loan, which shall be due and payable simultaneously with all such repayments, including, without limitation, all prepayments of the Term Loan.

“Closing Date” means the date on which each of the conditions precedent set forth in Section 3.1 have been satisfied or waived in accordance with Section 8.2.

“Code” means the Internal Revenue Code of 1986, as amended and in effect from time to time.

“Control” means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms **“Controlling”**, **“Controlled by”**, and **“under common Control with”** have meanings correlative thereto.

“Current Rate” has the meaning set forth in Section 2.3(a).

“Dallas Call Center” means “call center” used to hire employees for “Qualifying Jobs” under the EB-5 Program that is approved by the Lender in its reasonable discretion and is fully staffed in the City of Dallas, Texas in an area designated as a “targeted employment area” under the EB-5 Program.

“Default” means any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Default Interest” has the meaning set forth in Section 2.3(b).

“Disposition” and **“Dispose”** means any sale, lease, abandonment, transfer, disposal, exchange or other transfer of any ownership or leasehold interest in or control of any asset, including any sale and leaseback transaction.

“Dollar(s)” and the sign **“\$”** means lawful money of the United States of America.

“EB-5 Program” means that certain program designed specifically to serve non-U.S. citizens seeking to immigrate to the United States by making a qualifying investment through a “regional center,” as such term is defined at 8 CFR 204.6(e), approved under the USCIS’ Immigrant Investor Pilot Program, as provided at 8 CFR 204.6(m).

“Economic Impact Study” means that certain economic study to be conducted at Borrower’s sole cost and expense by an economist engaged by Lender, the cost of which shall not exceed \$15,000.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating to the protection of the environment, the management, Release or threatened Release of any Hazardous Material into the environment.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment, or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA Affiliate" means any trade or business (whether or not incorporated), which together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means: (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any valid notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event of Default" has the meaning provided in Article VII.

"Excluded Tax" means a "Tax on the overall net income" of a Person as defined in the definition of "Tax".

"Fee Letter" means that certain letter agreement dated as of the date hereof executed by the Borrower in favor of the Lender, as the same may be amended from time to time.

"Financial Statements" means for any Person during any relevant period, a consolidated balance sheet and the related statements of income or operations, shareholders' equity and cash flows for such period prepared in accordance with GAAP and in detail reasonably acceptable to the Lender.

"Fiscal Quarter" means the three-calendar-month periods ending on March 31, June 30, September 30 and December 31 of each calendar year.

"Fiscal Year" means the twelve-calendar month period beginning on January 1 of each year and ending on December 31 of each year.

"GAAP" means generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.2 hereof.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantors” means the Parent and each Subsidiary Guarantor.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Transaction” of any Person means any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement.

“Indebtedness” of any Person means, without duplication (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (d) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (e) all Capital Lease Obligations of such Person, (f) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (g) all guarantees by such Person of Indebtedness of others, (h) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, and (i) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor.

“Indemnatee” has the meaning set forth in Section 8.3(b).

“Investments” means , as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or acquisition of all or substantially all of the assets of any Person, (b) any direct or indirect purchase or other acquisition of, or a beneficial interest in, any equity interest or other securities of any Person, or (c) any direct or indirect loan,

advance, or capital contribution to or investment in any other Person, including without limitation the incurrence or sufferance of Indebtedness of any other Person.

“Lien” means any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of the foregoing (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

“Loan Documents” means, collectively, this Agreement, the Term Loan Note, the Subsidiary Guaranty Agreement, the Parent Guaranty Agreement, the Fee Letter, the Parent Pledge Agreement, the Security Agreement, the Pledge Agreement, the Capital Contribution Agreement, each Borrowing Request, the Uniform Commercial Code Financing Statements, all Notices of Borrowing, and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (a) the business, results of operations, financial condition, prospects, assets or liabilities of the Parent and its Subsidiaries taken as a whole or of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform its payment obligations under the Loan Documents, (c) the rights and remedies of the Lender under the Loan Documents or (d) the legality, validity or enforceability of the Loan Documents.

“Material Subsidiaries” means: (a) Encore Hospitality, LLC; (b) Encore Construction Group, LLC; (c) Encore Equities, LLC; (d) Encore Retail, LLC; (e) Encore Multi-Family, LLC; (f) Pineapple Management Services, Inc; and (g) Encore Sterling Investors, LLC.

“Maturity Date” means the earliest to occur of (a) the fifth anniversary of the Closing Date and (b) the date that the principal balance of the Term Loan is accelerated as provided in Section 7.1 of this Agreement.

“Multiemployer Plan” has the meaning set forth in Section 4001(a)(3) of ERISA.

“Obligations” means all amounts owed by the Borrower to the Lender pursuant to or in connection with this Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations under letters of credit, all fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, together with all renewals, extensions, modifications or refinancings thereof.

"Other Taxes" means any and all present or future stamp, registration, recording, filing, transfer, documentary, excise or property Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to or in connection with, any Loan Document.

"Parent" means Encore Enterprises, Inc., a Mississippi corporation.

"Parent Guaranty Agreement" means the Parent Guaranty Agreement dated as of the date hereof, and substantially in the form of Exhibit B, made by Parent in favor of Lender, as the same may be amended from time to time.

"Parent Pledge Agreement" means the Parent Pledge Agreement, dated as of the date hereof and substantially in the form of Exhibit C, made by Parent in favor of Lender, as the same may be amended from time to time.

"Payment Office" means the office of the Lender located at 900 Jackson Street, Suite 150, Dallas, Texas 75202 or such other location as to which the Lender shall have given written notice to the Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Permitted Encumbrances" means,

(a) Liens imposed by law for taxes and other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(b) Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law or contract created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(d) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Borrower and its Subsidiaries taken as a whole;

(e) capital leases expressly permitted by this Agreement; and

(f) Liens arising from filings of UCC financing statements relating to leases that are not prohibited by this Agreement.

"Permitted Investments" means investments in (i) hospitality, retail, and multi-family real estate properties or real estate related assets physically located in the continental United States of America such as loans and partnership interests, and (ii) operating businesses such as call centers; provided that no portion of any such investment will consist of publicly traded securities or permit the use of funds that would violate any law, rule, or regulation related to the EB-5 Program.

"Person" means any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreement" means the Pledge Agreement dated as of the date hereof and substantially in the form of Exhibit F made by the Borrower and its Subsidiaries in favor of Lender.

"Prepayment Fee" means an amount equal to one-half of one percent (0.5%) of the then outstanding balance of the Term Loan or the portion thereof being prepaid.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Release" means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Responsible Officer" means any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer or a vice president of the Borrower or such other representative of the Borrower as may be designated in writing by any one of the foregoing and reasonably acceptable to Lender; and, with respect to the financial covenants only, the chief financial officer or the treasurer of the Borrower.

"Security Agreement" means the Security Agreement dated as of the date hereof and substantially in the form of Exhibit E made by the Borrower and its Subsidiaries in favor of Lender.

"Solvent" means, as to any Person on a particular date, that any such Person (a) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature, (b) owns property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies), and (c) does not believe that it will incur debts or liabilities beyond its ability to pay such debts or liabilities as they mature.

"Sponsor" means Bharat Sangani and Patrick Barber, or either of them.

"Subsidiary" means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of a majority of the directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantor" means each Subsidiary of the Borrower that has executed a Subsidiary Guaranty Agreement.

"Subsidiary Guaranty Agreement" means the Subsidiary Guaranty Agreement, dated as of the date hereof and substantially in the form of Exhibit G, made by the Subsidiaries of the Borrower in favor of Lender, as the same may be amended from time to time.

"Tax" means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed; provided, "Tax on the overall net income" of a Person shall be construed as a reference to a tax imposed by the jurisdiction in which that Person is organized or in which that Person's applicable principal office is located or in which that Person is deemed to be doing business (other than a jurisdiction in which such Person is treated as doing business as a result of its entering into any Loan Document or its participation in the transactions governed thereby) on all or part of the net income, profits or gains (whether worldwide, or only insofar as such income, profits or gains are considered to arise in or to relate to a particular jurisdiction, or otherwise) of that Person.

"Tax-Related Person" means any Person (including a beneficial owner of an interest in a pass-through entity) whose income is realized through or determined by reference to the Lender.

"Term Loan(s)" means each loan made by the Lender to the Borrower under the terms of this Agreement.

"Term Loan Commitment" means the greater of (a) \$5,000,000, or (b) in the Lender's sole but reasonable discretion, the aggregate amount of subscriptions by investors who have been approved under the EB-5 Program (not to exceed \$15,000,000), in each case as reduced pursuant to the terms of this Agreement or any partnership agreement between the investors and an entity advised or managed by the Lender; provided that, if the aggregate amount of subscriptions by investors who have been approved under the EB-5 Program does not equal or exceed \$5,000,000, the Term Loan Commitment shall be \$0.

"Term Loan Note" means a promissory note of the Borrower, in the form of Exhibit D, payable to the order of the Lender in the principal amount of \$15,000,000 or as much thereof as may be advanced and outstanding thereunder, as the same may be amended from time to time.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2. Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for such changes approved by the Borrower’s independent public accountants) with the most recent consolidated financial statement of the Borrower delivered pursuant to Section 5.1(a); provided, that if the Borrower notifies the Lender that the Borrower wishes to amend any covenant in Article V to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Lender notifies the Borrower that it wishes to amend Article V for such purpose), then the Borrower’s compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Lender.

Section 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the word “to” means “to but excluding”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (c) the words “hereof”, “herein” and “hereunder” and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (d) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, and (e) all references to a specific time shall be construed to refer to the time in the city and state of the Lender’s principal office, unless otherwise indicated.

ARTICLE II AMOUNT AND TERMS OF THE TERM LOAN

Section 2.1. Term Loan and Term Loan Note.

(a) Subject to the terms and conditions set forth in this Agreement, the Lender agrees to make Term Loans to the Borrower (i) on the Closing Date in an aggregate amount not to exceed the Term Loan Commitment on the Closing Date, and (ii) at any time after the Closing Date but prior to the Maturity Date, upon the Borrower submitting to the Lender a Borrowing Request (which borrowing Request shall be for a principal amount of \$500,000 or a whole

multiple of \$500,000 in excess thereof, in each case not to exceed the then remaining Term Loan Commitment) in an amount not to exceed the then remaining Term Loan Commitment. To be valid, a Borrowing Request must be received by the Lender not later than 12:00 noon Central Standard Time one Business Day prior to the requested date of the borrowing. Any amount subsequently repaid or prepaid may not be reborrowed and shall reduce the Term Loan Commitment by the amount of such repayment or prepayment. Subject to acceleration pursuant to Section 7.1, all amounts owed hereunder with respect to the Term Loan shall be paid in full no later than the Maturity Date. Upon the earlier to occur of (i) acceleration pursuant to Section 7.1 and (ii) the Maturity Date, the Term Loan Commitment shall be reduced to \$0.

(b) The Borrower's obligation to pay the principal of and interest on the Term Loan shall be evidenced by the records of the Lender and by the Term Loan Note. The entries made in such records shall be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, that the failure or delay of the Lender in maintaining or making entries into any such record or on such schedule or any error therein shall not in any manner affect the obligation of the Borrower to repay the Term Loan (both principal and unpaid accrued interest) in accordance with the terms of this Agreement.

Section 2.2. Repayment, Optional Prepayments and Mandatory Prepayments of Term Loan.

(a) The outstanding principal amount of the Term Loan together with accrued and unpaid interest thereon and the applicable City Exit Fee shall be due and payable on the Maturity Date.

(b) The Borrower shall not have the right, at any time, to prepay the Term Loan, in whole or in part, without receiving the Lender's prior written consent, which consent may be withheld in Lender's sole discretion with respect to ensuring Lender's and its investors' compliance with the regulations governing the EB-5 Program, but otherwise shall not be unreasonably withheld. Upon any prepayment, the Borrower shall also pay to Lender the applicable (i) Prepayment Fee and (ii) City Exit Fee.

Section 2.3. Interest on Loans.

(a) The Borrower shall pay interest on the Term Loan at an aggregate rate of 6.5% per annum, of which 4% (the "*Current Rate*") shall be due and payable quarterly in arrears and the remaining 2.5% shall accrue on a non-compounding basis and shall be due and payable on the earliest of (i) the Maturity Date and (ii) the occurrence of an Event of Default.

(b) While an Event of Default exists or after acceleration as provided in this Agreement, the Borrower shall pay interest ("*Default Interest*") on the Term Loan at a rate of 9.5% per annum.

(c) All interest on the principal amount of the Term Loan shall accrue from and including the Closing Date to but excluding the date of any repayment thereof. The Current Rate interest shall be due and payable on the last Business Day of each Fiscal Quarter, and on the Maturity Date. All Default Interest shall be payable on demand.

Section 2.4. Computation of Interest and Fees. All computations of interest and fees hereunder shall be made on the basis of a year of 360 days and in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by the Lender of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.5. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of any interest rate hereunder against assets of, deposits with or for the account of, or credit extended by, the Lender; or

(ii) impose on the Lender any other condition affecting this Agreement or the Term Loan; and the result of the foregoing is to increase the cost to the Lender of making, continuing or maintaining the Term Loan or to reduce the amount received or receivable by the Lender hereunder (whether of principal, interest or any other amount);

then the Borrower shall promptly pay, upon written notice from and demand by the Lender, within five (5) Business Days after the date of such notice and demand, an additional amount or amounts sufficient to compensate the Lender for such additional costs incurred or reduction suffered.

(b) If the Lender shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements or the EB-5 Program has or would have the effect of reducing the rate of return on the Lender's capital (or on the capital of the Lender's parent) as a consequence of its obligations hereunder to a level below that which the Lender or the Lender's parent could have achieved but for such Change in Law (taking into consideration the Lender's policies or the policies of the Lender's parent with respect to capital adequacy) then, from time to time, within five (5) Business Days after receipt by the Borrower of written demand by the Lender, the Borrower shall pay to the Lender such additional amounts as will compensate the Lender or the Lender's parent for any such reduction suffered.

(c) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its parent, as the case may be, specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive, absent manifest error. The Borrower shall pay the Lender such amount or amounts within 10 days after receipt thereof.

Section 2.6. Mitigation. If the Borrower is required to pay any amount pursuant to Section 2.5, then Lender shall use reasonable efforts to designate a different Payment Office or lending office for funding or booking its loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such designation or assignment would eliminate or reduce amounts payable pursuant to Section 2.5 in the future. The Borrower hereby agrees to pay all reasonable out-of-pocket costs and expenses incurred by Lender in connection with any such designation or assignment, which costs and expenses shall be approved by Borrower in advance.

Section 2.7. Payments Generally. The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or of amounts payable under Section 2.5 or otherwise) prior to 2:00 p.m., on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender either at its Payment Office or by electronic transfer to the account specified in Schedule 2.7. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

Section 2.8. Taxes; Withholding, etc.

(a) All sums payable by the Borrower hereunder and under the other Loan Documents will (except to the extent required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from, through or to which a payment is made by or on behalf of the Borrower, or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment.

(b) If the Borrower, any of its Subsidiaries or any other Person is required by law to make any deduction or withholding on account of any Tax from any sum paid or payable under any of the Loan Documents: (i) the Borrower shall notify Lender of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the Borrower shall pay any such Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on Borrower or any of its Subsidiaries) for its own account or (if that liability is imposed on Lender) on behalf of and in the name of Lender; (iii) the sum payable by Borrower in respect of which the relevant deduction, withholding or payment, is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment of all Taxes (other than Excluded Taxes), Lender and its Tax Related Persons receives on the due date and retains a net sum equal to what it would have received and retained had no such deduction, withholding or payment been required or made; and (iv) within thirty (30) days after making any such deduction or withholding, and within thirty (30) days after the due date of payment of any Tax which it is required by clause (ii) above to pay, the Borrower shall deliver to Lender evidence satisfactory to the other affected parties of such deduction, withholding and payment and of the remittance thereof to the relevant taxing or other authority; provided, no such additional amount shall be required to be paid to Lender under clause (iii) above except to the extent that any change in law, treaty or governmental rule, regulation or order after the date hereof in any such requirement for a deduction, withholding or payment as is mentioned therein shall result in an increase in the rate of such deduction, withholding or payment from that in effect at the date hereof or at the date of such payments to Lender.

(c) In addition, the Borrower shall pay all Other Taxes to the relevant Governmental Authorities in accordance with applicable law. The Borrower and any applicable

Subsidiary shall deliver to Lender official receipts or other evidence of such payment reasonably satisfactory to Lender in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(d) The Borrower and Guarantors shall indemnify Lender, within ten (10) days after written demand therefor, for the full amount of any Taxes (other than Excluded Taxes) paid or incurred by Lender or its Tax Related Persons, as the case may be, relating to, arising out of, or in connection with any Loan Document or any payment or transaction contemplated hereby or thereby, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Such indemnification shall be made on an after-Tax basis, such that after all required deductions and payments of all Taxes (other than Excluded Taxes) (including income Taxes and deductions applicable to amounts payable under this Section 2.8(d)) and payment of all reasonable expenses, Lender and its Tax Related Persons receives and retains an amount equal to the sum it would have received and retained had it not paid or incurred or been subject to such Taxes. A certificate from Lender, setting forth in reasonable detail the basis and calculation of such Taxes.

ARTICLE III CONDITIONS PRECEDENT TO TERM LOANS

Section 3.1. Conditions To Term Loan on the Closing Date. The obligation of the Lender to make any Term Loan on the Closing Date is subject to the satisfaction of each of the following conditions precedent both immediately prior to making such Term Loan and after giving effect thereto:

- (a) receipt by the Lender of the following documents in form and substance reasonably satisfactory to the Lender:
 - (i) this Agreement duly executed and delivered by the Borrower;
 - (ii) a duly executed Term Loan Note;
 - (iii) the Fee Letter duly executed by the Parent and the Borrower;
 - (iv) a certificate of the Secretary or Assistant Secretary of the Parent, the Borrower, each of the Subsidiaries of the Borrower, attaching and certifying copies of its bylaws and of the resolutions of its boards of directors, authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and certifying the name, title and true signature of each officer of the Parent, the Borrower, or such Subsidiaries authorized to execute the Loan Documents to which such Person is a party;
 - (v) certified copies of the articles of incorporation of the Parent, the Borrower and each of the Subsidiary of the Borrower, together with certificates of good standing as may be available from the Secretary of State of the jurisdiction of incorporation of the Parent, the Borrower and each Subsidiary of the Borrower and each other jurisdiction where the Parent, the Borrower or any Subsidiary of the Borrower is required to be qualified to do business as a foreign entity;

- (vi) a favorable written opinion of the General Counsel of the Parent, the Borrower, and the Subsidiaries of the Borrower, addressed to the Lender, and covering such matters relating to the Parent, the Borrower, the Subsidiaries of the Borrower, the Loan Documents, and the transactions contemplated therein, as the Lender shall reasonably request;
 - (vii) a duly executed funds disbursement agreement;
 - (viii) each of the Parent Guaranty Agreement and the Parent Pledge Agreement duly executed and delivered by the Parent;
 - (ix) the Subsidiary Guarantee Agreement duly executed and delivered by each of the Subsidiaries; and
 - (x) the Security and Pledge Agreement duly executed and delivered by the Borrower and each of the Subsidiaries;
- (b) the Borrower shall have paid the City Closing Fee to the City of Dallas;
 - (c) the Borrower shall have paid all amounts due under the Fee Letter to the Lender;
 - (d) the Borrower shall have paid all properly invoiced expenses (including all reasonable fees and expenses of the Lender's counsel and the cost of the Economic Impact Study) shall have been paid;
 - (e) all UCC filings and recordations that are necessary to perfect the security interests of the Lender in the collateral described in the Loan Documents shall have been received by the Lender and the Lender shall have received evidence satisfactory to the Lender that, upon such filings and recordations such security interests constitute valid and perfected first priority Liens therein, subject to Permitted Encumbrances;
 - (f) the Lender shall have received the results of a Lien search (including a search as to tax matters) made against the Parent, the Borrower and Subsidiary of the Borrower under the Uniform Commercial Code (or applicable judicial docket) as in effect in each Person's state of incorporation or organization, indicating among other things that its assets are free and clear of any Lien except for Permitted Encumbrances;
 - (g) the results of the Lender's investigations of the Parent and its principals shall be satisfactory to the Lender;
 - (h) the Lender's investment committee shall have approved the Term Loans;
 - (i) the Lender shall be satisfied, in its sole but reasonable discretion, that a sufficient number of investors in the Term Loan to fund at least \$5,000,000 of the Term Loan Commitment have been approved under the EB-5 Program;
 - (j) the results of the Economic Impact Study shall be satisfactory to the Lender at its sole discretion;

(k) the Lender shall have approved, at its sole discretion, any financing (other than the Term Loan) to be incurred by the Borrower;

(l) no Default or Event of Default shall exist;

(m) the Lender shall have completed its due diligence of the Parent, the Borrower and its Subsidiaries;

(n) there shall not have occurred any change in the business, assets, operations, prospects or conditions (financial or otherwise) of the Parent, the Borrower or any of their subsidiaries since March 31, 2010, which caused or could reasonably be expected to cause a Material Adverse Effect;

(o) the Lender shall have approved, at its sole discretion, all Approved Accounts designated by the Borrower; and

(p) the Borrower shall have furnished to the Lender (i) an unaudited, consolidated balance sheet of the Parent and its Subsidiaries as of the end of the Fiscal Quarter ended March 31, 2010, and (ii) the related unaudited, consolidated statements of income and cash flows for such Fiscal Quarter and year-to-date period then ending, each certified by a Responsible Officer.

Section 3.2. Conditions To any Term Loan The obligation of the Lender to make any Term Loan is subject to the satisfaction of each of the following conditions precedent both immediately prior to making such Term Loan and after giving effect thereto:

(a) all conditions precedent to making the Term Loan on the Closing Date in Section 3.1 hereof shall have been satisfied on the Closing Date;

(b) the representations and warranties of the Borrower and each Guarantor contained in Article IV hereunder or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Term Loan, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 3.2(b), the representations and warranties contained in Section 4.4 hereunder shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) through (d), respectively of Section 5.1 hereunder;

(c) no Default or Event of Default shall exist, or would result from such proposed Term Loan or from the application of the proceeds thereof;

(d) the proposed Term Loan will not violate any restriction on the authority to incur such Indebtedness under any of the Borrower's or any Guarantor's organizational documents and is permitted under the terms of the Borrower's and each Guarantor's organizational documents pursuant to authority granted to such Person with respect thereto on or before the date of such Term Loan; and

(e) the Lender shall have received a Borrowing Request in accordance with the requirements hereof.

Each Borrowing Request submitted by the Borrower to the Lender shall be deemed to be a representation and warranty that the conditions specified in Section 3.1 above and this Section 3.2 have been satisfied on and as of the date of the applicable Term Loan.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender as follows:

Section 4.1. Existence; Power. Each of the Parent, the Borrower and each Subsidiary of the Parent or the Borrower (a) is duly organized, validly existing and in good standing as a corporation under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to carry on its business as now conducted, and (c) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2. Organizational Power; Authorization. The execution, delivery and performance by the Parent, the Borrower and each Subsidiary of the Borrower of each of the Loan Documents to which such Person is a party are within such Person's powers and have been duly authorized by all necessary company power, and if required, equity holder, manager or member, action. This Agreement, the Term Loan Note and each of the other Loan Documents have been duly executed and delivered by the Parent, the Borrower, and each Subsidiary of the Borrower that has executed a Loan Document, as the case may be, and constitute valid and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Governmental Approvals; No Conflicts. The execution, delivery and performance by the Borrower of this Agreement and the Term Loan Note and the execution, delivery and performance by the Parent, the Borrower and each Subsidiary of the Borrower that has executed a Loan Document of the other Loan Documents to which such Person is a party (a) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the articles of incorporation or by-laws of such Person or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding on such Person or any of its material assets or give rise to a right thereunder to require any material payment to be made by such Person and (d) will not result in the creation or imposition of any Lien on any asset of such Person.

Section 4.4. Financial Statements. The Borrower has furnished to the Lender (a) the unaudited consolidated balance sheet of the Parent and its Subsidiaries, as of December 31, 2009 and the related consolidated statements of income, shareholders' equity and cash flows for the

fiscal year then ended prepared by Parent and certified by a Responsible Officer. Such financial statements fairly present in all material respects the consolidated financial condition of the Parent and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (b). Since March 31, 2010, there have been no changes with respect to the Parent and its Subsidiaries which have had or could reasonably be expected to have, singly or in the aggregate, a Material Adverse Effect.

Section 4.5. Litigation Matters. No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against, or, to the knowledge of the Parent or the Borrower, threatened against or affecting the Parent, the Borrower or any Subsidiary of the Parent or the Borrower (a) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (b) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document, other than any such litigation, investigation or proceeding that could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.6. Compliance with Laws and Agreements. The Parent, the Borrower, each Subsidiary of the Borrower are in compliance with (a) all applicable laws (including without limitation all Environmental Laws) and all rules, regulations (including without limitation all banking regulations) and orders of any Governmental Authority, and (b) all indentures, agreements or other instruments binding upon it or its properties, in each case except where non-compliance, either singly or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7. Investment Company Act, Etc. None of the Parent, the Borrower or any Subsidiary of the Borrower is (a) an "investment company", as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 2005, as amended.

Section 4.8. Taxes. Each of the Parent, the Borrower and each Subsidiary of the Borrower has timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except (i) to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect or (ii) where the same are currently being contested in good faith by appropriate proceedings and for which the Parent, the Borrower or such Subsidiary, as the case may be, has set aside on its books adequate reserves.

Section 4.9. Margin Regulations. None of the proceeds of any of the Term Loan will be used for "purchasing" or "carrying" any "margin stock" with the respective meanings of each of such terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of Regulation U.

Section 4.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. Neither the Borrower, the Subsidiaries or Parent is a party to any "Defined Benefit Plan" as defined in ERISA.

Section 4.11. Disclosure. The Parent and the Borrower have disclosed to the Lender complete, accurate, and true records in connection with all diligence materials requested by the Lender. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Parent or the Borrower to the Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in light of the circumstances under which they were made, not misleading.

Section 4.12. Subsidiaries. Schedule 4.12 sets forth the name of, the ownership interest of the Borrower in, and the jurisdiction of organization of, each Subsidiary of the Parent or the Borrower, in each case as of the Closing Date. All outstanding shares or other ownership interests have been duly authorized and validly issued and are fully paid and nonassessable, with no personal liability attaching to the ownership thereof, and not subject to any preemptive or similar rights. The equity holders of the Parent, the Borrower and each Subsidiary of the Borrower and the number of shares owned by each as of the Closing Date are described on Schedule 4.12. As of the Closing Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type of nature whatsoever, which are convertible into, exchangeable for or otherwise provide for the issuance of capital stock of the Parent, the Borrower or any Subsidiary of the Borrower, except as described on Schedule 4.12.

Section 4.13. Ownership of Property. Each of the Parent, the Borrower and each Subsidiary of the Borrower (a) have valid fee title to, or valid leasehold interests in, all of their respective real property, and have good and valid title to all of its respective material personal properties and assets, of any nature whatsoever which are reflected on the unaudited consolidated balance sheet referenced in Section 4.4 hereof or acquired by the Parent, the Borrower or such Subsidiary after the date thereof, except for assets sold, transferred or otherwise disposed of since such date in the ordinary course of business, in each case except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect.

Section 4.14. OFAC. Each of the Parent and the Borrower (a) is not a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (b) does not engage in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (c) is not a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

Section 4.15. Patriot Act. To the extent required under U.S. law, each of the Parent and the Borrower is in compliance, in all material respects, with (a) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Term Loan will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 4.16. Solvency. As of the Closing Date and after giving effect to the Term Loan made hereunder, (a) each of the Parent and the Borrower will be Solvent, (b) the Parent and its Subsidiaries, taken as a whole, will be Solvent, and (c) the Borrower and its Subsidiaries, taken as a whole, will be Solvent.

ARTICLE V AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 5.1. Financial Statements and Other Information. The Borrower will deliver to the Lender:

(a) As soon as available and in any event within ninety (90) days following the close of each Fiscal Year, each of the Parent's and the Borrower's consolidated and consolidating financial statements showing the consolidated and consolidating financial condition and results of operations of the Parent and its consolidated Subsidiaries and of the Borrower and its consolidated Subsidiaries as of, and for such Fiscal Year, accompanied by (i) a certificate of the chief financial officer of the Parent and of the Borrower, which certificate shall state that said Financial Statements present fairly the financial condition of the Parent and its consolidated Subsidiaries and of the Borrower and its consolidated Subsidiaries and their results of operations, all in accordance with GAAP, and (ii) a schedule and description of all contingent debt and off-balance sheet liabilities of the Parent and its Subsidiaries.

(b) as soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter, unaudited Financial Statements of the Parent and its Subsidiaries on a consolidated basis and of the Borrower and its Subsidiaries on a stand alone basis as of the end of such period and the related unaudited statements of income and cash flows of the Parent and its Subsidiaries on a consolidated basis and of the Borrower and its Subsidiaries on a stand alone basis, each for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period and the corresponding portion of the Parent's and the Borrower's previous Fiscal Year, all certified by the chief financial officer or treasurer of the Parent and the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a

consolidated basis and of the Borrower and its Subsidiaries on a stand alone basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with the delivery of the Financial Statements referred to in clause (a) or (b), a certificate of a Responsible Officer certifying as to whether there exists a Default or Event of Default on the date of such certificate, and if a Default or an Event of Default then exists, specifying the details thereof and the action which the Borrower has taken and/or proposes to take with respect thereto;

(d) as soon as available, and in any event within thirty (30) days prior to the beginning of each Fiscal Year, financial forecasts prepared by management of the Borrower, which shall be in the same format as the financials previously submitted to Lender as part of Lender's due diligence prior to execution of this Agreement, and which shall consist of consolidated, pro-forma balance sheets and statements of income or operations and cash flows of the Borrower and its Subsidiaries on a monthly basis for the immediately following Fiscal Year;

(e) promptly following any request therefore, for Lender's use in connection with compliance with EB-5 Program rules and regulations, any information that Lender may reasonably request regarding Borrower's or any Subsidiary Guarantor's employees, including without limitation, a list of job titles, payroll data, copies of Form I-9 and similar employee data, payroll tax information, job descriptions, hiring plans, such Person's Texas Quarterly Employer's Reports, such Person's Federal Employer Quarterly Tax Return, and documentation of such Person's recruitment efforts, including use of advertisement and the Dallas Call Center; and

(f) promptly following any request therefor, such other information regarding the results of operations, business affairs and financial condition of the Parent, the Borrower or any of their Subsidiaries as the Lender may reasonably request.

Section 5.2. Notices of Material Events. The Borrower will furnish to the Lender, within five (5) Business Days of the occurrence thereof, written notice of any of the following:

(a) any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of the Borrower, affecting the Parent, the Borrower or any Subsidiary of the Parent or the Borrower which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any ERISA Event that alone, or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Parent and its Subsidiaries in an aggregate amount exceeding \$100,000;

(d) any investigation of the Parent, the Borrower or any Subsidiary of the Borrower by any regulatory authority having jurisdiction over such Person (other than routine examinations of such Person) and any restrictions on such Person imposed by, or agreed to with, such regulatory authority;

(e) any failure by any Subsidiary of the Parent to pay any Indebtedness in the principal amount outstanding of \$100,000 or more when and as the same shall become due and payable, whether at scheduled maturity, required prepayment, acceleration, demand or otherwise; or

(f) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.3. Existence; Conduct of Business. The Parent and the Borrower will, and will cause each of Borrower's Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto except where the failure to take any such action could not reasonably be expected to result in a Material Adverse Effect; provided, that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.3.

Section 5.4. Compliance with Laws, Etc. Each of the Parent and the Borrower will, and will cause each of Borrower's Subsidiaries to, comply with all laws, rules, regulations (including without limitation all Environmental Laws and all rules and regulations under ERISA) and requirements of any Governmental Authority applicable to its properties, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.5. Payment of Obligations. Each of the Parent and the Borrower will, and will cause each of Borrower's Subsidiaries to, pay and discharge at or before maturity, all of its material obligations and liabilities (including without limitation all tax liabilities and claims that would result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Parent, the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6. Books and Records. Each of the Parent and the Borrower will, and will cause each of Borrower's Subsidiaries to, keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of the Parent and the Borrower in conformity with GAAP.

Section 5.7. Visitation, Inspection, Etc. Each of the Parent and the Borrower will, and will cause each of Borrower's Subsidiaries to, permit any representative of the Lender to visit and inspect its properties, to examine its books and records and to make copies and take

extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times and as often as the Lender may reasonably request after reasonable prior notice to the Borrower. The reasonable out-of-pocket costs and expenses of the Lender related to one (1) such visit and inspection per calendar year shall be part of the Obligations and shall be paid by the Borrower to the Lender within ten (10) days of demand by the Lender; provided that, if a Default has occurred and is continuing the reasonable out-of-pocket costs and expenses of the Lender related to all such visits and inspections shall be part of the Obligations and shall be paid by the Borrower to the Lender within ten (10) days of demand by the Lender. The Lender shall be solely responsible for all costs and expenses related to any other visit or inspection.

Section 5.8. Maintenance of Properties; Insurance. Each of the Parent and the Borrower will, and will cause each of Borrower's Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear exempted, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect and (b) maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations.

Section 5.9. Use of Proceeds. The Borrower will use (a) up to \$5,000,000 of the Term Loan proceeds for working capital purposes related to the establishment and expansion of the Dallas Call Center, and (b) the remaining portion of the Term Loan proceeds solely to acquire Permitted Investments. No part of the Term Loan proceeds will be used, whether directly or indirectly, (i) for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulation T or U, (ii) to acquire any publicly traded securities, or (iii) for any purpose that is ineligible under the EB-5 Program.

Section 5.10. Further Assurances. Within five (5) Business Days of a request by the Lender, the Borrower shall or shall cause any of the Guarantors or any other of its Subsidiaries to execute and deliver such further documents and do such other acts and things as the Lender may reasonably request in order to effect fully the purposes of this Agreement and the other Loan Documents and to provide for payment and security of the Obligations in accordance with the terms of this Agreement and the other Loan Documents.

Section 5.11. Subsidiaries; Joint Ventures. Without the Lender's prior written consent (which consent may be withheld by the Lender at its sole discretion), (a) no Person may become a Subsidiary of the Borrower or of an existing Subsidiary of the Borrower, and (b) the Borrower shall not and shall not permit any of its Subsidiaries to enter into any joint venture or similar arrangement.

Section 5.12. Bank Accounts. The Borrower and each of its Subsidiaries shall at all times maintain all of their respective checking, deposit and other financial accounts at financial institutions located in the United States and reasonably acceptable to Lender. Borrower and its Subsidiaries shall deposit all of their funds in one or more Approved Accounts, in each case upon receipt thereof.

Section 5.13. Creation of Qualifying Jobs. Within eighteen (18) months of the Closing Date, the Borrower shall have used the proceeds of the Term Loan to directly hire at least 250 full-time legal U.S. employees, each of whom works not less than thirty-five (35) hours per week, and each of which is otherwise a "Qualifying Job" under the EB-5 Program, as determined by the Lender in its reasonable discretion and will at all times thereafter maintain at least 250 such full time employees.

ARTICLE VI NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 6.1. Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness created pursuant to the Loan Documents;
- (b) Indebtedness of the Borrower or any Subsidiary owing to the Borrower or any Subsidiary Guarantor;
- (c) Indebtedness consisting of cash management obligations and other Indebtedness in respect of netting services, overdraft protections and similar arrangements, in each case (i) in connection with cash management and deposit accounts and (ii) incurred in the ordinary course of business;
- (d) Indebtedness arising from judgments or orders in circumstances not constituting an Event of Default;
- (e) Indebtedness consisting of the financing of insurance premiums incurred in the ordinary course of business; and
- (f) Trade payables incurred in the ordinary course of business.

Section 6.2. Negative Pledge. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

- (a) Liens created in favor of the Lender pursuant to the Loan Documents; and
- (b) Permitted Encumbrances.

Section 6.3. Fundamental Changes.

(a) The Borrower will not, and will not permit any Subsidiary to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it without Lender's prior written consent (which consent is at the Lender's sole discretion).

(b) Without the Lender's prior written consent (which consent may be withheld by the Lender at its sole discretion), the Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related thereto and any types of business related to any Permitted Investment.

Section 6.4. Restricted Payments. The Borrower will not, and will not permit its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any dividend on any class of its stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any shares of common stock or Indebtedness subordinated to the Obligations of the Borrower or any options, warrants, or other rights to purchase such common stock or such Indebtedness, whether now or hereafter outstanding, except for dividends payable by any Subsidiary to the Borrower.

Section 6.5. Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to its common stock, to make or repay loans or advances to the Borrower or any other Subsidiary, to guarantee Indebtedness of the Borrower or any other Subsidiary or to transfer any of its property or assets to the Borrower or any Subsidiary of the Borrower; provided, that (i) the foregoing shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Loan Document, (ii) the foregoing shall not apply to customary restrictions and conditions contained in (x) any leases, including capital leases, entered into in the ordinary course of business and (y) restrictions on cash or other deposits or net worth imposed by customers and suppliers in the ordinary course of business, and (iii) clause (a) shall not apply to customary provisions in leases, licenses and other contracts entered into in the ordinary course of business restricting the assignment thereof.

Section 6.6. Hedging Transactions. The Borrower will not, and will not permit any of the Subsidiaries to participate in or enter into any Hedging Transactions.

Section 6.7. Accounting Changes. The Borrower will not, and will not permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the Fiscal Year of the Borrower or of any Subsidiary.

Section 6.8. Loans and Investments. Without the Lender's prior written consent (which consent may be withheld by the Lender at its sole discretion), the Borrower will not, and will not permit any of its Subsidiaries to make any Investments or acquisitions other than Permitted Investments.

Section 6.9. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease, or otherwise transfer any property or assets to, or purchase, lease, or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (other than the Borrower or a Subsidiary), except (a) in the

ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, and (b) transactions between or among the Borrower and one or more Subsidiary Guarantors or between or among any of the Subsidiary Guarantors.

Section 6.10. Dispositions. Without the Lender's prior written consent (which consent may be withheld by the Lender at its sole discretion), the Borrower will not, and will not permit any of its Subsidiaries to make any Disposition of any material asset other than in the ordinary course of business; provided that the net proceeds of any such disposition must be immediately deposited in an Approved Account.

ARTICLE VII EVENTS OF DEFAULT

Section 7.1. Events of Default. If any of the following events (each an "*Event of Default*") shall occur:

(a) the Borrower shall fail to pay any principal of the Term Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise, and such failure continues unremedied for five (5) Business Days after the Borrower receives written notice of such occurrence; or

(b) the Borrower shall fail to pay any interest on the Term Loan or any fee or any other amount (other than an amount payable under clause (a) of this Article) payable under this Agreement, the Term Loan Note, the Fee Letter or any other Loan Document, when and as the same shall become due and payable, and such failure continues unremedied for five (5) Business Days after the Borrower receives written notice of such occurrence (after taking into consideration a five (5)-day grace period); or

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary or Parent in or in connection with this Agreement or any other Loan Document (including the Schedules attached thereto) and any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Lender by the Borrower or any representative of the Borrower pursuant to or in connection with this Agreement shall prove to be incorrect in any material respect when made or deemed made or submitted, and such inaccuracy continues unremedied for ten (10) Business Days after the Borrower receives written notice of such occurrence; or

(d) the Borrower shall fail to observe or perform any covenant or agreement contained in Article V or Article VI, and, with respect to any covenant or agreement contained in Article V, such failure continues unremedied for ten (10) Business Days after the Borrower receives written notice of such occurrence; or

(e) the Borrower shall fail to observe or perform any covenant or agreement contained (i) in this Agreement (other than those referred to in clauses (a), (b), (c) and (d) above), or (ii) in any other Loan Document (after taking into consideration any applicable grace periods) and such failure continues unremedied for five (5) days after the occurrence thereof; or

(f) the Parent, the Borrower, any Subsidiary of the Borrower (whether as primary obligor or as guarantor or other surety), or any Material Subsidiary shall fail to pay any Indebtedness in the principal amount outstanding of \$100,000 or more when and as the same shall become due and payable, whether at scheduled maturity, required prepayment, acceleration, demand or otherwise, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness (without regard to whether such holders or other Person shall have exercised or waived their right to do so); or any such Indebtedness shall be declared to be due and payable; or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(g) the Parent, the Borrower, any Subsidiary of the Borrower, or any Material Subsidiary shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Section, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Parent, the Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors; or (vi) the board of directors (or similar governing body) of the Parent, the Borrower or any Subsidiary of the Parent or the Borrower (or any committee thereof) shall adopt any regulation or otherwise authorize any action to approve any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Parent, the Borrower, any Subsidiary of the Borrower, or any Material Subsidiary, or their debts, or any substantial part of their assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower, any Subsidiary, any Material Subsidiary, or Parent, or for a substantial part of their assets, and in the case of (i) or (ii), such proceeding or petition shall remain undismissed for a period of ninety (90) days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) the Parent, the Borrower, any Subsidiary of the Borrower, or any Material Subsidiary shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(j) an ERISA Event shall have occurred that, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to the Parent, the Borrower and their Subsidiaries exceeding \$100,000; or

(k) any judgment or order for the payment of money for an uninsured amount in excess of \$100,000 in the aggregate shall be rendered against the Parent, the Borrower, any Subsidiary of the Borrower, or any Material Subsidiary, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(l) any non-monetary judgment or order shall be rendered against the Parent, the Borrower, any Subsidiary of the Borrower, or any Material Subsidiary that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) the Parent shall default under any of its obligations under the Capitalization and Contribution Agreement or any other Loan Document; or

(n) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted herein or under such other Loan Documents or satisfaction in full of the Obligations, ceases to be in full force and effect, or the Parent, the Borrower, any of Borrower's Subsidiaries, any Material Subsidiary, or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document or the Parent, the Borrower, any of Borrower's Subsidiaries, or any Material Subsidiary denies that it has any or further liability or obligation under any Loan Document to which it is a party or purports to revoke, terminate or rescind any provision of any Loan Document other than in accordance with its terms; or

(o) a Change in Control shall occur or exist;

then, and in every such event (other than an event with respect to the Borrower or any Subsidiary or Parent described in clause (g), (h) or (i) of this Section 7.1) and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take any or all of the following actions, in any order and at the same or different times: (i) declare the principal of and any accrued interest on the Term Loan, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Borrower and (ii) exercise all remedies contained in any other Loan Document; and that, if an Event of Default specified in clause (g), (h) or (i) of this Section 7.1 shall occur, the principal of the Term Loan then outstanding, together with accrued interest thereon, and all fees, and all other Obligations shall automatically become due and payable, without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby waived by the Borrower.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

To the Borrower:

Encore International Investment Funds, LLC
c/o Encore Enterprises, Inc.
5005 LBJ Freeway, Suite 1200
Dallas, TX 75244
Attn: Alan Murray
Telephone Number: (214) 259-7003
Telecopy Number: (214) 259-7001
Email: amurray@encore.bz

To the Lender:

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Attn: Gabriel Hidalgo
Telephone Number: (214) 572-2303
Telecopy Number: (214) 572-2398
Email: gabriel.hidalgo@civitascapital.com

Any party hereto may change its address, telecopy number or email for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mails or if delivered, upon delivery; provided, that notices delivered to the Lender shall not be effective until actually received by the Lender at its address specified in this Section 8.1.

(b) Any agreement of the Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. In the absence of gross negligence, the Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Lender shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Lender in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Term Loan and all other Obligations hereunder shall not be affected in any

way or to any extent by any failure of the Lender to receive written confirmation of any telephonic or facsimile notice or the receipt by the Lender of a confirmation which is at variance with the terms understood by the Lender to be contained in any such telephonic or facsimile notice.

Section 8.2. Waiver; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between the Borrower and the Lender, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Lender hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of the Term Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.3. Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable, out-of-pocket costs and expenses of the Lender (including, without limitation, the reasonable fees, charges and disbursements of outside counsel) in connection with the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), and (ii) all out-of-pocket costs and expenses (including, without limitation, the fees, charges and disbursements of outside counsel) incurred by the Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Term Loan made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Term Loan.

(b) Each of the Parent, the Borrower and Borrower's Subsidiaries shall indemnify the Lender and each Affiliate of the Lender, and each officer, director, employee, agent and advisor of the Lender and each Affiliate of the Lender (each, an "*Indemnitee*") against, and hold each of them harmless from, any and all costs, losses, liabilities, claims, damages and related expenses, including the fees, charges and disbursements of counsel for the

Indemnities, which may be incurred by any Indemnitee, or asserted against any Indemnitee by the Parent, the Borrower, any of their Subsidiaries or any third Person, arising out of, in connection with or as a result of (i) the execution or delivery of this Agreement, any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or under any Loan Document or the consummation of any of the transactions contemplated hereby, (ii) the Term Loan or any actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned by the Parent, the Borrower or any Subsidiary of the Parent or the Borrower or any Environmental Liability related in any way to the Parent, the Borrower or any of their respective Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether brought by the Parent, the Borrower, any Subsidiary of the Parent or the Borrower or any third Person and whether based on contract, tort, or any other theory and regardless of whether any Indemnitee is a party thereto; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such costs, losses, liabilities, claims, damages or related expenses are determined by a court of competent jurisdiction in a final and nonappealable judgment to have resulted solely from the gross negligence or willful misconduct of an Indemnitee.

(c) The Borrower shall pay, and hold the Lender harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any collateral described therein, or any payments due thereunder, and save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent permitted by applicable law, Parent, the Borrower and their Subsidiaries shall not assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement or any Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, the Term Loan or the use of proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 8.4. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void).

(b) The Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Term Loan at the time owing to it). Upon the execution and delivery of an assignment agreement by the Lender and such assignee, payment by such assignee of an amount equal to the purchase price agreed between the Lender and such assignee, such

assignee shall become a party to this Agreement and the other Loan Documents and shall have the rights and obligations of a Lender under this Agreement, and the Lender shall be released from its obligations hereunder to a corresponding extent. Upon the consummation of any such assignment hereunder, the Lender, the assignee and the Borrower shall make appropriate arrangements to have a new Term Loan issued to reflect such assignment.

Section 8.5. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of Texas.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of any Federal and/or state court located in the State of Texas, County of Dallas and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Texas state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section and brought in any court referred to in paragraph (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 8.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 8.6. WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF

LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 8.7. Right of Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, the Lender shall have the right, at any time or from time to time upon the occurrence and during the continuation of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final, but specifically excluding deposits relating to compensation, benefits, taxes and mandatory royalty payments) of the Borrower at any time held or other obligations at any time owing by the Lender to or for the credit or the account of the Borrower against any and all Obligations held by the Lender, irrespective of whether the Lender shall have made demand hereunder and although the Obligations may be unmatured. The Lender agrees promptly to notify the Borrower at least one Business Day before any such setoff and any application made by the Lender; provided, that the failure to give such notice shall not affect the validity of such setoff and application.

Section 8.8. Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the other Loan Documents, and any separate letter agreement(s) relating to any fees payable to the Lender constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters.

Section 8.9. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of the Term Loan, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on the Term Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.8 and 8.3 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Term Loan or the termination of this Agreement or any provision hereof. All representations and warranties made herein, and in the certificates, reports, notices, and other documents delivered pursuant to this Agreement, shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Term Loan.

Section 8.10. Severability. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such

jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.11. Entire Agreement. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.

Section 8.12. Interest Rate Limitation. Notwithstanding any other provision of this Agreement or any other Loan Document, interest on the Obligations is expressly limited so that in no contingency or event whatsoever, whether by acceleration of the maturity of the Obligations or otherwise, shall the interest contracted for, charged or received by the Lender exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever fulfillment of any provisions of this Agreement or of any other Loan Document, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstances the Lender shall ever receive anything of value as interest or deemed interest by applicable law under this Agreement or any other Loan Document an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount of the Term Loan or on account of any other Obligation, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Term Loan and the remaining Obligations, such excess shall be refunded to the Borrower. In determining whether or not the interest paid or payable with respect to any of the Obligations, under any specific contingency, exceeds the highest lawful rate, the Lender shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) amortize, prorate, allocate and spread the total amount of interest throughout the full term of such indebtedness so that the actual rate of interest on account of such indebtedness does not exceed the maximum amount permitted by applicable law, and/or (d) allocate interest between portions of such indebtedness, to the end that no such portion shall bear interest at a rate greater than that permitted by applicable law. The terms and provisions of this paragraph shall control and supersede every other conflicting provision of this Agreement and all other Loan Documents.

Section 8.13. Patriot Act. The Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Patriot Act. The Borrower shall, and shall cause each of its Subsidiaries to, provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by the Lender in order to assist the Lender in maintaining compliance with the Patriot Act.

Section 8.14. Termination. If the Closing Date has not occurred on or before February 15, 2011, (a) the Lender may terminate this Agreement by written notice to the Borrower, and (b) if the Borrower has paid all outstanding Obligations, the Borrower may terminate this Agreement by written notice to the Lender. Upon such termination, the Lender shall not have any obligation to make the Term Loan.

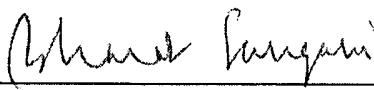
[Signatures on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

Encore International Investment Funds, LLC,
a Delaware limited liability company

By: Encore Enterprises, Inc., a Mississippi
corporation, its sole member

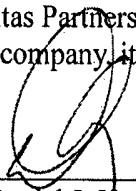
By: 
Name: Bharat H. Sangani
Title: Chairman

LENDER:

Civitas Encore Fund, LP, a Texas limited
partnership

By: Civitas Encore Fund GP, LP, a Texas limited
partnership, its general partner

By: Civitas Partners, LLC, a Texas limited
liability company, its general partner

By: 
Name: Daniel J. Healy
Title: Manager

SCHEDULE 2.7

LENDER'S WIRING INSTRUCTIONS

Wiring Instructions

Bank name: Texas Capital Bank, NA
Bank Address: 2000 McKinney Ave., Suite 700, Dallas, TX 75201
ABA number: 111017979
Account name: Civitas Encore Fund, LP
Account number: 1113036188

SCHEDULE 4.12

SUBSIDIARIES

[Not yet applicable. To be amended with Subsidiaries of the Borrower upon formation pursuant to Section 4.12 of this Agreement]

EXHIBIT A

FORM OF BORROWING REQUEST

Date _____

To: Civitas Encore Fund, LP

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement, dated as of _____, 2010 (as amended, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*") between _____ and Civitas Encore Fund, LP, as lender. Capitalized terms used herein but not defined herein have the meanings given them in the Agreement.

The undersigned hereby requests a Term Loan on _____ a Business Day in the amount of \$ _____.

This Borrowing request complies with the provisions of the Agreement and constitutes a Loan Document.

By: _____
Name: _____
Title: _____

EXHIBIT B
FORM OF PARENT GUARANTY AGREEMENT

[attached]

PARENT GUARANTY AGREEMENT

This **PARENT GUARANTY AGREEMENT** (this "**Guaranty**"), dated as of July __, 2010, is executed and delivered by Encore Enterprises, Inc. a Mississippi corporation ("**Parent**"), in favor of Civitas Encore Fund, LP, a Texas limited partnership ("**Lender**"), in light of the following:

WHEREAS, Encore International Investment Funds, LLC, a Delaware limited liability company ("**Borrower**"), and Lender are, contemporaneously herewith, entering into that certain Term Loan Agreement of even date herewith (as amended, restated, modified, renewed, or extended from time to time, the "**Loan Agreement**");

WHEREAS, Borrower is a Subsidiary of Parent and, as such, Parent will benefit by virtue of the financial accommodations extended to Borrower by Lender; and

WHEREAS, in order to induce Lender to enter into the Loan Agreement and the other Loan Documents and to extend the loans and other financial accommodations to Borrower pursuant to the Loan Agreement, and in consideration thereof, and in consideration of any loans or other financial accommodations heretofore or hereafter extended by Lender to Borrower pursuant to the Loan Documents, Parent has agreed to guaranty the Guaranteed Obligations.

NOW, THEREFORE, in consideration of the foregoing, Parent hereby agrees as follows:

1. **Definitions and Construction.**

(a) **Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement. The following terms, as used in this Guaranty, shall have the following meanings:

"Applicable Insolvency Laws" means all applicable federal and state laws governing bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution, insolvency, fraudulent transfers or conveyances or other similar laws (including, without limitation, 11 U.S.C. Sections 544, 547, 548 and 550 and other "avoidance" provisions of Title 11 of the United States Code, as amended or supplemented).

"Borrower" has the meaning set forth in the recitals to this Guaranty.

"Loan Agreement" has the meaning set forth in the recitals to this Guaranty.

"Loan Documents" shall mean, collectively, the Loan Agreement, the Term Loan Note, the Subsidiary Guaranty Agreement, this Guaranty, the Fee Letter, the Parent Pledge Agreement, the Security Agreement, the Pledge Agreement, the Capital Contribution Agreement, each Borrowing Request, the Uniform Commercial Code Financing Statements, all Notices of Borrowing, and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

"Guarantied Obligations" means all of the Obligations now or hereafter existing or arising under the Loan Agreement or any Loan Document (the meaning for which is set forth in the Loan Agreement), whether for principal, interest (including all interest that accrues after the commencement of any involuntary proceeding irrespective of whether a claim therefor is allowed in such case or proceeding), fees, expenses or otherwise, and also includes any and all reasonable out of pocket expenses (including reasonable counsel fees and expenses) incurred by Lender in enforcing any rights under this

Guaranty. Without limiting the generality of the foregoing, Guaranteed Obligations shall include all amounts that constitute part of the Guaranteed Obligations and would be owed by Borrower to Lender under any Loan Document but for the fact that they are unenforceable or not allowable, including due to the existence of a bankruptcy, reorganization or similar proceeding involving Borrower or any other guarantor.

“**Guarantor**” means the Parent and all guarantors listed on the signature pages of that certain Subsidiary Guaranty Agreement of even date herewith.

“**Guaranty**” has the meaning set forth in the preamble to this Guaranty.

“**Obligations**” shall mean all amounts owed by the Borrower to the Lender pursuant to or in connection with the Loan Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations under letters of credit, all fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Lender incurred pursuant to the Loan Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, together with all renewals, extensions, modifications, or refinancings thereof.

“**Parent**” has the meaning set forth in the preamble to this Guaranty.

“**Record**” means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

“**Voidable Transfer**” has the meaning set forth in Section 11 of this Guaranty.

(b) Construction. Unless the context of this Guaranty clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the part includes the whole, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and other similar terms in this Guaranty refer to this Guaranty as a whole and not to any particular provision of this Guaranty. Section, subsection, clause, schedule, and exhibit references herein are to this Guaranty unless otherwise specified. Any reference in this Guaranty to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Neither this Guaranty nor any uncertainty or ambiguity herein shall be construed or resolved against Lender or Parent, whether under any rule of construction or otherwise. On the contrary, this Guaranty has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of Parent and Lender. Any reference herein to the satisfaction or payment in full of the Guaranteed Obligations shall mean the payment in full in cash of all Guaranteed Obligations other than contingent indemnification Guaranteed Obligations that, at such time, are allowed by Lender to remain outstanding and are not required to be repaid pursuant to the provisions of the Loan Agreement and the full and final termination of any commitment to extend any financial accommodations under the Loan Agreement and any other Loan Document. Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any requirement

of a writing contained herein shall be satisfied by the transmission of a Record and any Record transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein. The captions and headings are for convenience of reference only and shall not affect the construction of this Guaranty.

2. **Guarantied Obligations.** Parent hereby irrevocably and unconditionally guaranties to Lender, as and for its own debt, until the final and indefeasible payment in full thereof, in cash, has been made, the due and punctual payment of the Guarantied Obligations, when and as the same shall become due and payable, whether at maturity, pursuant to a mandatory prepayment requirement, by acceleration, or otherwise; it being the intent of Parent that the guaranty set forth herein shall be a guaranty of payment and not a guaranty of collection.

3. **Continuing Guaranty.** This Guaranty includes Guarantied Obligations arising under successive transactions continuing, compromising, extending, increasing, modifying, releasing, or renewing the Guarantied Obligations, changing the interest rate, payment terms, or other terms and conditions thereof, or creating new or additional Guarantied Obligations after prior Guarantied Obligations have been satisfied in whole or in part. To the maximum extent permitted by law, Parent hereby waives any right to revoke this Guaranty as to future Guarantied Obligations. If such a revocation is effective notwithstanding the foregoing waiver, Parent acknowledges and agrees that (a) no such revocation shall be effective until written notice thereof has been received by Lender, (b) no such revocation shall apply to any Guarantied Obligations in existence on the date of receipt by Lender of such written notice (including any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof), (c) no such revocation shall apply to any Guarantied Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of Lender in existence on the date of such revocation, (d) no payment by Parent, Borrower, or from any other source, prior to the date of Lender's receipt of written notice of such revocation shall reduce the maximum obligation of Parent hereunder, and (e) any payment by Borrower or from any source other than Parent subsequent to the date of such revocation shall first be applied to that portion of the Guarantied Obligations as to which the revocation is effective and which are not, therefore, guarantied hereunder, and to the extent so applied shall not reduce the maximum obligation of Parent hereunder.

4. **Performance Under this Guaranty.** In the event that Borrower fails to make any payment of any Guarantied Obligations on or prior to the due date thereof, the Parent shall immediately pay such Guarantied Obligations to the Lender.

5. **Primary Obligations.** This Guaranty is a primary and original obligation of Parent, is not merely the creation of a surety relationship, and is an absolute, unconditional, and continuing guaranty of payment and performance which shall remain in full force and effect without respect to future changes in conditions. Parent hereby agrees that it is directly, jointly and severally with any other guarantor of the Guarantied Obligations, liable to Lender for the payment and performance of the Guarantied Obligations, that the obligations of Parent hereunder are independent of the obligations of Borrower or any other guarantor, and that a separate action may be brought against Parent, whether such action is brought against Borrower or any other guarantor or whether Borrower or any other guarantor is joined in such action. Parent hereby agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by Lender of whatever remedies it may have against Borrower or any other guarantor, or the enforcement of any lien or realization upon any security by Lender. Parent hereby agrees that any release which may be given by Lender to Borrower or any other guarantor, or with respect to any property or asset subject to a Lien, shall not release Parent. Parent consents and agrees that Lender

shall not be under any obligation to marshal any property or assets of Borrower or any other guarantor in favor of Parent, or against or in payment of any or all of the Guaranteed Obligations.

6. **Bankruptcy Limitations on Subsidiary Guarantors.** Notwithstanding anything to the contrary contained in Section 2 or Section 11, it is the intention of the Parent and Lender that, in any proceeding involving the bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution or insolvency or any similar proceeding with respect to the Parent or its assets, the amount of the Parent's obligations with respect to the Guaranteed Obligations shall be equal to, but not in excess of, the maximum amount thereof not subject to avoidance or recovery by operation of Applicable Insolvency Laws after giving effect to Section 7. To that end, but only in the event and to the extent that after giving effect to Section 7 the Parent's obligations with respect to the Guaranteed Obligations or any payment made pursuant to such Guaranteed Obligations would, but for the operation of the first sentence of this Section 6, be subject to avoidance or recovery in any such proceeding under Applicable Insolvency Laws after giving effect to Section 7, the amount of the Parent's obligations with respect to the Guaranteed Obligations shall be limited to the largest amount which, after giving effect thereto, would not, under Applicable Insolvency Laws, render the Parent's obligations with respect to the Guaranteed Obligations unenforceable or avoidable or otherwise subject to recovery under Applicable Insolvency Laws. To the extent any payment actually made pursuant to the Guaranteed Obligations exceeds the limitation of the first sentence of this Section 6 and is otherwise subject to avoidance and recovery in any such proceeding under Applicable Insolvency Laws, the amount subject to avoidance shall in all events be limited to the amount by which such actual payment exceeds such limitation and the Guaranteed Obligations as limited by the first sentence of this Section 6 shall in all events remain in full force and effect and be fully enforceable against the Parent. The first sentence of this Section 6 is intended solely to preserve the rights of Lender hereunder against the Parent in such proceeding to the maximum extent permitted by Applicable Insolvency Laws and neither the Parent, the Borrower, nor any other Person shall have any right or claim under such sentence that would not otherwise be available under Applicable Insolvency Laws in such proceeding.

7. **Agreements for Contribution.**

(a) To the extent any Guarantor is required, by reason of its obligations hereunder, to pay to Lender an amount greater than the amount of value (as determined in accordance with Applicable Insolvency Laws) actually made available to or for the benefit of such Guarantor on account of the Loan Agreement, this Guaranty or any other Loan Document, such Guarantor shall have an enforceable right of contribution against the remaining Guarantors, and the remaining Guarantors shall be jointly and severally liable for repayment of the full amount of such excess payment. Subject only to the subordination provided in Subsection 7(d), such Guarantor further shall be subrogated to any and all rights of Lender against the Borrower and the remaining Guarantors to the extent of such excess payment.

(b) To the extent that any Guarantor would, but for the operation of this Section 7 and by reason of its obligations hereunder or its obligations to other Guarantors under this Section 7, be rendered insolvent for any purpose under Applicable Insolvency Laws, each of the Guarantors hereby agrees to indemnify such Guarantor and commits to make a contribution to such Guarantor's capital in an amount at least equal to the amount necessary to prevent such Guarantor from having been rendered insolvent by reason of the incurrence of any such obligations.

(c) To the extent that any Guarantor would, but for the operation of this Section 7 be rendered insolvent under any Applicable Insolvency Law by reason of its incurring of obligations to any other Guarantor under the foregoing Subsections 7(a) and (b), such Guarantor shall, in turn, have rights of contribution to the full extent provided in the foregoing Subsections 7(a) and (b) against the remaining

Guarantors, such that all obligations of all of the Guarantors hereunder and under this Section 7 shall be allocated in a manner such that no Guarantor shall be rendered insolvent for any purpose under Applicable Insolvency Law by reason of its incurrence of such obligations.

(d) Notwithstanding any payment or payments by any of the Guarantors hereunder, or any set-off or application of funds of any of the Guarantors by Lender, or the receipt of any amounts by Lender with respect to any of the Guaranteed Obligations, none of the Guarantors shall be entitled to be subrogated to any of the rights of Lender against the Borrower or the other Guarantors or against any collateral security held by Lender for the payment of the Guaranteed Obligations, nor shall any of the Guarantors seek any reimbursement from the Borrower or any of the other Guarantors in respect of payments made by such Guarantor in connection with the Guaranteed Obligations, until all amounts owing to Lender on account of the Guaranteed Obligations are paid in full and the Revolving Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for Lender, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to Lender in the exact form received by such Guarantor (duly endorsed by such Guarantor to Lender, if required) to be applied against the Guaranteed Obligations, whether matured or unmatured, in such order as set forth in the Loan Agreement.

8. **Waivers.**

(a) To the fullest extent permitted by applicable law, Parent hereby waives: (i) notice of acceptance hereof; (ii) notice of any loans or other financial accommodations made or extended under the Loan Agreement, or the creation or existence of any Guaranteed Obligations; (iii) notice of the amount of the Guaranteed Obligations, subject, however, to Parent's right to make inquiry of Lender to ascertain the amount of the Guaranteed Obligations at any reasonable time; (iv) notice of any adverse change in the financial condition of Borrower or of any other fact that might increase Parent's risk hereunder; (v) notice of presentment for payment, demand, protest, and notice thereof as to any instrument among the Loan Documents; (vi) notice of any Default or Event of Default under any of the Loan Documents; (vii) notice of intent to accelerate and notice of acceleration; and (viii) all other notices (except if such notice is specifically required to be given to Parent under this Guaranty or any other Loan Documents to which Parent is a party) and demands to which Parent might otherwise be entitled.

(b) To the fullest extent permitted by applicable law, Parent hereby waives the right by statute or otherwise to require Lender to institute suit against Borrower or any other guarantor or to exhaust any rights and remedies which Lender has or may have against Borrower or any other guarantor. In this regard, Parent agrees that it is bound to the payment of each and all Guaranteed Obligations, whether now existing or hereafter arising, as fully as if the Guaranteed Obligations were directly owing to Lender by Parent. Parent further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid in full in cash, to the extent of any such payment) of Borrower or by reason of the cessation from any cause whatsoever of the liability of Borrower in respect thereof.

(c) To the fullest extent permitted by applicable law, Parent hereby waives: (i) any right to assert against Lender, any defense (legal or equitable), set-off, counterclaim, or claim which Parent may now or at any time hereafter have against Borrower or any other party liable to Lender; (ii) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Guaranteed Obligations or any security therefor; (iii) any right or defense arising by reason of any claim or defense

based upon an election of remedies by Lender including any defense based upon an impairment or elimination of Parent's rights of subrogation, reimbursement, contribution, or indemnity of Parent against Borrower or other guarantors or sureties; and (iv) the benefit of any statute of limitations affecting Parent's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to Parent's liability hereunder.

(d) Until the Guaranteed Obligations have been paid in full in cash, (i) Parent hereby postpones and agrees not to exercise any right of subrogation Parent has or may have as against Borrower with respect to the Guaranteed Obligations; (ii) Parent hereby postpones and agrees not to exercise any right to proceed against Borrower or any other Person now or hereafter liable on account of the Obligations for contribution, indemnity, reimbursement, or any other similar rights (irrespective of whether direct or indirect, liquidated or contingent); and (iii) Parent hereby postpones and agrees not to exercise any right it may have to proceed or to seek recourse against or with respect to any property or asset of Borrower or any other Person now or hereafter liable on account of the Obligations. Notwithstanding anything to the contrary contained in this Guaranty, Parent shall not exercise any rights of subrogation, contribution, indemnity, reimbursement or other similar rights against, and shall not proceed or seek recourse against or with respect to any property or asset of, Borrower or any other guarantor (including after payment in full of the Guaranteed Obligations) if all or any portion of the Obligations have been satisfied in connection with an exercise of remedies in respect of the equity of Borrower or such other guarantor whether pursuant to the Loan Documents.

(e) Without limiting the generality of any other waiver or other provision set forth in this Guaranty, Parent waives all rights and defenses that Parent may have if all or part of the Guaranteed Obligations are secured by real or personal property. This means, among other things:

(i) Lender may collect from Parent without first foreclosing on any real or personal property collateral that may be pledged by Parent, Borrower, or any other guarantor.

(ii) If Lender forecloses on any real or personal property collateral that may be pledged by Parent, Borrower or any other guarantor:

(1) The amount of the Guaranteed Obligations or any obligations of any guarantor in respect thereof may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and

(2) Lender may collect from Parent even if Lender, by foreclosing on the real or personal property collateral, has destroyed any right Parent may have to collect from Borrower or any other guarantor.

This is an unconditional and irrevocable waiver of any rights and defenses Parent may have if all or part of the Guaranteed Obligations are secured by real or personal property.

(f) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, PARENT WAIVES ALL RIGHTS AND DEFENSES ARISING OUT OF AN ELECTION OF REMEDIES BY LENDER, EVEN THOUGH SUCH ELECTION OF REMEDIES, SUCH AS A NONJUDICIAL FORECLOSURE WITH RESPECT TO SECURITY FOR THE GUARANTIED OBLIGATIONS, HAS DESTROYED PARENT'S RIGHTS OF

SUBROGATION AND REIMBURSEMENT AGAINST BORROWER BY THE OPERATION OF APPLICABLE LAW.

(g) Without limiting the generality of any other waiver or other provision set forth in this Guaranty, Parent hereby also agrees to the following waivers:

(i) Lender's right to enforce this Guaranty is absolute and is not contingent upon the genuineness, validity or enforceability of the Guaranteed Obligations or any of the Loan Documents. Parent agrees that Lender's rights under this Guaranty shall be enforceable even if Borrower had no liability at the time of execution of the Loan Documents or the Guaranteed Obligations are unenforceable in whole or in part, or Borrower ceases to be liable with respect to all or any portion of the Guaranteed Obligations, other than as a result of irrevocable payment in full in cash of the Guaranteed Obligations.

(ii) Parent agrees that Lender's rights under the Loan Documents will remain enforceable even if the amount guaranteed hereunder is larger in amount and more burdensome than that for which Borrower is responsible. The enforceability of this Guaranty against Parent shall continue until all sums due under the Loan Documents have been paid in full and shall not be limited or affected in any way by any impairment or any diminution or loss of value of any security or collateral for Borrower's obligations under the Loan Documents, from whatever cause, the failure of any security interest in any such security or collateral or any disability or other defense of Borrower, any other guarantor of Borrower's obligations under any other Loan Document, any pledgor of collateral for any person's obligations to Lender or any other person in connection with the Loan Documents.

(iii) Parent waives the right to require Lender to (A) proceed against Borrower, any guarantor of Borrower's obligations under any Loan Document, any other pledgor of collateral for any Person's obligations to Lender or any other Person in connection with the Guaranteed Obligations, (B) proceed against or exhaust any other security or collateral Lender may hold, or (C) pursue any other right or remedy for Parent's benefit, and agrees that Lender may exercise its right under this Guaranty without taking any action against Borrower, any other guarantor of Borrower's obligations under the Loan Documents, any pledgor of collateral for any Person's obligations to Lender or any other Person in connection with the Guaranteed Obligations, and without proceeding against or exhausting any security or collateral Lender holds.

9. **Releases.** Parent consents and agrees that, without notice to or by Parent and without affecting or impairing the obligations of Parent hereunder, Lender may, by action or inaction, compromise or settle, shorten or extend the maturity date or any other period of duration or the time for the payment of the Obligations, or discharge the performance of the Obligations, or may refuse to enforce the Obligations, or otherwise elect not to enforce the Obligations, or may, by action or inaction, release all or any one or more parties to, any one or more of the terms and provisions of the Loan Agreement or any of the other Loan Documents or may grant other indulgences to Borrower or any other guarantor in respect thereof, or may amend or modify in any manner and at any time (or from time to time) any one or more of the Obligations, the Loan Agreement or any other Loan Document (including any increase or decrease in the principal amount of any Obligations or the interest, fees or other amounts that may accrue from time to time in respect thereof) other than this Guaranty, or may, by action or inaction, release or substitute the Borrower or any guarantor, if any, of the Guaranteed Obligations, or may enforce, exchange, release, or waive, by action or inaction, any security for the Guaranteed Obligations or any other guaranty of the Guaranteed Obligations, or any portion thereof.

10. **No Election.** Lender shall have the right to seek recourse against Parent to the fullest extent provided for herein and no election by Lender to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Lender's right to proceed in any other form of action or proceeding or against other parties unless Lender has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by Lender under any document or instrument evidencing the Guaranteed Obligations shall serve to diminish the liability of Parent under this Guaranty except to the extent that Lender finally and unconditionally shall have realized indefeasible payment in full of the Guaranteed Obligations by such action or proceeding.

11. **Revival and Reinstatement.** If the incurrence or payment of the Guaranteed Obligations or the obligations of Parent under this Guaranty by Parent or the transfer by Parent to Lender of any property of Parent should for any reason subsequently be declared to be void or voidable under Applicable Insolvency Laws relating to creditors' rights, including provisions of the Bankruptcy Code, or its international equivalent, relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (collectively, a "**Voidable Transfer**"), and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that Lender is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of Parent automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

12. **Financial Condition of Borrower.** Parent represents and warrants to Lender that Parent is currently informed of the financial condition of Borrower and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Guaranteed Obligations. Parent further represents and warrants to Lender that Parent has read and understands the terms and conditions of the Loan Agreement and each other Loan Document. Parent hereby covenants that it will continue to keep itself informed of Borrower's financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Guaranteed Obligations.

13. **Payments; Application.** All payments to be made hereunder by Parent shall be made in Dollars, in immediately available funds, and without deduction (whether for taxes or otherwise) or offset and shall be applied to the Guaranteed Obligations in accordance with the terms of the Loan Agreement.

14. **Attorneys Fees and Costs.** The cost and expense provisions of Section 8.3 of the Loan Agreement are applicable hereto.

15. **Notices.** All notices and other communications hereunder to Lender shall be in writing and shall be mailed, sent, or delivered in accordance Section 8.1 of the Loan Agreement. All notices and other communications hereunder to Parent shall be in writing and shall be mailed, sent, or delivered in care of Borrower in accordance with Section 8.1 of the Loan Agreement.

16. **Cumulative Remedies.** No remedy under this Guaranty, under the Loan Agreement, or any other Loan Document is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and in addition to any and every other remedy given under this Guaranty, under the Loan Agreement, or any other Loan Document, and those provided by law. No delay or omission by Lender to exercise any right under this Guaranty shall impair any such right nor be construed to be a waiver thereof. No failure on the part of Lender to exercise, and no delay in exercising, any right under

this Guaranty shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Guaranty preclude any other or further exercise thereof or the exercise of any other right.

17. **Severability of Provisions.** Each provision of this Guaranty shall be severable from every other provision of this Guaranty for the purpose of determining the legal enforceability of any specific provision.

18. **Entire Agreement; Amendments.** This Guaranty constitutes the entire agreement between parties pertaining to the subject matter contained herein. This Guaranty may not be altered, amended, or modified, nor may any provision hereof be waived or noncompliance therewith consented to, except by means of a writing executed by Parent and Lender. Any such alteration, amendment, modification, waiver, or consent shall be effective only to the extent specified therein and for the specific purpose for which given. No course of dealing and no delay or waiver of any right or default under this Guaranty shall be deemed a waiver of any other, similar or dissimilar, right or default or otherwise prejudice the rights and remedies hereunder.

19. **Successors and Assigns.** This Guaranty shall be binding upon Parent and its successors and assigns and shall inure to the benefit of the successors and assigns of Lender; provided, however, Parent shall not assign this Guaranty or delegate any of its duties hereunder without Lender's prior written consent and any unconsented to assignment shall be absolutely null and void. In the event of any assignment, participation, or other transfer of rights by Lender, the rights and benefits herein conferred upon Lender shall automatically extend to and be vested in such assignee or other transferee.

20. **No Third Party Beneficiary.** This Guaranty is solely for the benefit of Lender, and its successors and assigns and may not be relied on by any other Person.

21. **CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.**

THE VALIDITY OF THIS GUARANTY, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

PARENT AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS GUARANTY SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN DALLAS COUNTY, STATE OF TEXAS, PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT LENDER'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE LENDER ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. PARENT AND LENDER WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 21.

PARENT HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING

CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. PARENT REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS SECTION MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

22. **Counterparts; Telefacsimile Execution.** This Guaranty may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Guaranty. Delivery of an executed counterpart of this Guaranty by telefacsimile or electronic mail (in Adobe Portable Document Format [PDF]) shall be equally as effective as delivery of an original executed counterpart of this Guaranty. Any party delivering an executed counterpart of this Guaranty by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Guaranty, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Guaranty.

23. **Agreement to be Bound.** Parent hereby agrees to be bound by each and all of the terms and provisions of the Loan Agreement applicable to Parent. Without limiting the generality of the foregoing, by its execution and delivery of this Guaranty, Parent hereby: (a) makes to Lender each of the representations and warranties set forth in the Loan Agreement applicable to Parent fully as though Parent were a party thereto, and such representations and warranties are incorporated herein by this reference, *mutatis mutandis*; and (b) agrees and covenants (i) to do each of the things set forth in the Loan Agreement that Borrower agrees and covenants to cause Parent to do, and (ii) to not do each of the things set forth in the Loan Agreement that Borrower agrees and covenants to cause Parent not to do, in each case, fully as though Parent was a party thereto, and such agreements and covenants are incorporated herein by this reference, *mutatis mutandis*.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Guaranty as of the date first written above.

Encore Enterprises, Inc.
a Mississippi corporation

By: _____
Name: Bharat H. Sangani
Title: Chairman

ACKNOWLEDGED AND AGREED:

Civitas Encore Fund, LP
a Texas limited partnership

By: Civitas Encore Fund GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

EXHIBIT C
FORM OF PARENT PLEDGE AGREEMENT

[attached]

PARENT PLEDGE AGREEMENT

THIS PARENT PLEDGE AGREEMENT (the "*Agreement*"), dated July __, 2010, is made and entered into by and between Encore Enterprises, Inc., a Mississippi corporation (the "*Pledgor*"), and Civitas Encore Fund, LP, a Texas limited partnership (the "*Secured Party*").

RECITALS

WHEREAS, the transactions contemplated by this Agreement are being made in connection with that certain Term Loan Agreement, dated as of July __, 2010 (as further amended, modified, or amended and restated from time to time, and including any replacements thereof, the "*Loan Agreement*"), by and between Encore International Investment Funds, LLC, a Delaware limited liability company (the "*Borrower*"), and the Secured Party, whereby the Secured Party has agreed to advance certain funds to the Borrower as detailed and evidenced by a certain Term Loan Note, dated as of the date hereof (as amended and/or supplemented from time to time, the "*Promissory Note*"), made by the Borrower payable to the order of the Secured Party, in a maximum aggregate principal amount of Fifteen Million and No/100 Dollars (\$15,000,000);

WHEREAS, to induce the Secured Party to make advances under the Promissory Note, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Pledgor has agreed to pledge and grant a security interest in the Pledged Collateral as security for the Secured Obligations; and

WHEREAS, Pledgor has determined that the execution, delivery, and performance of this Agreement directly benefits and is in the best interest of Pledgor.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. **Defined Terms.** Capitalized terms used in this Agreement but not otherwise defined shall have the respective meanings assigned to them in the Loan Agreement; provided, however, that all terms not specifically defined herein, which terms are defined in the UCC, shall have the meanings assigned to them therein. As used herein, the following terms shall have the following meanings:

"*Additional Collateral*" shall have the meaning set forth in paragraph 3(b).

"*Agreement*" shall have the meaning set forth in the preamble.

"*Borrower*" shall have the meaning set forth in the recitals.

"*Constituent Document*" shall mean: (a) with respect to a Pledgor that is a limited liability company, the operating agreement of such Pledgor, as the same may be further amended or amended and restated from time to time; and (b) with respect to an Pledgor that is a partnership, the partnership agreement of such Pledgor, as the same may be further amended or amended and restated from time to time.

“Insolvency Proceeding” shall mean any proceeding commenced by or against and Person under any provision of the Bankruptcy Code or under any other bankruptcy or insolvency law, assignments for the benefits of creditors, formal or informal moratoria, compositions, or extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Loan Agreement” shall have the meaning set forth in the recitals.

“Obligations” shall mean all amounts owed by the Borrower to the Lender pursuant to or in connection with the Loan Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations under letters of credit, all fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Lender incurred pursuant to the Loan Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, together with all renewals, extensions, modifications or refinancings thereof.

“Pledged Collateral” shall mean and include the following: (a) all shares of stock, partnership interests, member interest, and other equity interests, whether now owned or hereafter acquired by Pledgor, including but not limited to, the issued and outstanding capital stock or equity interest, as applicable, of the Borrower and its Subsidiaries listed on Exhibit A attached hereto and made a part hereof, and all rights and privileges pertaining thereto, including, without limitation, all securities and additional securities receivable in respect of or in exchange for such securities, all rights to subscribe for securities incident to or arising from ownership of such securities, all cash, interest, membership interests, stock and other dividends or distributions paid or payable on such securities, and all books and records pertaining to the foregoing, including, without limitation, all stock record and transfer books, (b) any and all other securities hereafter pledged by Pledgor to the Secured Party to secure the Secured Obligations of the Borrower, and all rights and privileges pertaining thereto, including, without limitation, all securities and additional securities receivable in respect of or in exchange for such securities, all rights to subscribe for securities incident to or arising from ownership of such securities, all cash, interest, membership interests, stock and other dividends or distributions paid or payable on such securities, and all books and records pertaining to the foregoing; and (c) whatever is received when any of the foregoing is sold, exchanged or otherwise disposed of, including any proceeds as such term is defined in the UCC.

“Pledgor” shall have the meaning set forth in the preamble.

“Promissory Note” shall have the meaning set forth in the recitals.

“Requirement of Law” shall mean in respect of any Person, all laws applicable to such Person, and all orders and decrees of all courts and determinations of arbitrators applicable to such Person.

“*Securities Act*” shall have the meaning set forth in paragraph 9(b).

“*Secured Obligations*” shall have the meaning set forth in paragraph 2.

“*Secured Party*” shall have the meaning set forth in the preamble.

“*Security Documents*” shall have the meaning set forth in paragraph 4.

“*UCC*” shall mean the Uniform Commercial Code as in effect in the State of Texas.

2. Grant of Security Interests. Pledgor, to secure on a first priority basis the prompt payment in full when due (whether by stated maturity, by acceleration, or otherwise) and performance of all the Obligations of any kind under or in connection with the Loan Agreement and other Loan Documents (including without limitation all interest that accrues after the commencement of any Insolvency Proceeding of the Borrower, whether or not the payment of such interest is unenforceable or is not allowable due to the existence of such Insolvency Proceeding), and all obligations of Pledgor now or hereafter existing under this Agreement including, without limitation, all fees, costs, expenses whether in connection with collection actions hereunder or otherwise, and all interest that accrues after the commencement of any Insolvency Proceeding of the Borrower, whether or not the payment of such interest is unenforceable or is not allowable due to the existence of such Insolvency Proceeding (collectively, the “*Secured Obligations*”), hereby grants to the Secured Party a first priority security interest in all of the Pledgor’s now existing and hereafter acquired and/or arising right, title, and interest in, to and under the Pledged Collateral owned by Pledgor, whether now or hereafter existing and wherever located.

3. Delivery of Pledged Collateral

(a) All Constituent Documents, certificates, and all promissory notes and instruments evidencing the Pledged Collateral shall be delivered to and held by or on behalf of the Secured Party. All pledged equity interests shall be certificated, delivered to the Secured Party, and be accompanied by a duly executed instrument of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party.

(b) All other promissory notes, certificates and instruments constituting Pledged Collateral from time to time acquired or required to be pledged to the Secured Party by Pledgor pursuant to the terms of this Agreement or the Loan Agreement (the “*Additional Collateral*”) shall be delivered to the Secured Party promptly upon (and in any event not more than five (5) calendar days after) receipt thereof by or on behalf of Pledgor.

(c) If Pledgor shall receive, by virtue of Pledgor’s being or having been an owner of any Pledged Collateral, any (i) stock certificate (including without limitation any certificate representing a stock dividend or distribution in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off), promissory note or other instrument, (ii) option or right, whether as an addition to, substitution for, or in exchange for, any Pledged Collateral, or otherwise, (iii) dividends payable in cash or in securities or other property or (iv) dividends, distributions, cash, instruments, investment property and other property in connection with a partial or total

liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, Pledgor shall receive such stock certificate, promissory note, instrument, option, right, payment or distribution in trust for the benefit of the Secured Party, shall segregate it from Pledgor's other property and shall deliver it forthwith to the Secured Party in the exact form received, with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by the Secured Party as Pledged Collateral and as further collateral security for the Secured Obligations.

4. Further Assurances. Prior to or concurrently with the execution of this Agreement, and thereafter at any time and from time to time upon reasonable request of the Secured Party, the Pledgor shall execute and deliver to the Secured Party all financing statements, continuation financing statements, termination statements, assignments, certificates and documents of title, affidavits, reports, notices, schedules of account, letters of authority, further pledges, stock power, powers of attorney and all other documents (collectively, the "**Security Documents**") which the Secured Party may reasonably request, in form satisfactory to the Secured Party, and take such other action which the Secured Party may request, to perfect and continue perfected and to create and maintain the first priority status of the Secured Party's security interest in the Pledged Collateral and to fully consummate the transactions contemplated under the Loan Agreement, the other Loan Documents, and this Agreement. Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Pledgor irrevocably makes, constitutes, and appoints the Secured Party (and any of the Secured Party's officers, employees, or agents designated by the Secured Party) as Pledgor's true and lawful attorney with power to sign the name of Pledgor on all or any of the Security Documents which the Secured Party determines must be executed, filed, recorded or sent in order to perfect or continue perfected the Secured Party's security interest in the Pledged Collateral. Such power, being coupled with an interest, is irrevocable until all of the Secured Obligations have been paid in full (other than contingent indemnification obligations to the extent no claims giving rise thereto have been asserted) and the Term Loan Commitments have terminated.

5. Representations and Warranties. Pledgor hereby affirms all representations and warranties related to the Pledgor in the Loan Agreement and further represents and warrants to the Secured Party as follows:

(a) Pledgor has, and will continue to have (or, in the case of after-acquired Pledged Collateral, at the time it acquires rights in such Pledged Collateral, will have), title to the Pledged Collateral, free and clear of all Liens.

(b) The shares of capital stock constituting the Pledged Collateral have been duly authorized and validly issued to Pledgor (as set forth on Exhibit A hereto) and are fully paid and nonassessable.

(c) Pledgor has the right and requisite authority to pledge, assign, transfer, deliver, deposit, and set over the Pledged Collateral as provided herein.

(d) None of the Pledged Collateral has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject.

(e) All of the Pledged Collateral are presently owned by Pledgor and are presently represented by certificates (if equity interests), all of which is listed on Exhibit A attached hereto.

(f) There are no actions, suits, or proceedings pending or, to its best knowledge after due inquiry, threatened against or affecting Pledgor with respect to the Pledged Collateral, at law or in equity or before or by any Government Authority, and Pledgor is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation that could adversely affect its performance hereunder.

(g) The pledge, assignment, and delivery of the Pledged Collateral pursuant to this Agreement will create a valid first priority Lien on and first priority perfected security interest in favor of the Secured Party for the benefit of Secured Party in the Pledged Collateral and the proceeds thereof, securing the payment of the Secured Obligations, subject to no other Lien.

(h) The execution, delivery, and performance by Pledgor of this Agreement and the other Loan Documents (i) have been duly authorized, executed, and delivered by Pledgor and constitutes the legal, valid, and binding obligation of Pledgor, enforceable against Pledgor in accordance with its terms, (ii) do not and will not contravene any of its Constituent Documents, any Requirement of Law, or any contractual restriction binding on or affecting Pledgor or any of Pledgor's properties (including without limitation any Constituent Documents of any entity who issued the Pledged Collateral), (iii) do not and will not result in or require the creation of any Lien upon or with respect to any of Pledgor's properties other than pursuant to this Agreement, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture, or nonrenewal of any licenses.

(i) The exercise by the Secured Party of any of its rights and remedies hereunder will not contravene any Requirement of Law or any contractual restriction binding on or affecting Pledgor or any of the properties of Pledgor and will not result in or require the creation of any Lien upon or with respect to any of the properties of Pledgor other than pursuant to this Agreement or the other Loan Documents.

(j) Exhibit B hereto sets forth (i) the exact legal name of Pledgor and all other names used by Pledgor at any time during the five (5) years preceding the date of this Agreement, (ii) each place of business of Pledgor during the five (5) years preceding the date of this Agreement, and (iii) Pledgor's state or jurisdiction of organization and the organizational identification number of Pledgor (or states that no such organizational identification number exists).

6. General Covenants. In addition to any covenants and agreements of Pledgor set forth in the other Loan Documents, which are incorporated herein by this reference, Pledgor hereby covenants and agrees as follows:

(a) Pledgor will, at Pledgor's expense, at any time and from time to time, promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable or that the Secured Party may request in order to (i) perfect and protect (or maintain the perfection of) the security interest created hereby in the Pledged Collateral, (ii) enable the Secured Party to exercise and enforce its rights and remedies hereunder in respect of

the Pledged Collateral, and (iii) effect the purposes of this Agreement, including without limitation delivering to the Secured Party irrevocable proxies in respect of the Pledged Collateral;

(b) Pledgor will do all acts that may be necessary and appropriate to maintain, preserve, and protect the Pledged Collateral;

(c) Pledgor shall be responsible for the risk of loss of, damage to, or destruction of the Pledged Collateral owned by Pledgor, unless such loss is the result of the gross negligence or willful misconduct of the Secured Party;

(d) Pledgor will appear in and defend any action or proceeding of which it is aware that could reasonably be expected to affect its title to, or the Secured Party's interest in, the Pledged Collateral owned by it and the proceeds thereof; provided, however, that it may settle such actions or proceedings with respect to the Pledged Collateral it owns with the consent of the Secured Party;

(e) Pledgor will keep separate, accurate, and complete records of the Pledged Collateral owned by it, disclosing the Secured Party's security interest hereunder;

(f) Pledgor will pay any and all taxes, duties, fees, or imposts of any nature, if any, imposed by any state, federal or local authority on any of the Pledged Collateral;

(g) Pledgor will permit the Secured Party, its officers, employees, and agents at all times to inspect all books and records related to the Pledged Collateral;

(h) To the extent Pledgor acquires additional shares or membership interests of any of the Subsidiaries of Borrower or any of the rights, property, or securities described in the definition of Pledged Collateral, such shares, membership interests, rights, property or securities shall be, upon such acquisition, pledged to the Secured Party, and Pledgor shall deliver an updated Exhibit A hereto to the Secured Party;

(i) Pledgor will give the Secured Party at least thirty (30) days' prior written notice of any change in Pledgor's name, principal residence, or jurisdiction of organization;

(j) Pledgor will not sell, assign (by operation of law or otherwise), exchange, or otherwise dispose of any Pledged Collateral or any interest therein;

(k) Pledgor will not create or suffer to exist any Lien upon or with respect to any Pledged Collateral, except for the security interest created hereby and by the other Loan Documents;

(l) Pledgor will not make or consent to any amendment or other modification or waiver with respect to any Pledged Collateral or enter into any agreement or permit to exist any restriction with respect to any Pledged Collateral other than as expressly provided by the Loan Agreement;

(m) Except as expressly permitted by the Loan Agreement, Pledgor will not permit the

issuance of (i) any additional shares, interests, or units of any class of equity interests of the Borrower, (ii) any securities convertible voluntarily by the holder thereof or automatically upon the occurrence or non-occurrence of any event or condition into, or exchangeable for, any shares, interests or units of any class of equity interests of the Borrower, or (iii) any warrants, options, contracts, or other commitments entitling any Person to purchase or otherwise acquire any shares, interests, or units of any class of equity interests of the Borrower;

(n) Pledgor will not permit or agree to any amendment or modification of any Constituent Document (except for ministerial or other non-substantive amendments or modifications) as in effect on the date hereof (or other governing document with respect to the Pledged Collateral), or waive any rights or benefits under such Constituent Document (or such other governing document), without the prior written consent of the Lender; and

(o) Pledgor will not take or fail to take any action that would in any manner impair the validity or enforceability of the Secured Party's security interest in and Lien on any Pledged Collateral.

7. Voting Rights, Dividends, Etc. in Respect of the Pledged Collateral.

(a) So long as no Default or Event of Default (as such terms are defined in the Loan Agreement) shall have occurred:

(i) Pledgor may exercise any and all voting and other consensual rights pertaining to any Pledged Collateral for any purpose not inconsistent with the terms of this Agreement, the Loan Agreement, and the Loan Documents; provided, however, that (A) no Pledgor will take action to obstruct, impede, or infringe upon the Secured Party's enforcement of their rights, benefits, and remedies under the Loan Documents, (B) Pledgor will cooperate fully with the Secured Party in taking any action reasonably requested in order to cause the Secured Party to obtain and enjoy the full rights and benefits granted to them under the Loan Documents, and (C) (I) Pledgor will exercise or refrain from exercising any such right, as the case may be, if the Secured Party gives Pledgor notice that such action or inaction is reasonably likely to have a Material Adverse Effect on the value of any Pledged Collateral and (II) Pledgor will give the Secured Party at least five (5) Business Days' notice of the manner in which Pledgor intends to exercise, or the reasons for refraining from exercising, any such right which could reasonably be expected to have a Material Adverse Effect on the value of any of the Pledged Collateral of Pledgor;

(ii) Pledgor may receive and retain any and all dividends, interest, or other distributions paid in respect of the Pledged Collateral only to the extent the payment of such dividend, interest or distribution is expressly permitted under the Loan Agreement; provided, however, that any and all (A) dividends and interest paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of or in exchange for, any Pledged Collateral, (B) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, and (C) cash paid, payable or

otherwise distributed in redemption of, or in exchange for, any Pledged Collateral, together with any dividend, interest payment or other distribution, that at the time of such dividend, interest payment or other distribution was not permitted by the Loan Agreement, shall be, and shall forthwith be delivered to the Secured Party to hold as, Pledged Collateral and shall, if received by Pledgor, be received in trust for the benefit of the Secured Party, shall be segregated from the other property or funds of Pledgor, and shall be forthwith delivered to the Secured Party in the exact form received with any necessary indorsement and/or appropriate stock powers duly executed in blank, to be held by the Secured Party as Pledged Collateral and as further collateral security for the Obligations (it being understood that this Section 7 shall not limit in any respect the conditions to distributions and dividends set forth in the Loan Agreement); and

(iii) the Secured Party will execute and deliver (or cause to be executed and delivered) all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) of this Section 7(a) and to receive the dividends which they are authorized to receive and retain pursuant to paragraph (ii) of this Section 7(a).

(b) Upon the occurrence of a Default or an Event of Default (as such terms are defined in the Loan Agreement):

(i) all rights of Pledgor to exercise the voting and other consensual rights which they would otherwise be entitled to exercise pursuant to subsection (a) of this Section 7 and to receive the dividends, distributions, interest and other payments which Pledgor would otherwise be authorized to receive and retain pursuant to paragraph (ii) of subsection (a)(i) of this Section 7, shall cease, and all such rights shall thereupon become vested in the Secured Party, which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and hold as Pledged Collateral such dividends and interest payments (it being understood that this Section 7 shall not limit in any respect the conditions to distributions and dividends set forth in the Loan Agreement);

(ii) without limiting the generality of the foregoing, the Secured Party may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Collateral as if it were the absolute owner thereof, including without limitation the right to exchange, in its discretion, any and all of the Pledged Collateral upon the merger, consolidation, reorganization, recapitalization or other adjustment of any Person who issued any Pledged Collateral, or upon the exercise by any Person who issued any Pledged Collateral of any right, privilege, or option pertaining to any Pledged Collateral, and, in connection therewith, to deposit and deliver any and all of the Pledged Collateral with any committee, depository, transfer agent, registrar or other designated agent upon such terms and conditions as it may determine; and

(iii) all dividends, interest and other distributions which are received by Pledgor contrary to the provisions of Section 7(b)(i) shall be received in trust for the

benefit of the Secured Party, shall be segregated from other funds of Pledgor, and shall be forthwith paid over to the Secured Party as Pledged Collateral in the exact form received with any necessary indorsement and/or appropriate stock powers duly executed in blank, to be held by the Secured Party as Pledged Collateral and as further collateral security for the Secured Obligations.

8. Additional Provisions Concerning the Pledged Collateral.(a) To the maximum extent permitted by law, Pledgor (i) authorizes the Secured Party to execute any agreements, instruments, or other documents in Pledgor's name and to file such agreements, instruments or other documents in Pledgor's name and to file such agreements, instruments, or other documents in any appropriate filing office, for the purpose of taking any action which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, (ii) authorizes the Secured Party to file any financing statements required hereunder or under any other Loan Document, and any continuation statements or amendment with respect thereto, in any appropriate filing office without the signature of Pledgor and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed by the Secured Party without the signature of Pledgor prior to the date hereof.

(b) Pledgor hereby irrevocably appoints the Secured Party as its attorney-in-fact and proxy, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise, in the Secured Party's discretion at any time and from time to time, to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement with respect to the Pledged Collateral of Pledgor (subject to the revocable rights of Pledgor under Section 7(a) hereof), including without limitation to receive, indorse and collect all instruments made payable to Pledgor representing any dividend, interest payment, or other distribution in respect of any Pledged Collateral and to give full discharge for the same. This power is coupled with an interest and is irrevocable until all of the Secured Obligations are paid in full and each Term Loan Commitment is terminated.

(c) If Pledgor fails to perform any agreement or obligation contained herein, the Secured Party itself may perform, or cause performance of, such agreement or obligation, and the expenses of the Secured Party incurred in connection therewith shall be jointly and severally payable by Pledgor pursuant to Section 9(d) hereof and shall be secured by the Pledged Collateral.

(d) Other than the exercise of reasonable care to assure the safe custody of the Pledged Collateral while held hereunder, the Secured Party shall have no duty or liability to preserve rights pertaining thereto and shall be relieved of all responsibility for the Pledged Collateral of Pledgor upon surrendering it or tendering surrender of it to Pledgor. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property, it being understood that the Secured Party shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral.

(e) The powers conferred on the Secured Party hereunder are solely to protect its interest in the Pledged Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Pledged Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Pledged Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Pledged Collateral.

(f) Upon the occurrence of a Default or an Event of Default (as such terms are defined in the Loan Agreement), the Secured Party may at any time in its discretion (i) without notice to Pledgor, transfer or register in the name of the Secured Party or any of its nominees any or all of the Pledged Collateral, subject only to the revocable rights of Pledgor under Section 7(a) hereof, and (ii) exchange certificates or instruments constituting Pledged Collateral for certificates or instruments of smaller or larger denominations.

9. Remedies Upon Default. If any Default or Event of Default (as such terms are defined in the Loan Agreement) shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Pledged Collateral, in addition to any other rights and remedies provided for herein or otherwise available to it and all of the rights and remedies of a secured party on default under the UCC then in effect in the State of Texas; and without limiting the generality of the foregoing and without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or elsewhere, at such price or prices and on such other terms as the Secured Party may deem commercially reasonable. Pledgor agrees that, to the extent notice of sale shall be required by law, at least five (5) days' notice to Pledgor of the time and place of any public sale of Pledged Collateral owned by Pledgor or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Pledgor recognizes that the Secured Party may deem it impracticable to effect a public sale of all or any part of the Pledged Shares or any other securities constituting Pledged Collateral and that the Secured Party may, therefore, determine to make one or more private sales of any such securities to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. Pledgor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that the Secured Party shall have no obligation to delay the sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act of 1933, as amended (the "*Securities Act*"). Pledgor further acknowledges and agrees that any offer to sell such securities which has been (i) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of Dallas, Texas (to the extent that such an offer may be so advertised

without prior registration under the Securities Act) or (ii) made privately in the manner described above to not less than fifteen bona fide offerees shall be deemed to involve a "public disposition" for the purposes of Section 9-610(c) of the UCC (or any successor or similar, applicable statutory provision) as then in effect in the State of Texas, notwithstanding that such sale may not constitute a "public offering" under the Securities Act, and that the Secured Party may, in such event, bid for the purchase of such securities.

(c) Any cash held by the Secured Party as Pledged Collateral and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon, all or any part of the Pledged Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, or at any time thereafter applied (after payment of any amounts payable to the Secured Party pursuant to Section 9 hereof) in whole or in part by the Secured Party against, all or any part of the Secured Obligations in such order as the Secured Party shall elect consistent with the provisions of the Loan Agreement. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all of the Secured Obligations and the termination of the Guaranty shall be paid over to Pledgor or to such Person as may be lawfully entitled to receive such surplus.

(d) Indemnity and Expenses.

(i) Pledgor agrees to defend, protect, indemnify, and hold harmless the Secured Party (and all of its officers, directors, employees, attorneys, consultants and agents) from and against any and all claims, damages, losses, liabilities, obligations, penalties, fees, costs, and expenses (including without limitation legal fees and other client charges and disbursements of the Secured Party's counsel) incurred by the Secured Party as a result of or arising from or relating to or in connection with this Agreement (including without limitation enforcement of this Agreement), except, as to any such indemnified Person, claims, damages, losses, liabilities, obligations, penalties, fees, costs and expenses resulting solely and directly from such Person's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(ii) Pledgor agrees to pay to the Secured Party upon demand the amount of any and all costs and expenses, including the legal fees and other client charges and disbursements of the Secured Party's counsel and of any experts, which the Secured Party or may incur in connection with (A) the preparation, negotiation, execution, delivery, recordation, administration, amendment, waiver or other modification or termination of this Agreement, (B) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Pledged Collateral, (C) the exercise or enforcement of any of the rights of the Secured Party hereunder, or (D) the failure by Pledgor to perform or observe any of the provisions hereof.

10. Notices. All notices and other communications provided for hereunder shall be in writing and shall be mailed (by certified mail, postage prepaid and return receipt requested), telecopied or delivered, if to Pledgor, to Pledgor at its address specified on Exhibit C hereto, if to the Secured Party, to it at its address specified in the Loan Agreement, or as to any such Person at such other address as shall be designated by such Person in a written notice to such other Person complying as to delivery with the terms of this Section 10. All such notices and other

communications shall be effective (i) if mailed (by certified mail, return receipt requested), when received or three (3) days after being deposited in the mails, whichever occurs first, (ii) if telecopied, when transmitted and confirmation of such transmission is received, or (iii) if delivered (by messenger or by courier), upon delivery.

11. Submission to Jurisdiction; Waivers. Pledgor hereby irrevocably and unconditionally:

(a) Submits for Pledgor and the property of Pledgor in any action, suit or proceeding relating to this Agreement or any other Loan Document to which Pledgor is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Texas, the courts of the United States of America for the Northern District of Texas, Dallas Division, and appellate courts thereof;

(b) Agrees that any such action, suit or proceeding may be brought in such courts and waives any objection that Pledgor may now or hereafter have to the venue of any such action, suit or proceeding in any such court or that such action, suit or proceeding was brought in an inconvenient court and covenants not to plead or claim the same;

(c) Consents to the service of any and all process in any such action, suit or proceeding by the mailing of copies of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Pledgor, at Pledgor's address set forth in Section 11 hereof or at such other address of which the Secured Party shall have been notified pursuant thereto;

(d) To the extent that Pledgor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to Pledgor or the property of Pledgor, Pledgor hereby irrevocably waives such immunity in respect of the obligations of Pledgor under this Agreement;

(e) Agrees that nothing herein shall affect the right of the Secured Party to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(f) Waives any right Pledgor may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

12. Obligation Unconditional; Continuing Security Interest.

(a) All rights and interests of the Secured Party hereunder, and all agreements and obligations of Pledgor hereunder, shall remain in full force and effect and shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of the Guaranty, the Loan Agreement or any other Loan Document, (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to departure from the Loan Agreement or any other Loan Document, (iii) any exchange or release of, or non-perfection of any Lien on or security interest in, any collateral for any of the Secured Obligations, or any release or amendment or waiver of

or consent to departure from any guaranty, for all or any of the Secured Obligations, or (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, a borrower, pledgor or other obligor in respect of the Secured Obligations. All authorizations and agencies contained herein with respect to any of the Pledged Collateral are irrevocable and powers coupled with an interest.

(b) Pledgor hereby waives (i) promptness and diligence, (ii) notice of acceptance and notice of the incurrence of any obligation by the Borrower, (iii) notice of any actions taken by the Secured Party, the Borrower or any other Person under any Loan Document or any other agreement, document or instrument relating thereto, (iv) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Secured Obligations, the omission of or delay in which, but for the provisions of this subsection (b), might constitute grounds for relieving Pledgor of any of Pledgor's obligations hereunder and (v) any requirement that the Secured Party protect, secure, perfect, or insure any security interest or other lien on any property subject thereto or exhaust any right or take any action against the Borrower or any other Person or any collateral.

13. JURY TRIAL WAIVER. THE PLEDGOR AND THE SECURED PARTY EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE COLLATERAL TO THE FULL EXTENT PERMITTED BY LAW. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

14. No Waiver; Cumulative Remedies

No failure to exercise, and no delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided under the other Loan Documents or by Requirement of Law. Pledgor waives any right to require the Secured Party to proceed against any other Person or to exhaust any of the Pledged Collateral or other security for the Secured Obligations or to pursue any remedy in the Secured Party's power.

15. Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) remain in full force and effect until the payment in full of all of the Secured Obligations after termination of all of the Term Loan Commitments and the termination of the Guaranty in accordance with its terms and (ii) be binding on Pledgor and by its acceptance hereof, the Secured Party, and their respective successors and assigns and shall inure, together with all rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and their respective successors, transferees and assigns. Without limiting the generality of clause (ii) of the immediately preceding sentence, without notice to Pledgor, the

Secured Party may assign or otherwise transfer their respective rights and obligations under this Agreement and any other Loan Document to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to the Secured Party herein or otherwise. Upon any such assignment or transfer, all references in this Agreement to the Secured Party shall mean the assignee of the Secured Party. None of the rights or obligations of Pledgor hereunder may be assigned or otherwise transferred without the prior written consent of the Secured Party, and any assignment or transfer made in the absence of such prior written consent shall be null and void. All rights of the Secured Party under this Agreement shall inure to the benefit of its successors and permitted assigns. All obligations of Pledgor shall bind its successors and permitted assigns; provided, however, Pledgor may not assign or transfer any of its rights and obligations hereunder or any interest herein without the prior written consent of the Secured Party, which consent may be withheld in the Secured Party's sole discretion.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Texas without regard to its conflicts of law principles or those of any other jurisdiction, except to the extent the validity or perfection of the security interests or the remedies hereunder in respect of any Pledged Collateral are governed by the law of a jurisdiction other than the State of Texas.

18. Specific Performance. Pledgor acknowledges and agrees that, in addition to the other rights of the Secured Party hereunder and under the other Loan Documents, because the Secured Party's remedies at law for failure of Pledgor to comply with the provisions hereof relating to the Secured Party's rights (a) to inspect the books and records related to the Pledged Collateral, (b) to receive the various notifications Pledgor is required to deliver hereunder, (c) to obtain copies of agreements and documents as provided herein with respect to the Pledged Collateral, (d) to enforce the provisions hereof pursuant to which Pledgor has appointed the Secured Party its attorney-in-fact, and (e) to enforce the Secured Party's remedies hereunder, would be inadequate and that any such failure would not be adequately compensable in damages. The Pledgor agrees that each such provision hereof may be specifically enforced.

19. Entire Agreement; Amendments. This Agreement and the Loan Documents constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a grant of a security interest in the Pledged Collateral by Pledgor. This Agreement may not be amended or supplemented except by a writing signed by the Secured Party and Pledgor.

20. Reconveyance. Upon the payment in full of the Loans and the termination of the Term Loan Commitments, this Agreement and all of the Secured Party's right, title and interest hereunder with respect to the Pledged Collateral shall terminate and be discharged in full and the Secured Party shall, at Pledgor's expense, execute and deliver such documents and instruments as necessary and requested by Pledgor to terminate, release and discharge this Agreement and the security interest created hereby and to reconvey the Pledged Collateral to Pledgor.

21. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed shall be deemed an original and all of which taken together shall constitute but one and the same agreement.

22. Descriptive Headings. The descriptive headings which are used in this Agreement are for the convenience of the parties only and shall not affect the meaning of any provision of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed with the intention that it constitutes a sealed instrument as of the date first above written.

ENCORE ENTERPRISES, INC.

a Mississippi corporation

As Pledgor

By: _____

Name: Bharat H. Sangani

Title: Chairman

CIVITAS ENCORE FUND, LP

a Texas limited partnership

as Secured Party

By: Civitas Encore Fund GP, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: Daniel J. Healy

Title: Manager

EXHIBIT A

Pledged Equity Interests

<u>Name of Issuer</u>	<u>Percentage Ownership</u>
Encore International Investment Funds, LLC, a Delaware limited liability company	100%
TIN: 27-2952415	

EXHIBIT B

Pledgor Information

Encore Enterprises, Inc.,

a Mississippi corporation

MS Corp ID # 676197

EXHIBIT C

Addresses

Pledgor

Encore Enterprises, Inc.
5005 LBJ Freeway, Suite 1200
Dallas, TX 75244
Attn: Alan Murray
Telephone Number: (214) 259-7003
Telecopy Number: (214) 259-7001
Email: amurray@encore.bz

Secured Party

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Attn: Gabriel Hidalgo
Telephone Number: (214) 572-2303
Telecopy Number: (214) 572-2398
Email: gabriel.hidalgo@civitascapital.com

EXHIBIT D

FORM OF TERM LOAN NOTE

\$15,000,000.00

[date]

Dallas, Texas

FOR VALUE RECEIVED, the undersigned, (the "**Borrower**"), hereby promises to pay to the order of Civitas Encore Fund, LP (the "**Lender**") or its registered assigns at its principal office or any other office that the Lender designates, on the Maturity Date (as defined in the Term Loan Agreement dated as of [date] (as the same may be amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), between the Borrower and the Lender), the principal sum of Fifteen Million and no/100 Dollars (\$15,000,000), or as much thereof as may be advanced and outstanding thereunder, as the same may be amended from time to time, in lawful money of the United States of America in immediately available funds, and to pay interest from the date hereof on the principal amount thereof from time to time outstanding, in like funds, at said office, at the rate or rates per annum and payable on such dates as provided in the Loan Agreement.

The Borrower promises to pay interest on the due dates and at a rate or rates provided in the Loan Agreement.

All borrowings evidenced by this Term Loan Note and all payments and prepayments of the principal hereof and the date thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower to make the payments of principal and interest in accordance with the terms of this Term Loan Note and the Loan Agreement.

This Term Loan Note is issued in connection with, and is entitled to the benefits of, the Loan Agreement which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for voluntary prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Loan Agreement, all upon the terms and conditions therein specified. THIS TERM LOAN NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS OF TEXAS OR ANY OTHER JURISDICTION.

By: _____

Name:

Title:

EXHIBIT E

FORM OF SECURITY AGREEMENT

[attached]

SECURITY AGREEMENT

This **SECURITY AGREEMENT** (this "*Agreement*"), dated as of July __, 2010, is hereby given by Encore International Investment Funds, LLC, a Delaware limited liability company (the "*Borrower*"), in favor of Civitas Encore Fund, LP, a Texas limited partnership (the "*Secured Party*").

RECITALS

WHEREAS, the transactions contemplated by this Agreement are being made in connection with that certain Term Loan Agreement, dated as of July __, 2010 (as further amended, modified, or amended and restated from time to time, and including any replacements thereof, the "*Loan Agreement*"), by and between the Borrower and the Secured Party, whereby the Secured Party has agreed to advance certain funds to the Borrower as detailed and evidenced by a certain Term Loan Note, dated as of the date hereof (as amended and/or supplemented from time to time, the "*Promissory Note*"), made by the Borrower payable to the order of the Secured Party, in a maximum aggregate principal amount of Fifteen Million and No/100 Dollars (\$15,000,000); and

WHEREAS, to induce the Secured Party to make advances under the Promissory Note, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Borrower has agreed to pledge and grant a security interest in the Collateral as security for the Secured Obligations.

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used in this Agreement but not otherwise defined herein shall have the respective meanings assigned to them in the Loan Agreement; provided, however, that all terms not specifically defined herein, which terms are defined in the UCC, shall have the meanings assigned to them therein. As used herein, the following terms shall have the following meanings:

"*Agreement*" shall have the meaning set forth in the preamble.

"*Borrower*" shall have the meaning set forth in the preamble.

"*Collateral*" shall have the meaning ascribed thereto in Article III hereof.

"*Event of Default*" shall have the meaning ascribed thereto in Section 5.01 hereof.

"*Loan Agreement*" shall have the meaning set forth in the recitals.

“*Loan Documents*” shall mean, collectively, this Agreement, the Loan Agreement, the Promissory Note, the Subsidiary Guaranty Agreement, the Parent Guaranty Agreement, the Fee Letter, the Parent Pledge Agreement, the Pledge Agreement, the Capital Contribution Agreement, each Borrowing Request, the UCC Financing Statements, all Notices of Borrowing, and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

“*Promissory Note*” shall have the meaning set forth in the recitals.

“*Secured Obligations*” shall mean all amounts owed by Borrower to Secured Party under any of the Loan Documents, such as the principal and accrued interest on the Promissory Note and the reasonable cost of enforcing any right in connection therewith, including reasonable attorneys’ fees, whether such obligation is now or hereafter existing.

“*Secured Party*” shall have the meaning set forth in the preamble.

“*UCC*” shall mean the Uniform Commercial Code as in effect from time to time in the State of Texas.

ARTICLE II **REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Secured Party that:

- (a) The Borrower is the sole legal and beneficial owner of the Collateral and no Lien exists or will exist upon the Collateral at any time (and no right or option to acquire the same exists in favor of any other person), except for Permitted Encumbrances;
- (b) The Borrower will maintain the Collateral in good working order;
- (c) The Borrower will maintain insurance on the Collateral at all times in accordance with commercially reasonable standards; and
- (d) The Borrower is organized under the laws of the State of Texas and is in good standing therein.

ARTICLE III **COLLATERAL**

As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, the Borrower hereby assigns to Secured Party, and hereby grants to Secured Party a security interest in, all of Borrower’s right, title, and interest in and to all of the property of the Borrower, whether now or hereafter existing, whether tangible or intangible, whether now owned or hereafter acquired, wherever the same may be located and whether or not subject to the UCC, including the following as such capitalized terms are defined in the UCC (collectively, the “*Collateral*”):

- (a) all Accounts;

- (b) all Chattel Paper;
- (c) all Money and all Deposit Accounts, together with all amounts on deposit from time to time in such Deposit Accounts;
- (d) all Documents;
- (e) all General Intangibles, including all intellectual property, Payment Intangibles and Software;
- (f) all Goods, including Inventory, Equipment and Fixtures;
- (g) all Instruments;
- (h) all Investment Property;
- (i) all shares of stock, partnership interests, member interest, and other equity interests of the Borrower's Subsidiaries, including, without limitation, all securities and additional securities receivable in respect of or in exchange for such securities, all rights to subscribe for securities incident to or arising from ownership of such securities, all cash, interest, membership interests, stock and other dividends or distributions paid or payable on such securities, and all books and records pertaining to the foregoing, including, without limitation, all stock record and transfer books;
- (j) all Letter-of-Credit Rights and other Supporting Obligations;
- (k) all Records;
- (l) all Commercial Tort Claims; and
- (m) all Proceeds and Accessions with respect to any of the foregoing Collateral;

It is the intention of the Borrower that the description of the Collateral set forth above be construed to include the broadest possible range of assets.

ARTICLE IV
FURTHER ASSURANCES; REMEDIES

In furtherance of the grant of the security interest pursuant to Article III, the Borrower hereby agrees with the Secured Party as follows:

4.01 Delivery and Other Perfection. The Borrower shall:

(a) give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the judgment of the Secured Party) to create, preserve, perfect or validate the security interest

granted pursuant hereto or to enable the Secured Party to exercise and enforce its rights hereunder with respect to such pledge and security interest;

(b) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Secured Party may reasonably require in order to reflect the security interests granted by this Agreement; and

(c) permit the Secured Party and its representatives, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral, and permit representatives of the Secured Party and its representatives to be present at the Borrower's place of business to receive copies of all communications and remittances relating to the Collateral, and forward copies of any notices or communications received by the Borrower with respect to the Collateral, all in such manner as the Secured Party may require.

4.02 Other Financing Statements and Liens. Without the prior written consent of the Secured Party, the Borrower shall not file or cause, authorize, or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Secured Party is not named as the sole secured party.

4.03 Preservation of Rights. The Secured Party shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

ARTICLE V **DEFAULT; REMEDIES**

5.01 Events of Default. The occurrence of any of the following events shall constitute an Event of Default (each such occurrence, an "*Event of Default*"):

(a) An "Event of Default" under the Loan Agreement;

(b) Borrower's or any guarantor's (i) commencement of a voluntary case under Title 11 of the United States Code, or (ii) filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed against the Borrower commencing an involuntary case under said Title 11 or failure to controvert timely the material allegations of such petition;

(c) any material representation or warranty made by the Borrower in this Agreement shall prove to be incorrect when made; or

(d) the Borrower or any guarantor shall fail to perform any material term, covenant or agreement contained in this Agreement and the Borrower does not cure such failure within two (2) business days after the Borrower either becomes aware of such failure or should have become aware of such failure.

5.02 Occurrence of Event of Default. During the period during which an Event of Default shall have occurred and be continuing:

(a) the Borrower shall, at the request of the Secured Party, assemble the Collateral owned by it at such place or places, reasonably convenient to both the Secured Party and the Borrower, designated in such request;

(b) the Secured Party may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral;

(c) the Secured Party shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not said UCC is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Secured Party were the sole and absolute owner thereof (and the Borrower agrees to take all such action as may be appropriate to give effect to such right);

(d) the Secured Party in its discretion may, in its name or in the name of the Borrower or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(e) the Secured Party may, upon not less than ten (10) days' prior written notice to the Borrower of the time and place, with respect to the Collateral or any part thereof that shall then be or shall thereafter come into the possession, custody or control of the Secured Party or any of its respective agents, sell, lease, assign or otherwise dispose of all or any part of such Collateral, at such place or places as the Secured Party deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required above or by applicable statute and cannot be waived), and the Secured Party or anyone else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right whatsoever of any kind, including any right or equity of redemption (statutory or otherwise), of the Borrower, any such demand, notice and right or equity being hereby expressly waived and released. The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned.

The proceeds of each collection, sale, or other disposition under Section 5.2 shall be applied in accordance with Section 5.06 hereof.

5.03 Deficiency. If the proceeds of sale, collection, or other realization of or upon the Collateral pursuant to Section 5.02 are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Borrower shall remain liable for any deficiency.

5.04 Removals. Without at least thirty (30) days' prior written notice to the Secured Party, the Borrower shall not: (a) maintain any of its books and records with respect to the Collateral at any office or maintain its principal place of business at any place other than at the address indicated by the Borrower in Section 6.02 of this Agreement; or (b) change its name, state of incorporation or the name under which it does business, from the information shown on the signature pages hereto.

5.05 Private Sale. The Secured Party shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to the terms of this Agreement. The Borrower hereby waives any claims against the Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree.

5.06 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Secured Party under this Agreement shall be applied by the Secured Party:

First, to the payment of the reasonable costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Secured Party and the fees and expenses of its agents and counsel, and all expenses incurred and advances made by the Secured Party in connection therewith;

Next, to the payment in full of the Secured Obligations, first to interest on the Promissory Note, second to the outstanding principal of the Promissory Note and third to all other amounts constituting Secured Obligations; and

Finally, to the payment to the Borrower, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

As used herein, "proceeds" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of the Borrower or obligor on any of the Collateral.

5.07 Attorney-in-Fact. Without limiting any rights or powers granted by this Agreement to the Secured Party while no Event of Default herein has occurred and is continuing, upon the occurrence and during the continuance of any Event of Default, the Secured Party is hereby appointed the attorney-in-fact of the Borrower for the purpose of carrying out the provisions of this Article V and taking any action and executing any instruments that the Secured

Party may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest.

5.08 Perfection. Prior to or concurrently with the execution and delivery of this Agreement, the Borrower shall file, execute and deliver such financing statements and other documents in such offices as the Secured Party may reasonably request to perfect the security interests granted under this Agreement and the Borrower hereby grants the Secured Party permission to file of record any financing statements and other documents, including financing statements that describes the collateral as "All Assets".

5.09 Further Assurances. The Borrower agrees that, from time to time upon the written request of the Secured Party, the Borrower will execute and deliver such further documents and do such other acts and things as the Secured Party may reasonably request in order fully to effect the purposes of this Agreement.

ARTICLE VI
DEFAULT; REMEDIES

6.01 No Waiver. No failure on the part of the Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Secured Party of any right, power, or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

6.02 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, faxed or mailed, by registered or certified mail as follows:

if to Borrower:

Encore International Investment Funds, LLC
c/o Encore Enterprises, Inc.
5005 LBJ Freeway, Suite 1200
Dallas, TX 75244
Attn: Alan Murray
Telephone Number: (214) 259-7003
Telecopy Number: (214) 259-7001
Email: amurray@encore.bz

if to Secured Party:

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Attn: Gabriel Hidalgo
Telephone Number: (214) 572-2303
Telecopy Number: (214) 572-2398
Email: gabriel.hidalgo@civitascapital.com

6.03 Expenses. The Borrower agrees to reimburse the Secured Party for all reasonable costs and expenses (including, without limitation, the reasonable fees and expenses of legal counsel) in connection with: (a) any Event of Default and any enforcement or collection proceeding resulting therefrom, including, without limitation, all manner of participation in or other involvement with: (i) performance by the Secured Party of any obligations of the Borrower in respect of the Collateral that the Borrower has failed or refused to perform; (ii) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Secured Party in respect thereof, by litigation or otherwise, including expenses of insurance; (iii) judicial or regulatory proceedings and (iv) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated); and (b) the enforcement of this Section 6.03, and all such costs and expenses shall be Secured Obligations entitled to the benefits of the Collateral security provided pursuant to Article III hereof.

6.04 Amendments, Etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Borrower and the Secured Party.

6.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Borrower, the Secured Party, and each holder of any of the Secured Obligations (provided, however, that the Borrower shall not assign or transfer its rights hereunder without the prior written consent of the Secured Party, which consent shall be at the Secured Party's sole discretion).

6.06 Conditions. The captions and Section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

6.07 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and either of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or Adobe Portable Document Format (PDF) electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

6.08 Governing Law. **THIS AGREEMENT SHALL BE DEEMED A CONTRACT AND INSTRUMENT MADE UNDER THE LAWS OF THE STATE OF TEXAS AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW OF TEXAS OR ANY OTHER JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS ITSELF TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE STATE OF TEXAS AND AGREES AND CONSENTS THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN ANY LEGAL PROCEEDING RELATING TO THIS AGREEMENT**

OR THE SECURED OBLIGATIONS BY ANY MEANS ALLOWED UNDER TEXAS OR FEDERAL LAW.

6.09 Waiver of Jury Trial. **THE BORROWER AND THE SECURED PARTY HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

6.10 Secured Party and Attorneys-in-Fact. The Secured Party may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such Secured Party or attorneys-in-fact selected by it in good faith.

6.11 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law: (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible; and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

6.12 Termination. When all Secured Obligations shall have been indefeasibly paid in full and the Promissory Note has been cancelled, this Agreement shall terminate. Upon such termination, the Secured Party shall, at the Borrower's expense, use commercially reasonable efforts to execute and deliver to the Borrower such UCC termination statements and such other documentation as shall be reasonably requested by the Borrower to effect the termination and release of the liens on the Collateral.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

Borrower:

Encore International Investment Funds, LLC,
a Delaware limited liability company

By: Encore Enterprises, Inc., a Mississippi
corporation, its sole member

By: _____
Name: Bharat H. Sangani
Title: Chairman

Secured Party:

Civitas Encore Fund, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

EXHIBIT F
FORM OF PLEDGE AGREEMENT

[attached]

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (the "*Agreement*"), dated July __, 2010, is made and entered into by and between Encore International Investment Funds, LLC, a Delaware limited liability company (the "*Pledgor*"), and Civitas Encore Fund, LP, a Texas limited partnership (the "*Secured Party*").

RECITALS

WHEREAS, the transactions contemplated by this Agreement are being made in connection with that certain Term Loan Agreement, dated as of July __, 2010 (as further amended, modified, or amended and restated from time to time, and including any replacements thereof, the "*Loan Agreement*"), by and between the Pledgor and the Secured Party, whereby the Secured Party has agreed to advance certain funds to the Pledgor as detailed and evidenced by a certain Term Loan Note, dated as of the date hereof (as amended and/or supplemented from time to time, the "*Promissory Note*"), made by the Pledgor payable to the order of the Secured Party, in a maximum aggregate principal amount of Fifteen Million and No/100 Dollars (\$15,000,000);

WHEREAS, to induce the Secured Party to make advances under the Promissory Note, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Pledgor has agreed to pledge and grant a security interest in the Pledged Collateral as security for the Secured Obligations; and

WHEREAS, Pledgor has determined that the execution, delivery, and performance of this Agreement directly benefits and is in the best interest of Pledgor.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. **Defined Terms.** Capitalized terms used in this Agreement but not otherwise defined shall have the respective meanings assigned to them in the Loan Agreement; provided, however, that all terms not specifically defined herein, which terms are defined in the UCC, shall have the meanings assigned to them therein. As used herein, the following terms shall have the following meanings:

"*Additional Collateral*" shall have the meaning set forth in paragraph 3(b).

"*Agreement*" shall have the meaning set forth in the preamble.

"*Constituent Document*" shall mean: (a) with respect to a Pledgor that is a limited liability company, the operating agreement of such Pledgor, as the same may be further amended or amended and restated from time to time; and (b) with respect to an Pledgor that is a partnership, the partnership agreement of such Pledgor, as the same may be further amended or amended and restated from time to time.

"*Insolvency Proceeding*" shall mean any proceeding commenced by or against and Person under any provision of the Bankruptcy Code or under any other bankruptcy or insolvency

law, assignments for the benefits of creditors, formal or informal moratoria, compositions, or extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Loan Agreement” shall have the meaning set forth in the recitals.

“Obligations” shall mean all amounts owed by the Borrower to the Lender pursuant to or in connection with the Loan Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations under letters of credit, all fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Lender incurred pursuant to the Loan Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, together with all renewals, extensions, modifications or refinancings thereof.

“Pledged Collateral” shall mean and include the following: (a) all shares of stock, partnership interests, member interest, and other equity interests, whether now owned or hereafter acquired by Pledgor, including but not limited to, the issued and outstanding capital stock or equity interest, as applicable, of the Subsidiaries listed on Exhibit A attached hereto and made a part hereof, and all rights and privileges pertaining thereto, including, without limitation, all securities and additional securities receivable in respect of or in exchange for such securities, all rights to subscribe for securities incident to or arising from ownership of such securities, all cash, interest, membership interests, stock and other dividends or distributions paid or payable on such securities, and all books and records pertaining to the foregoing, including, without limitation, all stock record and transfer books, (b) any and all other securities hereafter pledged by Pledgor to the Secured Party to secure the Secured Obligations of the Pledgor, and all rights and privileges pertaining thereto, including, without limitation, all securities and additional securities receivable in respect of or in exchange for such securities, all rights to subscribe for securities incident to or arising from ownership of such securities; all cash, interest, membership interests, stock and other dividends or distributions paid or payable on such securities, and all books and records pertaining to the foregoing, (c) the Pledged Debt, the promissory notes and other instruments evidencing the Pledged Debt, and all interest, cash, instruments, investment property and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Debt; and (d) whatever is received when any of the foregoing is sold, exchanged or otherwise disposed of, including any proceeds as such term is defined in the UCC.

“Pledged Debt” shall mean all indebtedness from time to time owing to Pledgor as described on Exhibit B attached hereto.

“Pledgor” shall have the meaning set forth in the preamble.

“Promissory Note” shall have the meaning set forth in the recitals.

“**Requirement of Law**” shall mean in respect of any Person, all laws applicable to such Person, and all orders and decrees of all courts and determinations of arbitrators applicable to such Person.

“**Securities Act**” shall have the meaning set forth in paragraph 9(b).

“**Secured Obligations**” shall have the meaning set forth in paragraph 2.

“**Secured Party**” shall have the meaning set forth in the preamble.

“**Security Documents**” shall have the meaning set forth in paragraph 4.

“**UCC**” shall mean the Uniform Commercial Code as in effect in the State of Texas.

2. Grant of Security Interests. Pledgor, to secure on a first priority basis the prompt payment in full when due (whether by stated maturity, by acceleration, or otherwise) and performance of all the Obligations of any kind under or in connection with the Loan Agreement and other Loan Documents (including without limitation all interest that accrues after the commencement of any Insolvency Proceeding of the Pledgor, whether or not the payment of such interest is unenforceable or is not allowable due to the existence of such Insolvency Proceeding), and all obligations of Pledgor now or hereafter existing under this Agreement including, without limitation, all fees, costs, expenses whether in connection with collection actions hereunder or otherwise, and all interest that accrues after the commencement of any Insolvency Proceeding of the Pledgor, whether or not the payment of such interest is unenforceable or is not allowable due to the existence of such Insolvency Proceeding (collectively, the “**Secured Obligations**”), hereby grants to the Secured Party a first priority security interest in all of the Pledgor’s now existing and hereafter acquired and/or arising right, title, and interest in, to and under the Pledged Collateral owned by Pledgor, whether now or hereafter existing and wherever located.

3. Delivery of Pledged Collateral

(a) All Constituent Documents, certificates, and all promissory notes and instruments evidencing the Pledged Collateral shall be delivered to and held by or on behalf of the Secured Party. All pledged equity interests shall be certificated, delivered to the Secured Party, and be accompanied by a duly executed instrument of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party and all promissory notes or other instruments so delivered evidencing the Pledged Debt shall be endorsed by Pledgor.

(b) All other promissory notes, certificates and instruments constituting Pledged Collateral from time to time acquired or required to be pledged to the Secured Party by Pledgor pursuant to the terms of this Agreement or the Loan Agreement (the “**Additional Collateral**”) shall be delivered to the Secured Party promptly upon (and in any event not more than five (5) calendar days after) receipt thereof by or on behalf of Pledgor.

(c) If Pledgor shall receive, by virtue of Pledgor’s being or having been an owner of any Pledged Collateral, any (i) stock certificate (including without limitation any certificate representing a stock dividend or distribution in connection with any increase or reduction of

capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off), promissory note or other instrument, (ii) option or right, whether as an addition to, substitution for, or in exchange for, any Pledged Collateral, or otherwise, (iii) dividends payable in cash or in securities or other property or (iv) dividends, distributions, cash, instruments, investment property and other property in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, Pledgor shall receive such stock certificate, promissory note, instrument, option, right, payment or distribution in trust for the benefit of the Secured Party, shall segregate it from Pledgor's other property and shall deliver it forthwith to the Secured Party in the exact form received, with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by the Secured Party as Pledged Collateral and as further collateral security for the Secured Obligations.

4. Further Assurances. Prior to or concurrently with the execution of this Agreement, and thereafter at any time and from time to time upon reasonable request of the Secured Party, the Pledgor shall execute and deliver to the Secured Party all financing statements, continuation financing statements, termination statements, assignments, certificates and documents of title, affidavits, reports, notices, schedules of account, letters of authority, further pledges, stock power, powers of attorney and all other documents (collectively, the "*Security Documents*") which the Secured Party may reasonably request, in form satisfactory to the Secured Party, and take such other action which the Secured Party may request, to perfect and continue perfected and to create and maintain the first priority status of the Secured Party's security interest in the Pledged Collateral and to fully consummate the transactions contemplated under the Loan Agreement, the other Loan Documents, and this Agreement. Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Pledgor irrevocably makes, constitutes, and appoints the Secured Party (and any of the Secured Party's officers, employees, or agents designated by the Secured Party) as Pledgor's true and lawful attorney with power to sign the name of Pledgor on all or any of the Security Documents which the Secured Party determines must be executed, filed, recorded or sent in order to perfect or continue perfected the Secured Party's security interest in the Pledged Collateral. Such power, being coupled with an interest, is irrevocable until all of the Secured Obligations have been paid in full (other than contingent indemnification obligations to the extent no claims giving rise thereto have been asserted) and the Term Loan Commitments have terminated.

5. Representations and Warranties. Pledgor hereby affirms all representations and warranties related to the Pledgor in the Loan Agreement and further represents and warrants to the Secured Party as follows:

(a) Pledgor has, and will continue to have (or, in the case of after-acquired Pledged Collateral, at the time it acquires rights in such Pledged Collateral, will have), title to the Pledged Collateral, free and clear of all Liens and Pledgor is and at the time of delivery of the Pledged Debt to Secured Party will be, the sole owner of such Pledged Debt free and clear of any Liens thereon or affecting title thereto.

(b) The shares of capital stock constituting the Pledged Collateral have been duly authorized and validly issued to Pledgor (as set forth on Exhibit A hereto) and are fully paid and nonassessable and the Pledged Debt has been duly authorized, authenticated, or issued and

delivered by, and is the legal, valid and binding obligation of the applicable Person, and no such Person is in default thereunder.

(c) Pledgor has the right and requisite authority to pledge, assign, transfer, deliver, deposit, and set over the Pledged Collateral as provided herein.

(d) None of the Pledged Collateral has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject.

(e) All of the Pledged Collateral are presently owned by Pledgor, and are presently represented by certificates (if equity interests) or promissory notes or instruments (if Pledged Debt), all of which is listed on Exhibit A and Exhibit B, attached hereto.

(f) There are no actions, suits, or proceedings pending or, to its best knowledge after due inquiry, threatened against or affecting Pledgor with respect to the Pledged Collateral, at law or in equity or before or by any Government Authority, and Pledgor is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation that could adversely affect its performance hereunder.

(g) The pledge, assignment, and delivery of the Pledged Collateral pursuant to this Agreement will create a valid first priority Lien on and first priority perfected security interest in favor of the Secured Party for the benefit of Secured Party in the Pledged Collateral and the proceeds thereof, securing the payment of the Secured Obligations, subject to no other Lien.

(h) The execution, delivery, and performance by Pledgor of this Agreement and the other Loan Documents (i) have been duly authorized, executed, and delivered by Pledgor and constitutes the legal, valid, and binding obligation of Pledgor, enforceable against Pledgor in accordance with its terms, (ii) do not and will not contravene any of its Constituent Documents, any Requirement of Law, or any contractual restriction binding on or affecting Pledgor or any of Pledgor's properties (including without limitation any Constituent Documents of any entity who issued the Pledged Collateral), (iii) do not and will not result in or require the creation of any Lien upon or with respect to any of Pledgor's properties other than pursuant to this Agreement, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture, or nonrenewal of any licenses.

(i) The exercise by the Secured Party of any of its rights and remedies hereunder will not contravene any Requirement of Law or any contractual restriction binding on or affecting Pledgor or any of the properties of Pledgor and will not result in or require the creation of any Lien upon or with respect to any of the properties of Pledgor other than pursuant to this Agreement or the other Loan Documents.

(j) Exhibit C hereto sets forth (i) the exact legal name of Pledgor and all other names used by Pledgor at any time during the five (5) years preceding the date of this Agreement, (ii) each place of business of Pledgor during the five (5) years preceding the date of this Agreement, and (iii) Pledgor's state or jurisdiction of organization and the organizational identification number of Pledgor (or states that no such organizational identification number exists).

6. General Covenants. In addition to any covenants and agreements of Pledgor set forth in the other Loan Documents, which are incorporated herein by this reference, Pledgor hereby covenants and agrees as follows:

(a) Pledgor will, at Pledgor's expense, at any time and from time to time, promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable or that the Secured Party may request in order to (i) perfect and protect (or maintain the perfection of) the security interest created hereby in the Pledged Collateral, (ii) enable the Secured Party to exercise and enforce its rights and remedies hereunder in respect of the Pledged Collateral, and (iii) effect the purposes of this Agreement, including without limitation delivering to the Secured Party irrevocable proxies in respect of the Pledged Collateral;

(b) Pledgor will do all acts that may be necessary and appropriate to maintain, preserve, and protect the Pledged Collateral;

(c) Pledgor shall be responsible for the risk of loss of, damage to, or destruction of the Pledged Collateral owned by Pledgor, unless such loss is the result of the gross negligence or willful misconduct of the Secured Party;

(d) Pledgor will appear in and defend any action or proceeding of which it is aware that could reasonably be expected to affect its title to, or the Secured Party's interest in, the Pledged Collateral owned by it and the proceeds thereof; provided, however, that it may settle such actions or proceedings with respect to the Pledged Collateral it owns with the consent of the Secured Party;

(e) Pledgor will keep separate, accurate, and complete records of the Pledged Collateral owned by it, disclosing the Secured Party's security interest hereunder;

(f) Pledgor will pay any and all taxes, duties, fees, or imposts of any nature, if any, imposed by any state, federal or local authority on any of the Pledged Collateral;

(g) Pledgor will permit the Secured Party, its officers, employees, and agents at all times to inspect all books and records related to the Pledged Collateral;

(h) To the extent Pledgor acquires additional shares or membership interests of any of the Subsidiaries of Pledgor or any of the rights, property, or securities described in the definition of Pledged Collateral, such shares, membership interests, rights, property or securities shall be, upon such acquisition, pledged to the Secured Party, and Pledgor shall deliver an updated Exhibit A hereto to the Secured Party;

(i) Pledgor will give the Secured Party at least thirty (30) days' prior written notice of any change in Pledgor's name, principal residence, or jurisdiction of organization;

(j) Pledgor will not sell, assign (by operation of law or otherwise), exchange, or otherwise dispose of any Pledged Collateral or any interest therein;

(k) Pledgor will not create or suffer to exist any Lien upon or with respect to any

Pledged Collateral, except for the security interest created hereby and by the other Loan Documents;

(l) Pledgor will not make or consent to any amendment or other modification or waiver with respect to any Pledged Collateral or enter into any agreement or permit to exist any restriction with respect to any Pledged Collateral other than as expressly provided by the Loan Agreement;

(m) Except as expressly permitted by the Loan Agreement, Pledgor will not permit the issuance of (i) any additional shares, interests, or units of any class of equity interests of the Pledgor, (ii) any securities convertible voluntarily by the holder thereof or automatically upon the occurrence or non-occurrence of any event or condition into, or exchangeable for, any shares, interests or units of any class of equity interests of the Pledgor, or (iii) any warrants, options, contracts, or other commitments entitling any Person to purchase or otherwise acquire any shares, interests, or units of any class of equity interests of the Pledgor;

(n) Pledgor will not permit or agree to any amendment or modification of any Constituent Document (except for ministerial or other non-substantive amendments or modifications) as in effect on the date hereof (or other governing document with respect to the Pledged Collateral), or waive any rights or benefits under such Constituent Document (or such other governing document), without the prior written consent of the Lender; and

(o) Pledgor will not take or fail to take any action that would in any manner impair the validity or enforceability of the Secured Party's security interest in and Lien on any Pledged Collateral.

7. Voting Rights, Dividends, Etc. in Respect of the Pledged Collateral.

(a) So long as no Default or Event of Default (as such terms are defined in the Loan Agreement) shall have occurred:

(i) Pledgor may exercise any and all voting and other consensual rights pertaining to any Pledged Collateral for any purpose not inconsistent with the terms of this Agreement, the Loan Agreement, and the Loan Documents; provided, however, that (A) no Pledgor will take action to obstruct, impede, or infringe upon the Secured Party's enforcement of their rights, benefits, and remedies under the Loan Documents, (B) Pledgor will cooperate fully with the Secured Party in taking any action reasonably requested in order to cause the Secured Party to obtain and enjoy the full rights and benefits granted to them under the Loan Documents, and (C) (I) Pledgor will exercise or refrain from exercising any such right, as the case may be, if the Secured Party gives Pledgor notice that such action or inaction is reasonably likely to have a Material Adverse Effect on the value of any Pledged Collateral and (II) Pledgor will give the Secured Party at least five (5) Business Days' notice of the manner in which Pledgor intends to exercise, or the reasons for refraining from exercising, any such right which could reasonably be expected to have a Material Adverse Effect on the value of any of the Pledged Collateral of Pledgor;

(ii) Pledgor may receive and retain any and all dividends, interest, or other distributions paid in respect of the Pledged Collateral only to the extent the payment of such dividend, interest or distribution is expressly permitted under the Loan Agreement; provided, however, that any and all (A) dividends and interest paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of or in exchange for, any Pledged Collateral, (B) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, and (C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Pledged Collateral, together with any dividend, interest payment or other distribution, that at the time of such dividend, interest payment or other distribution was not permitted by the Loan Agreement, shall be, and shall forthwith be delivered to the Secured Party to hold as, Pledged Collateral and shall, if received by Pledgor, be received in trust for the benefit of the Secured Party, shall be segregated from the other property or funds of Pledgor, and shall be forthwith delivered to the Secured Party in the exact form received with any necessary indorsement and/or appropriate stock powers duly executed in blank, to be held by the Secured Party as Pledged Collateral and as further collateral security for the Obligations (it being understood that this Section 7 shall not limit in any respect the conditions to distributions and dividends set forth in the Loan Agreement); and

(iii) the Secured Party will execute and deliver (or cause to be executed and delivered) all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) of this Section 7(a) and to receive the dividends which they are authorized to receive and retain pursuant to paragraph (ii) of this Section 7(a).

(b) Upon the occurrence of a Default or an Event of Default (as such terms are defined in the Loan Agreement):

(i) all rights of Pledgor to exercise the voting and other consensual rights which they would otherwise be entitled to exercise pursuant to subsection (a) of this Section 7 and to receive the dividends, distributions, interest and other payments which Pledgor would otherwise be authorized to receive and retain pursuant to paragraph (ii) of subsection (a)(i) of this Section 7, shall cease, and all such rights shall thereupon become vested in the Secured Party, which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and hold as Pledged Collateral such dividends and interest payments (it being understood that this Section 7 shall not limit in any respect the conditions to distributions and dividends set forth in the Loan Agreement);

(ii) the Secured Party is authorized to notify each debtor with respect to the Pledged Debt to make payment directly to the Secured Party (or its designee) and may collect any and all moneys due or to become due to Pledgor in respect of the Pledged Debt, and Pledgor hereby authorizes each such debtor to make such payment directly to the Secured Party (or its designee) without any duty of inquiry;

(iii) without limiting the generality of the foregoing, the Secured Party may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Collateral as if it were the absolute owner thereof, including without limitation the right to exchange, in its discretion, any and all of the Pledged Collateral upon the merger, consolidation, reorganization, recapitalization or other adjustment of any Person who issued any Pledged Collateral, or upon the exercise by any Person who issued any Pledged Collateral of any right, privilege, or option pertaining to any Pledged Collateral, and, in connection therewith, to deposit and deliver any and all of the Pledged Collateral with any committee, depository, transfer agent, registrar or other designated agent upon such terms and conditions as it may determine; and

(iv) all dividends, interest and other distributions which are received by Pledgor contrary to the provisions of Section 7(b)(i) shall be received in trust for the benefit of the Secured Party, shall be segregated from other funds of Pledgor, and shall be forthwith paid over to the Secured Party as Pledged Collateral in the exact form received with any necessary indorsement and/or appropriate stock powers duly executed in blank, to be held by the Secured Party as Pledged Collateral and as further collateral security for the Secured Obligations.

8. Additional Provisions Concerning the Pledged Collateral.(a) To the maximum extent permitted by law, Pledgor (i) authorizes the Secured Party to execute any agreements, instruments, or other documents in Pledgor's name and to file such agreements, instruments or other documents in Pledgor's name and to file such agreements, instruments, or other documents in any appropriate filing office, for the purpose of taking any action which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, (ii) authorizes the Secured Party to file any financing statements required hereunder or under any other Loan Document, and any continuation statements or amendment with respect thereto, in any appropriate filing office without the signature of Pledgor and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed by the Secured Party without the signature of Pledgor prior to the date hereof.

(b) Pledgor hereby irrevocably appoints the Secured Party as its attorney-in-fact and proxy, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise, in the Secured Party's discretion at any time and from time to time, to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement with respect to the Pledged Collateral of Pledgor (subject to the revocable rights of Pledgor under Section 7(a) hereof), including without limitation to receive, indorse and collect all instruments made payable to Pledgor representing any dividend, interest payment, or other distribution in respect of any Pledged Collateral and to give full discharge for the same. This power is coupled with an interest and is irrevocable until all of the Secured Obligations are paid in full and each Term Loan Commitment is terminated.

(c) If Pledgor fails to perform any agreement or obligation contained herein, the Secured Party itself may perform, or cause performance of, such agreement or obligation, and the expenses of the Secured Party incurred in connection therewith shall be jointly and severally payable by Pledgor pursuant to Section 9(d) hereof and shall be secured by the Pledged

Collateral.

(d) Other than the exercise of reasonable care to assure the safe custody of the Pledged Collateral while held hereunder, the Secured Party shall have no duty or liability to preserve rights pertaining thereto and shall be relieved of all responsibility for the Pledged Collateral of Pledgor upon surrendering it or tendering surrender of it to Pledgor. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property, it being understood that the Secured Party shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral.

(e) The powers conferred on the Secured Party hereunder are solely to protect its interest in the Pledged Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Pledged Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Pledged Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Pledged Collateral.

(f) Upon the occurrence of a Default or an Event of Default (as such terms are defined in the Loan Agreement), the Secured Party may at any time in its discretion (i) without notice to Pledgor, transfer or register in the name of the Secured Party or any of its nominees any or all of the Pledged Collateral, subject only to the revocable rights of Pledgor under Section 7(a) hereof, and (ii) exchange certificates or instruments constituting Pledged Collateral for certificates or instruments of smaller or larger denominations.

9. Remedies Upon Default. If any Default or Event of Default (as such terms are defined in the Loan Agreement) shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Pledged Collateral, in addition to any other rights and remedies provided for herein or otherwise available to it and all of the rights and remedies of a secured party on default under the UCC then in effect in the State of Texas; and without limiting the generality of the foregoing and without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or elsewhere, at such price or prices and on such other terms as the Secured Party may deem commercially reasonable. Pledgor agrees that, to the extent notice of sale shall be required by law, at least five (5) days' notice to Pledgor of the time and place of any public sale of Pledged Collateral owned by Pledgor or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Pledgor recognizes that the Secured Party may deem it impracticable to effect a public sale of all or any part of the Pledged Shares or any other securities constituting Pledged Collateral and that the Secured Party may, therefore, determine to make one or more private sales of any such securities to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. Pledgor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that the Secured Party shall have no obligation to delay the sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act of 1933, as amended (the "*Securities Act*"). Pledgor further acknowledges and agrees that any offer to sell such securities which has been (i) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of Dallas, Texas (to the extent that such an offer may be so advertised without prior registration under the Securities Act) or (ii) made privately in the manner described above to not less than fifteen bona fide offerees shall be deemed to involve a "public disposition" for the purposes of Section 9-610(c) of the UCC (or any successor or similar, applicable statutory provision) as then in effect in the State of Texas, notwithstanding that such sale may not constitute a "public offering" under the Securities Act, and that the Secured Party may, in such event, bid for the purchase of such securities.

(c) Any cash held by the Secured Party as Pledged Collateral and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon, all or any part of the Pledged Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, or at any time thereafter applied (after payment of any amounts payable to the Secured Party pursuant to Section 9 hereof) in whole or in part by the Secured Party against, all or any part of the Secured Obligations in such order as the Secured Party shall elect consistent with the provisions of the Loan Agreement. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all of the Secured Obligations and the termination of the Guaranty shall be paid over to Pledgor or to such Person as may be lawfully entitled to receive such surplus.

(d) Indemnity and Expenses.

(i) Pledgor agrees to defend, protect, indemnify, and hold harmless the Secured Party (and all of its officers, directors, employees, attorneys, consultants and agents) from and against any and all claims, damages, losses, liabilities, obligations, penalties, fees, costs, and expenses (including without limitation legal fees and other client charges and disbursements of the Secured Party's counsel) incurred by the Secured Party as a result of or arising from or relating to or in connection with this Agreement (including without limitation enforcement of this Agreement), except, as to any such indemnified Person, claims, damages, losses, liabilities, obligations, penalties, fees, costs and expenses resulting solely and directly from such Person's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(ii) Pledgor agrees to pay to the Secured Party upon demand the amount of

any and all costs and expenses, including the legal fees and other client charges and disbursements of the Secured Party's counsel and of any experts, which the Secured Party or may incur in connection with (A) the preparation, negotiation, execution, delivery, recordation, administration, amendment, waiver or other modification or termination of this Agreement, (B) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Pledged Collateral, (C) the exercise or enforcement of any of the rights of the Secured Party hereunder, or (D) the failure by Pledgor to perform or observe any of the provisions hereof.

10. Notices. All notices and other communications provided for hereunder shall be in writing and shall be mailed (by certified mail, postage prepaid and return receipt requested), telecopied or delivered, if to Pledgor, to Pledgor at its address specified on Exhibit D hereto, if to the Secured Party, to it at its address specified in the Loan Agreement, or as to any such Person at such other address as shall be designated by such Person in a written notice to such other Person complying as to delivery with the terms of this Section 10. All such notices and other communications shall be effective (i) if mailed (by certified mail, return receipt requested), when received or three (3) days after being deposited in the mails, whichever occurs first, (ii) if telecopied, when transmitted and confirmation of such transmission is received, or (iii) if delivered (by messenger or by courier), upon delivery.

11. Submission to Jurisdiction; Waivers. Pledgor hereby irrevocably and unconditionally:

(a) Submits for Pledgor and the property of Pledgor in any action, suit or proceeding relating to this Agreement or any other Loan Document to which Pledgor is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Texas, the courts of the United States of America for the Northern District of Texas, Dallas Division, and appellate courts thereof;

(b) Agrees that any such action, suit or proceeding may be brought in such courts and waives any objection that Pledgor may now or hereafter have to the venue of any such action, suit or proceeding in any such court or that such action, suit or proceeding was brought in an inconvenient court and covenants not to plead or claim the same;

(c) Consents to the service of any and all process in any such action, suit or proceeding by the mailing of copies of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Pledgor, at Pledgor's address set forth in Section 11 hereof or at such other address of which the Secured Party shall have been notified pursuant thereto;

(d) To the extent that Pledgor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to Pledgor or the property of Pledgor, Pledgor hereby irrevocably waives such immunity in respect of the obligations of Pledgor under this Agreement;

(e) Agrees that nothing herein shall affect the right of the Secured Party to effect

service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(f) Waives any right Pledgor may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

12. Obligation Unconditional; Continuing Security Interest.

(a) All rights and interests of the Secured Party hereunder, and all agreements and obligations of Pledgor hereunder, shall remain in full force and effect and shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of the Guaranty, the Loan Agreement or any other Loan Document, (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to departure from the Loan Agreement or any other Loan Document, (iii) any exchange or release of, or non-perfection of any Lien on or security interest in, any collateral for any of the Secured Obligations, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations, or (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, a borrower, pledgor or other obligor in respect of the Secured Obligations. All authorizations and agencies contained herein with respect to any of the Pledged Collateral are irrevocable and powers coupled with an interest.

(b) Pledgor hereby waives (i) promptness and diligence, (ii) notice of acceptance and notice of the incurrence of any obligation by the Pledgor, (iii) notice of any actions taken by the Secured Party, the Pledgor or any other Person under any Loan Document or any other agreement, document or instrument relating thereto, (iv) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Secured Obligations, the omission of or delay in which, but for the provisions of this subsection (b), might constitute grounds for relieving Pledgor of any of Pledgor's obligations hereunder and (v) any requirement that the Secured Party protect, secure, perfect, or insure any security interest or other lien on any property subject thereto or exhaust any right or take any action against the Pledgor or any other Person or any collateral.

13. JURY TRIAL WAIVER. THE PLEDGOR AND THE SECURED PARTY EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE COLLATERAL TO THE FULL EXTENT PERMITTED BY LAW. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

14. No Waiver; Cumulative Remedies

. No failure to exercise, and no delay in exercising, on the part of the Secured Party, any

right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided under the other Loan Documents or by Requirement of Law. Pledgor waives any right to require the Secured Party to proceed against any other Person or to exhaust any of the Pledged Collateral or other security for the Secured Obligations or to pursue any remedy in the Secured Party's power.

15. Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) remain in full force and effect until the payment in full of all of the Secured Obligations after termination of all of the Term Loan Commitments and the termination of the Guaranty in accordance with its terms and (ii) be binding on Pledgor and by its acceptance hereof, the Secured Party, and their respective successors and assigns and shall inure, together with all rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and their respective successors, transferees and assigns. Without limiting the generality of clause (ii) of the immediately preceding sentence, without notice to Pledgor, the Secured Party may assign or otherwise transfer their respective rights and obligations under this Agreement and any other Loan Document to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to the Secured Party herein or otherwise. Upon any such assignment or transfer, all references in this Agreement to the Secured Party shall mean the assignee of the Secured Party. None of the rights or obligations of Pledgor hereunder may be assigned or otherwise transferred without the prior written consent of the Secured Party, and any assignment or transfer made in the absence of such prior written consent shall be null and void. All rights of the Secured Party under this Agreement shall inure to the benefit of its successors and permitted assigns. All obligations of Pledgor shall bind its successors and permitted assigns; provided, however, Pledgor may not assign or transfer any of its rights and obligations hereunder or any interest herein without the prior written consent of the Secured Party, which consent may be withheld in the Secured Party's sole discretion.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Texas without regard to its conflicts of law principles or those of any other jurisdiction, except to the extent the validity or perfection of the security interests or the remedies hereunder in respect of any Pledged Collateral are governed by the law of a jurisdiction other than the State of Texas.

18. Specific Performance. Pledgor acknowledges and agrees that, in addition to the other rights of the Secured Party hereunder and under the other Loan Documents, because the Secured Party's remedies at law for failure of Pledgor to comply with the provisions hereof relating to the Secured Party's rights (a) to inspect the books and records related to the Pledged Collateral, (b) to receive the various notifications Pledgor is required to deliver hereunder, (c) to obtain copies of agreements and documents as provided herein with respect to the Pledged Collateral, (d) to enforce the provisions hereof pursuant to which Pledgor has appointed the

Secured Party its attorney-in-fact, and (e) to enforce the Secured Party's remedies hereunder, would be inadequate and that any such failure would not be adequately compensable in damages. The Pledgor agrees that each such provision hereof may be specifically enforced.

19. Entire Agreement; Amendments. This Agreement and the Loan Documents constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a grant of a security interest in the Pledged Collateral by Pledgor. This Agreement may not be amended or supplemented except by a writing signed by the Secured Party and Pledgor.

20. Reconveyance. Upon the payment in full of the Loans and the termination of the Term Loan Commitments, this Agreement and all of the Secured Party's right, title and interest hereunder with respect to the Pledged Collateral shall terminate and be discharged in full and the Secured Party shall, at Pledgor's expense, execute and deliver such documents and instruments as necessary and requested by Pledgor to terminate, release and discharge this Agreement and the security interest created hereby and to reconvey the Pledged Collateral to Pledgor.

21. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed shall be deemed an original and all of which taken together shall constitute but one and the same agreement.

22. Descriptive Headings. The descriptive headings which are used in this Agreement are for the convenience of the parties only and shall not affect the meaning of any provision of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed with the intention that it constitutes a sealed instrument as of the date first above written.

ENCORE INTERNATIONAL INVESTMENT FUNDS, LLC,
a Delaware limited liability company

By: Encore Enterprises, Inc.,
a Mississippi corporation, its sole member
as Pledgor

By: _____
Name: Bharat H. Sangani
Title: Chairman

CIVITAS ENCORE FUND, LP
a Texas limited partnership
as Secured Party

By: Civitas Encore Fund GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

EXHIBIT A

Pledged Shares

<u>Name of Issuer</u>	<u>Class and Number of Shares</u>	<u>Percentage Ownership</u>	<u>Certificate No.s</u>
Not Applicable	Not Applicable	Not Applicable	Not Applicable

EXHIBIT B

Pledged Debt

Not Applicable

EXHIBIT C

Pledgor Information

Encore International Investment Funds, LLC,

a Delaware limited liability company

TIN: 27-2952415

EXHIBIT D

Addresses

Pledgor

Encore International Investment Funds, LLC
c/o Encore Enterprises, Inc.
5005 LBJ Freeway, Suite 1200
Dallas, TX 75244
Attn: Alan Murray
Telephone Number: (214) 259-7003
Telecopy Number: (214) 259-7001
Email: amurray@encore.bz

Secured Party

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Attn: Gabriel Hidalgo
Telephone Number: (214) 572-2303
Telecopy Number: (214) 572-2398
Email: gabriel.hidalgo@civitascapital.com

EXHIBIT G
FORM OF SUBSIDIARY GUARANTY AGREEMENT

[attached]

SUBSIDIARY GUARANTY AGREEMENT

This **SUBSIDIARY GUARANTY AGREEMENT** (this "**Guaranty**"), dated as of July __, 2010, is executed and delivered by the guarantors listed on the signature pages hereof (each, a "**Subsidiary Guarantor**"), in favor of Civitas Encore Fund, LP, a Texas limited partnership ("**Lender**"), in light of the following:

WHEREAS, Encore International Investment Funds, LLC, a Delaware limited liability company ("**Borrower**"), and Lender are, contemporaneously herewith, entering into that certain Term Loan Agreement of even date herewith (as amended, restated, modified, renewed, or extended from time to time, the "**Loan Agreement**");

WHEREAS, each Subsidiary Guarantor is a Subsidiary of Borrower and, as such, will benefit by virtue of the financial accommodations extended to Borrower by Lender; and

WHEREAS, in order to induce Lender to enter into the Loan Agreement and the other Loan Documents and to extend the loans and other financial accommodations to Borrower pursuant to the Loan Agreement, and in consideration thereof, and in consideration of any loans or other financial accommodations heretofore or hereafter extended by Lender to Borrower pursuant to the Loan Documents, each Subsidiary Guarantor has agreed to guaranty the Guaranteed Obligations.

NOW, THEREFORE, in consideration of the foregoing, each Subsidiary Guarantor hereby agrees as follows:

1. **Definitions and Construction.**

(a) **Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement. The following terms, as used in this Guaranty, shall have the following meanings:

"**Applicable Insolvency Laws**" means all applicable federal and state laws governing bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution, insolvency, fraudulent transfers or conveyances or other similar laws (including, without limitation, 11 U.S.C. Sections 544, 547, 548 and 550 and other "avoidance" provisions of Title 11 of the United States Code, as amended or supplemented).

"**Borrower**" has the meaning set forth in the recitals to this Guaranty.

"**Loan Agreement**" has the meaning set forth in the recitals to this Guaranty.

"**Guaranteed Obligations**" means all of the Obligations now or hereafter existing or arising under any Loan Document, whether for principal, interest (including all interest that accrues after the commencement of any involuntary proceeding irrespective of whether a claim therefor is allowed in such case or proceeding), fees, expenses or otherwise, and also includes any and all reasonable out of pocket expenses (including reasonable counsel fees and expenses) incurred by Lender in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, Guaranteed Obligations shall include all amounts that constitute part of the Guaranteed Obligations and would be owed by Borrower to Lender under any Loan Document but for the fact that they are unenforceable or not allowable, including due to the existence of a bankruptcy, reorganization or similar proceeding involving Borrower or any other guarantor.

“Guarantor” means the Parent Guarantor and all Subsidiary Guarantors.

“Guaranty” has the meaning set forth in the preamble to this Guaranty.

“Obligations” shall mean all amounts owed by the Borrower to the Lender pursuant to or in connection with the Loan Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations under letters of credit, all fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Lender incurred pursuant to the Loan Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, together with all renewals, extensions, modifications, or refinancings thereof.

“Parent Guarantor” means Encore Enterprises, Inc. a Mississippi corporation.

“Record” means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

“Subsidiary Guarantor” has the meaning set forth in the preamble to this Guaranty.

“Voidable Transfer” has the meaning set forth in Section 11 of this Guaranty.

(b) **Construction.** Unless the context of this Guaranty clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the part includes the whole, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and other similar terms in this Guaranty refer to this Guaranty as a whole and not to any particular provision of this Guaranty. Section, subsection, clause, schedule, and exhibit references herein are to this Guaranty unless otherwise specified. Any reference in this Guaranty to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Neither this Guaranty nor any uncertainty or ambiguity herein shall be construed or resolved against Lender or any Subsidiary Guarantor, whether under any rule of construction or otherwise. On the contrary, this Guaranty has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of Subsidiary Guarantors and Lender. Any reference herein to the satisfaction or payment in full of the Guaranteed Obligations shall mean the payment in full in cash of all Guaranteed Obligations other than contingent indemnification Guaranteed Obligations that, at such time, are allowed by Lender to remain outstanding and are not required to be repaid pursuant to the provisions of the Loan Agreement and the full and final termination of any commitment to extend any financial accommodations under the Loan Agreement and any other Loan Document. Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record and any Record transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein. The captions and headings are for convenience of reference only and shall not affect the construction of this Guaranty.

2. **Guarantied Obligations.** Each Subsidiary Guarantor hereby irrevocably and unconditionally guaranties to Lender, as and for its own debt, until the final and indefeasible payment in full thereof, in cash, has been made, the due and punctual payment of the Guarantied Obligations, when and as the same shall become due and payable, whether at maturity, pursuant to a mandatory prepayment requirement, by acceleration, or otherwise; it being the intent of each Subsidiary Guarantor that the guaranty set forth herein shall be a guaranty of payment and not a guaranty of collection.

3. **Continuing Guaranty.** This Guaranty includes Guarantied Obligations arising under successive transactions continuing, compromising, extending, increasing, modifying, releasing, or renewing the Guarantied Obligations, changing the interest rate, payment terms, or other terms and conditions thereof, or creating new or additional Guarantied Obligations after prior Guarantied Obligations have been satisfied in whole or in part. To the maximum extent permitted by law, each Subsidiary Guarantor hereby waives any right to revoke this Guaranty as to future Guarantied Obligations. If such a revocation is effective notwithstanding the foregoing waiver, each Subsidiary Guarantor acknowledges and agrees that (a) no such revocation shall be effective until written notice thereof has been received by Lender, (b) no such revocation shall apply to any Guarantied Obligations in existence on the date of receipt by Lender of such written notice (including any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof), (c) no such revocation shall apply to any Guarantied Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of Lender in existence on the date of such revocation, (d) no payment by any Subsidiary Guarantor, Borrower, or from any other source, prior to the date of Lender's receipt of written notice of such revocation shall reduce the maximum obligation of any Subsidiary Guarantor hereunder, and (e) any payment by Borrower or from any source other than such Subsidiary Guarantor subsequent to the date of such revocation shall first be applied to that portion of the Guarantied Obligations as to which the revocation is effective and which are not, therefore, guarantied hereunder, and to the extent so applied shall not reduce the maximum obligation of such Subsidiary Guarantor hereunder.

4. **Performance Under this Guaranty.** In the event that Borrower fails to make any payment of any Guarantied Obligations on or prior to the due date thereof, the Subsidiary Guarantors shall immediately pay such Guarantied Obligations to the Lender.

5. **Primary Obligations.** This Guaranty is a primary and original obligation of each Subsidiary Guarantor, is not merely the creation of a surety relationship, and is an absolute, unconditional, and continuing guaranty of payment and performance which shall remain in full force and effect without respect to future changes in conditions. Each Subsidiary Guarantor hereby agrees that it is directly, jointly and severally with each other Subsidiary Guarantor and any other guarantor of the Guarantied Obligations, liable to Lender for the payment and performance of the Guarantied Obligations, that the obligations of each Subsidiary Guarantor hereunder are independent of the obligations of Borrower, any other Subsidiary Guarantor or any other guarantor, and that a separate action may be brought against each Subsidiary Guarantor, whether such action is brought against Borrower or any other Subsidiary Guarantor or guarantor or whether Borrower or any other Subsidiary Guarantor or guarantor is joined in such action. Each Subsidiary Guarantor hereby agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by Lender of whatever remedies it may have against Borrower or any other Subsidiary Guarantor or guarantor, or the enforcement of any lien or realization upon any security by Lender. Each Subsidiary Guarantor hereby agrees that any release which may be given by Lender to Borrower or any other Subsidiary Guarantor or guarantor, or with respect to any property or asset subject to a Lien, shall not release such Subsidiary Guarantor. Each Subsidiary Guarantor consents and agrees that Lender shall not be under any obligation to marshal any property or assets of Borrower or any other Subsidiary Guarantor or guarantor in favor of such Subsidiary Guarantor, or against or in payment of any or all of the Guarantied Obligations.

6. **Bankruptcy Limitations on Subsidiary Guarantors**. Notwithstanding anything to the contrary contained in Section 2 or Section 11, it is the intention of each Subsidiary Guarantor and Lender that, in any proceeding involving the bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution or insolvency or any similar proceeding with respect to any Subsidiary Guarantor or its assets, the amount of such Subsidiary Guarantor's obligations with respect to the Guaranteed Obligations shall be equal to, but not in excess of, the maximum amount thereof not subject to avoidance or recovery by operation of Applicable Insolvency Laws after giving effect to Section 7. To that end, but only in the event and to the extent that after giving effect to Section 7 such Subsidiary Guarantor's obligations with respect to the Guaranteed Obligations or any payment made pursuant to such Guaranteed Obligations would, but for the operation of the first sentence of this Section 6, be subject to avoidance or recovery in any such proceeding under Applicable Insolvency Laws after giving effect to Section 7, the amount of such Subsidiary Guarantor's obligations with respect to the Guaranteed Obligations shall be limited to the largest amount which, after giving effect thereto, would not, under Applicable Insolvency Laws, render such Subsidiary Guarantor's obligations with respect to the Guaranteed Obligations unenforceable or avoidable or otherwise subject to recovery under Applicable Insolvency Laws. To the extent any payment actually made pursuant to the Guaranteed Obligations exceeds the limitation of the first sentence of this Section 6 and is otherwise subject to avoidance and recovery in any such proceeding under Applicable Insolvency Laws, the amount subject to avoidance shall in all events be limited to the amount by which such actual payment exceeds such limitation and the Guaranteed Obligations as limited by the first sentence of this Section 6 shall in all events remain in full force and effect and be fully enforceable against such Subsidiary Guarantor. The first sentence of this Section 6 is intended solely to preserve the rights of Lender hereunder against such Subsidiary Guarantor in such proceeding to the maximum extent permitted by Applicable Insolvency Laws and neither such Subsidiary Guarantor, the Borrower, any other Subsidiary Guarantor nor any other Person shall have any right or claim under such sentence that would not otherwise be available under Applicable Insolvency Laws in such proceeding.

7. **Agreements for Contribution**.

(a) To the extent any Guarantor is required, by reason of its obligations hereunder, to pay to Lender an amount greater than the amount of value (as determined in accordance with Applicable Insolvency Laws) actually made available to or for the benefit of such Guarantor on account of the Loan Agreement, this Guaranty or any other Loan Document, such Guarantor shall have an enforceable right of contribution against the remaining Guarantors, and the remaining Guarantors shall be jointly and severally liable for repayment of the full amount of such excess payment. Subject only to the subordination provided in Subsection 7(d), such Guarantor further shall be subrogated to any and all rights of Lender against the Borrower and the remaining Guarantors to the extent of such excess payment.

(b) To the extent that any Guarantor would, but for the operation of this Section 7 and by reason of its obligations hereunder or its obligations to other Guarantors under this Section 7, be rendered insolvent for any purpose under Applicable Insolvency Laws, each of the Guarantors hereby agrees to indemnify such Guarantor and commits to make a contribution to such Guarantor's capital in an amount at least equal to the amount necessary to prevent such Guarantor from having been rendered insolvent by reason of the incurrence of any such obligations.

(c) To the extent that any Guarantor would, but for the operation of this Section 7 be rendered insolvent under any Applicable Insolvency Law by reason of its incurring of obligations to any other Guarantor under the foregoing Subsections 7(a) and (b), such Guarantor shall, in turn, have rights of contribution to the full extent provided in the foregoing Subsections 7(a) and (b) against the remaining Guarantors, such that all obligations of all of the Guarantors hereunder and under this Section 7 shall be allocated in a manner such that no Guarantor shall be rendered insolvent for any purpose under Applicable Insolvency Law by reason of its incurrence of such obligations.

(d) Notwithstanding any payment or payments by any of the Guarantors hereunder, or any set-off or application of funds of any of the Guarantors by Lender, or the receipt of any amounts by Lender with respect to any of the Guaranteed Obligations, none of the Guarantors shall be entitled to be subrogated to any of the rights of Lender against the Borrower or the other Guarantors or against any collateral security held by Lender for the payment of the Guaranteed Obligations, nor shall any of the Guarantors seek any reimbursement from the Borrower or any of the other Guarantors in respect of payments made by such Guarantor in connection with the Guaranteed Obligations, until all amounts owing to Lender on account of the Guaranteed Obligations are paid in full and the Revolving Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for Lender, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to Lender in the exact form received by such Guarantor (duly endorsed by such Guarantor to Lender, if required) to be applied against the Guaranteed Obligations, whether matured or unmatured, in such order as set forth in the Loan Agreement.

8. **Waivers.**

(a) To the fullest extent permitted by applicable law, each Subsidiary Guarantor hereby waives: (i) notice of acceptance hereof; (ii) notice of any loans or other financial accommodations made or extended under the Loan Agreement, or the creation or existence of any Guaranteed Obligations; (iii) notice of the amount of the Guaranteed Obligations, subject, however, to Subsidiary Guarantor right to make inquiry of Lender to ascertain the amount of the Guaranteed Obligations at any reasonable time; (iv) notice of any adverse change in the financial condition of Borrower or of any other fact that might increase any Subsidiary Guarantor's risk hereunder; (v) notice of presentment for payment, demand, protest, and notice thereof as to any instrument among the Loan Documents; (vi) notice of any Default or Event of Default under any of the Loan Documents; (vii) notice of intent to accelerate and notice of acceleration; and (viii) all other notices (except if such notice is specifically required to be given to such Subsidiary Guarantor under this Guaranty or any other Loan Documents to which such Subsidiary Guarantor is a party) and demands to which such Subsidiary Guarantor might otherwise be entitled.

(b) To the fullest extent permitted by applicable law, each Subsidiary Guarantor hereby waives the right by statute or otherwise to require Lender to institute suit against Borrower or any other Subsidiary Guarantor or guarantor or to exhaust any rights and remedies which Lender has or may have against Borrower or any other Subsidiary Guarantor or guarantor. In this regard, each Subsidiary Guarantor agrees that it is bound to the payment of each and all Guaranteed Obligations, whether now existing or hereafter arising, as fully as if the Guaranteed Obligations were directly owing to Lender by such Subsidiary Guarantor. Each Subsidiary Guarantor further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid in full in cash, to the extent of any such payment) of Borrower or by reason of the cessation from any cause whatsoever of the liability of Borrower in respect thereof.

(c) To the fullest extent permitted by applicable law, each Subsidiary Guarantor hereby waives: (i) any right to assert against Lender any defense (legal or equitable), set-off, counterclaim, or claim which such Subsidiary Guarantor may now or at any time hereafter have against Borrower or any other party liable to Lender; (ii) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Guaranteed Obligations or any security therefor; (iii) any right or defense arising by reason of any claim or defense based upon an election of remedies by Lender including any defense based upon an impairment or elimination of such Subsidiary Guarantor's rights of subrogation,

reimbursement, contribution, or indemnity of such Subsidiary Guarantor against Borrower or other Subsidiary Guarantors, guarantors or sureties; (iv) the benefit of any statute of limitations affecting such Subsidiary Guarantor's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Subsidiary Guarantor's liability hereunder.

(d) Until the Guaranteed Obligations have been paid in full in cash, (i) each Subsidiary Guarantor hereby postpones and agrees not to exercise any right of subrogation such Subsidiary Guarantor has or may have as against Borrower or any other Subsidiary Guarantor with respect to the Guaranteed Obligations; (ii) each Subsidiary Guarantor hereby postpones and agrees not to exercise any right to proceed against Borrower, any other Subsidiary Guarantor or any other Person now or hereafter liable on account of the Obligations for contribution, indemnity, reimbursement, or any other similar rights (irrespective of whether direct or indirect, liquidated or contingent); and (iii) each Subsidiary Guarantor hereby postpones and agrees not to exercise any right it may have to proceed or to seek recourse against or with respect to any property or asset of Borrower, any other Subsidiary Guarantor or any other Person now or hereafter liable on account of the Obligations. Notwithstanding anything to the contrary contained in this Guaranty, no Subsidiary Guarantor shall exercise any rights of subrogation, contribution, indemnity, reimbursement or other similar rights against, and no Subsidiary Guarantor shall proceed or seek recourse against or with respect to any property or asset of, Borrower or any other Subsidiary Guarantor or guarantor (including after payment in full of the Guaranteed Obligations) if all or any portion of the Obligations have been satisfied in connection with an exercise of remedies in respect of the equity of Borrower or any such other Subsidiary Guarantor or guarantor, whether pursuant to the Security Agreement or otherwise.

(e) Without limiting the generality of any other waiver or other provision set forth in this Guaranty, to the fullest extent permitted by applicable law, each Subsidiary Guarantor waives all rights and defenses that such Subsidiary Guarantor may have if all or part of the Guaranteed Obligations are secured by real or personal property. This means, among other things:

(i) Lender may collect from one or more Subsidiary Guarantors without first foreclosing on any real or personal property collateral that may be pledged by any Subsidiary Guarantor, Borrower, or any other guarantor.

(ii) If Lender forecloses on any real or personal property collateral that may be pledged by any Subsidiary Guarantor, Borrower or any other guarantor:

(1) The amount of the Guaranteed Obligations or any obligations of any Subsidiary Guarantor or guarantor in respect thereof may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and

(2) Lender may collect from Subsidiary Guarantors even if Lender, by foreclosing on the real or personal property collateral, has destroyed any right one or more Subsidiary Guarantors may have to collect from Borrower or any other Subsidiary Guarantor or guarantor.

This is an unconditional and irrevocable waiver of any rights and defenses that one or more Subsidiary Guarantors may have if all or part of the Guaranteed Obligations are secured by real or personal property.

(f) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH SUBSIDIARY GUARANTOR WAIVES ALL RIGHTS AND DEFENSES ARISING OUT OF AN ELECTION OF REMEDIES BY LENDER, EVEN THOUGH SUCH ELECTION OF REMEDIES, SUCH AS A NONJUDICIAL FORECLOSURE WITH RESPECT TO SECURITY FOR THE GUARANTIED OBLIGATIONS, HAS DESTROYED SUCH SUBSIDIARY GUARANTOR'S RIGHTS OF SUBROGATION AND REIMBURSEMENT AGAINST BORROWER BY THE OPERATION OF APPLICABLE LAW.

(g) Without limiting the generality of any other waiver or other provision set forth in this Guaranty, each Subsidiary Guarantor hereby also agrees to the following waivers:

(i) Lender's right to enforce this Guaranty is absolute and is not contingent upon the genuineness, validity or enforceability of the Guarantied Obligations or any of the Loan Documents. Each Subsidiary Guarantor agrees that Lender's rights under this Guaranty shall be enforceable even if Borrower had no liability at the time of execution of the Loan Documents or the Guarantied Obligations are unenforceable in whole or in part, or Borrower ceases to be liable with respect to all or any portion of the Guarantied Obligations, other than as a result of irrevocable payment in full in cash of the Guarantied Obligations.

(ii) Each Subsidiary Guarantor agrees that Lender's rights under the Loan Documents will remain enforceable even if the amount guaranteed hereunder is larger in amount and more burdensome than that for which Borrower is responsible. The enforceability of this Guaranty against Subsidiary Guarantors shall continue until all sums due under the Loan Documents have been paid in full and shall not be limited or affected in any way by any impairment or any diminution or loss of value of any security or collateral for Borrower's obligations under the Loan Documents, from whatever cause, the failure of any security interest in any such security or collateral or any disability or other defense of Borrower, any other Subsidiary Guarantor or guarantor of Borrower's obligations under any other Loan Document, any pledgor of collateral for any Person's obligations to Lender or any other Person in connection with the Loan Documents.

(iii) Each Subsidiary Guarantor waives the right to require Lender to (A) proceed against Borrower, any guarantor of Borrower's obligations under any Loan Document, any other pledgor of collateral for any Person's obligations to Lender or any other Person in connection with the Guarantied Obligations, (B) proceed against or exhaust any other security or collateral Lender may hold, or (C) pursue any other right or remedy for Subsidiary Guarantor's benefit, and agrees that Lender may exercise its right under this Guaranty without taking any action against Borrower, any other guarantor of Borrower's obligations under the Loan Documents, any pledgor of collateral for any Person's obligations to Lender or any other Person in connection with the Guarantied Obligations, and without proceeding against or exhausting any security or collateral Lender holds.

9. **Releases.** Each Subsidiary Guarantor consents and agrees that, without notice to or by any Subsidiary Guarantor and without affecting or impairing the obligations of any Subsidiary Guarantor hereunder, Lender may, by action or inaction, compromise or settle, shorten or extend the maturity date or any other period of duration or the time for the payment of the Obligations, or discharge the performance of the Obligations, or may refuse to enforce the Obligations, or otherwise elect not to enforce the Obligations, or may, by action or inaction, release all or any one or more parties to, any one or more of the terms and provisions of the Loan Agreement or any of the other Loan Documents or may grant other indulgences to Borrower or any other Subsidiary Guarantor or guarantor in respect thereof, or may amend or modify in any manner and at any time (or from time to time) any one or more of the Obligations, the Loan Agreement or any other Loan Document (including any increase or decrease in the principal amount

of any Obligations or the interest, fees or other amounts that may accrue from time to time in respect thereof) other than this Guaranty, or may, by action or inaction, release or substitute the Borrower, any Subsidiary Guarantor or any other guarantor, if any, of the Guaranteed Obligations, or may enforce, exchange, release, or waive, by action or inaction, any security for the Guaranteed Obligations or any other guaranty of the Guaranteed Obligations, or any portion thereof.

10. **No Election.** Lender shall have the right to seek recourse against each Subsidiary Guarantor to the fullest extent provided for herein and no election by Lender to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Lender's right to proceed in any other form of action or proceeding or against other parties unless Lender has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by Lender under any document or instrument evidencing the Guaranteed Obligations shall serve to diminish the liability of any Subsidiary Guarantor under this Guaranty except to the extent that Lender finally and unconditionally shall have realized indefeasible payment in full of the Guaranteed Obligations by such action or proceeding.

11. **Revival and Reinstatement.** If the incurrence or payment of the Guaranteed Obligations or the obligations of any Subsidiary Guarantor under this Guaranty by such Subsidiary Guarantor or the transfer by any Subsidiary Guarantor to Lender of any property of such Subsidiary Guarantor should for any reason subsequently be declared to be void or voidable under Applicable Insolvency Laws relating to creditors' rights, including provisions of the Bankruptcy Code, or its international equivalent, relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (collectively, a "**Voidable Transfer**"), and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that Lender is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of each Subsidiary Guarantor automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

12. **Financial Condition of Borrower.** Each Subsidiary Guarantor represents and warrants to Lender that such Subsidiary Guarantor is currently informed of the financial condition of Borrower and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Guaranteed Obligations. Each Subsidiary Guarantor further represents and warrants to Lender that such Subsidiary Guarantor has read and understands the terms and conditions of the Loan Agreement and each other Loan Document. Each Subsidiary Guarantor hereby covenants that it will continue to keep itself informed of Borrower's financial condition, the financial condition of each other Subsidiary Guarantor and the other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Guaranteed Obligations.

13. **Payments; Application.** All payments to be made hereunder by Subsidiary Guarantor shall be made in Dollars, in immediately available funds, and without deduction (whether for taxes or otherwise) or offset and shall be applied to the Guaranteed Obligations in accordance with the terms of the Loan Agreement.

14. **Attorneys Fees and Costs.** The cost and expense provisions of Section 8.3 of the Loan Agreement are applicable hereto.

15. **Notices.** All notices and other communications hereunder to Lender shall be in writing and shall be mailed, sent, or delivered in accordance Section 8.1 of the Loan Agreement. All notices and other communications hereunder to one or more Subsidiary Guarantor shall be in writing and shall be mailed, sent, or delivered in care of Borrowers in accordance with Section 8.1 of the Loan Agreement.

16. **Cumulative Remedies.** No remedy under this Guaranty, under the Loan Agreement, or any other Loan Document is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and in addition to any and every other remedy given under this Guaranty, under the Loan Agreement, or any other Loan Document, and those provided by law. No delay or omission by Lender to exercise any right under this Guaranty shall impair any such right nor be construed to be a waiver thereof. No failure on the part of Lender to exercise, and no delay in exercising, any right under this Guaranty shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Guaranty preclude any other or further exercise thereof or the exercise of any other right.

17. **Severability of Provisions.** Each provision of this Guaranty shall be severable from every other provision of this Guaranty for the purpose of determining the legal enforceability of any specific provision.

18. **Entire Agreement; Amendments.** This Guaranty constitutes the entire agreement between the parties pertaining to the subject matter contained herein. This Guaranty may not be altered, amended, or modified, nor may any provision hereof be waived or noncompliance therewith consented to, except by means of a writing executed by the Subsidiary Guarantors and Lender. Any such alteration, amendment, modification, waiver, or consent shall be effective only to the extent specified therein and for the specific purpose for which given. No course of dealing and no delay or waiver of any right or default under this Guaranty shall be deemed a waiver of any other, similar or dissimilar, right or default or otherwise prejudice the rights and remedies hereunder.

19. **Successors and Assigns.** This Guaranty shall be binding upon each Subsidiary Guarantor and its respective successors and assigns and shall inure to the benefit of the successors and assigns of Lender; provided, however, that no Subsidiary Guarantor shall assign this Guaranty or delegate any of its duties hereunder without Lender's prior written consent and any unconsented to assignment shall be absolutely null and void. In the event of any assignment, participation, or other transfer of rights by Lender, the rights and benefits herein conferred upon Lender shall automatically extend to and be vested in such assignee or other transferee.

20. **No Third Party Beneficiary.** This Guaranty is solely for the benefit of Lender, and its successors and assigns and may not be relied on by any other Person.

21. **CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.**

THE VALIDITY OF THIS GUARANTY, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS GUARANTY SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN DALLAS COUNTY, STATE OF TEXAS, PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT LENDER'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE LENDER ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH SUBSIDIARY GUARANTOR AND LENDER WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO

OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 21.

EACH SUBSIDIARY GUARANTOR HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH SUBSIDIARY GUARANTOR REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS SECTION MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

22. **Counterparts; Telefacsimile Execution.** This Guaranty may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Guaranty. Delivery of an executed counterpart of this Guaranty by telefacsimile or electronic mail (in Adobe Portable Document Format [PDF]) shall be equally as effective as delivery of an original executed counterpart of this Guaranty. Any party delivering an executed counterpart of this Guaranty by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Guaranty, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Guaranty.

23. **Agreement to be Bound.** Each Subsidiary Guarantor hereby agrees to be bound by each and all of the terms and provisions of the Loan Agreement applicable to such Subsidiary Guarantor. Without limiting the generality of the foregoing, by its execution and delivery of this Guaranty, each Subsidiary Guarantor hereby: (a) makes to Lender each of the representations and warranties set forth in the Loan Agreement applicable to such Subsidiary Guarantor fully as though such Subsidiary Guarantor were a party thereto, and such representations and warranties are incorporated herein by this reference, *mutatis mutandis*; and (b) agrees and covenants (i) to do each of the things set forth in the Loan Agreement that Borrower agrees and covenants to cause such Subsidiary Guarantor to do, and (ii) to not do each of the things set forth in the Loan Agreement that Borrower agrees and covenants to cause such Subsidiary Guarantor not to do, in each case, as fully as though such Subsidiary Guarantor was a party thereto, and such agreements and covenants are incorporated herein by this reference, *mutatis mutandis*.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Guaranty as of the date first written above.

SUBSIDIARY GUARANTORS:

[_____], a _____

By: _____
Name:
Title:

[_____], a _____

By: _____
Name:
Title:

[_____], a _____

By: _____
Name:
Title:

[_____], a _____

By: _____
Name:
Title:

[_____], a _____

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

Civitas Encore Fund, LP
a Texas limited partnership

By: Civitas Encore Fund GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

EXHIBIT H
FORM OF CAPITAL CONTRIBUTION AGREEMENT

[attached]

CAPITALIZATION AND CONTRIBUTION AGREEMENT

This Capitalization and Contribution Agreement (this "*Agreement*") is made as of the ___ day of July, 2010, by and between Encore International Investment Funds, LLC, a Delaware limited liability company ("*Borrower*"), and Encore Enterprises, Inc., a Mississippi corporation ("*Parent*").

Recitals

WHEREAS, the Borrower is a party to that certain Term Loan Agreement (as the same may be amended and/or supplemented from time to time, the "*Loan Agreement*"), dated as of the date hereof, with Civitas Encore Fund, LP (the "*Lender*");

WHEREAS, the Parent owns all of the issued and outstanding equity interests of the Borrower; and

WHEREAS, in order to induce the Lender to enter into the Loan Agreement and make the Term Loans, the Parent has agreed to ensure that the Borrower and its Subsidiaries are properly capitalized and Solvent at all times.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Contribution.

(a) The Parent hereby irrevocably agrees to contribute to the Borrower such funds as are necessary and/or advisable to ensure that the Borrower and its Subsidiaries are both properly capitalized and Solvent at all times (each such contribution, a "*Capital Contribution*").

(b) The Parent agrees to make each Capital Contribution within three (3) Business Days of the earlier to occur of (i) any officer of the Parent becoming aware that a Capital Contribution is necessary and/or advisable, or (ii) the Lender's written notice to the Parent that a Capital Contribution is necessary and/or advisable.

(c) If the Parent is notified by the Lender that a Capital Contribution of a specified amount is necessary and/or advisable, the Parent agrees to make s Capital Contribution in such amount within three (3) Business Days of receipt of receipt of such notice.

(d) Upon the occurrence of any Default or Event of Default under Section 7.1(a) or 7.1(b) of the Loan Agreement, in addition to any of its other obligations hereunder, the Parent hereby irrevocably agrees to immediately fund to the Borrower, by depositing such amount in an Approved Account, an amount equal to 6.5% of the then outstanding aggregate principal balance of the Term Loans. Any such amounts shall become the property of the Borrower immediately upon the funding thereof. The Parent agrees to send proof of such deposit to the Lender concurrently with the funding thereof.

2. Representations and Warranties of the Parent. The Parent hereby represents and warrants to the Borrower that:

(a) The Parent is a company, duly organized, validly existing, and in good standing as a corporation under the laws of Mississippi, and has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement has been duly authorized, executed, and delivered by the Parent and constitutes the legal, valid, and binding agreement thereof, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law); and

(c) The Parent is the sole owner of each of the Interests and has full right to sell, assign, and contribute each of such Interests free and clear of any valid ownership claims of third parties and without the consent of any third party, except consents that have been obtained. The Parent holds all right, title, and interest in and to each of such Interests free and clear of any lien or other encumbrance, and the Borrower will acquire good and marketable title to the Interests from the Parent, free and clear of any liens or other encumbrances.

3. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to the Borrower that:

(a) The Borrower is a Delaware limited liability company, duly organized, validly existing, and in good standing as a limited liability company under the laws of Delaware, and has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and

(b) This Agreement has been duly authorized, executed, and delivered by the Borrower and constitutes the legal, valid, and binding agreement of the Borrower, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

4. Further Assurances. The parties undertake and agree to execute all such further instruments, certificates, and other documents, and to take all such other actions, as may be reasonably requested by any other party hereto in order to (a) effectuate the intent and purposes of, and to carry out the terms of this Agreement, and (b) further effect the transfer of ownership of the Interests to the Borrower.

5. Binding Effect. This Agreement will inure to the benefit of and be binding upon the successors and assigns of the parties hereto. This Agreement is a Loan Document.

6. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be an original, and all of which when taken together will constitute one and the same instrument as if the parties hereto had executed the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

7. Governing Law. This Agreement and all rights conferred and obligations imposed hereunder shall be interpreted and construed in accordance with the laws of the State of Texas, without regard to its conflict of law provisions.

8. Entire Agreement. This Agreement embodies the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings between such parties, if any, relating to the subject matter hereof. This Agreement may be amended or modified only by an instrument in writing executed by each party hereto.

9. Defined Terms. Capitalized terms used in this Agreement but not otherwise defined herein shall have the respective meanings assigned to them in the Loan Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ENCORE ENTERPRISES, INC.,
a Mississippi corporation,

By: _____
Name: Bharat H. Sangani
Title: Chairman

ENCORE INTERNATIONAL INVESTMENT FUNDS, LLC,
a Delaware limited liability company

By: Encore Enterprises, Inc.,
a Mississippi corporation, its sole member

By: _____
Name: Bharat H. Sangani
Title: Chairman

CDRC

CITY OF DALLAS REGIONAL CENTER

Civitas Encore Fund, LP

Comprehensive Business Plan

August 23, 2010





Executive Summary

Civitas Capital Management, LLC ("**Civitas**"), as the exclusive third-party manager for the City of Dallas Regional Center ("**CDRC**"), is submitting to the United States Citizenship and Immigration Service ("**USCIS**") for its review and approval its comprehensive business plan for the Civitas Encore Fund, L.P. (the "**Fund**") and the Fund's loan to Encore International Investment Funds, LLC (the "**Borrower**"). The Fund is being organized under 8 CFR §204.6(m) – Immigrant Investor Pilot Program, and has been established to make up to \$15,000,000 in corporate term loans (the "**Term Loan(s)**") to the Borrower. The Borrower is a wholly-owned subsidiary of Encore Enterprises, Inc. ("**Encore**" or the "**Company**"). The Term Loan proceeds will be used for the purpose of financing the establishment and operation of the Company's call center in Dallas, Texas, as well as certain other real and personal property acquisitions being made by the Borrower. The Borrower, and its primary job-creating activity, will be located within a Targeted Employment Area ("**TEA**") in Dallas, Texas. Per 8 CFR §204.6(f)(ii) – Required Amounts of Capital, due to the Borrower's location within the TEA, the Fund will be capitalized by 30 EB-5 Visa applicant investors, each making a minimum qualifying investment of \$500,000. Based on an econometric study conducted by Evans, Carroll & Associates, Inc., the Borrower's call center is projected to generate 433 total jobs, 44% more than the 300 job minimum requirement. The following items summarize the Comprehensive Business Plan:

Regional Center	City of Dallas Regional Center
Manager	Civitas Capital Management, LLC
New Commercial Enterprise	Civitas Encore Fund, LP, a Texas limited partnership
EB-5 Investment Amount	\$15,000,000
Use of the Funds	Make a \$15,000,000 corporate term loan to a job-creating enterprise
Job –Creating Enterprise	Encore International Investment Funds, LLC, a Delaware LLC authorized to do business in Texas, and a wholly-owned subsidiary of Encore Enterprises, Inc., a highly-experienced owner/operator of hotels, condominiums, multi-family and retail real estate projects
Job-Creating Enterprise Located within TEA?	Yes, the Borrower is located within a Targeted Employment Area as defined in 8 CFR §204.6(e)(ii).



Number of Investors	30 investors
Minimum Investment per Investor	\$500,000
Total Projected Job Creation	433 total jobs

Investment Summary

The Fund is organized by Civitas Encore Fund GP, LP, a Texas limited partnership (the “**General Partner**”), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the “**Manager**”). The Fund is established to make up to \$15,000,000 in Term Loan(s) to the Borrower, a wholly-owned subsidiary of Encore Enterprises, Inc., for the purpose of financing the establishment and operation of the Company’s call center in Dallas, Texas, as well as certain other real and personal property acquisitions being made by the Borrower. The Term Loan(s) will be unconditionally guaranteed by Encore Enterprises, Inc., the Borrower’s parent company.

The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a “regional center,” as such term is defined at 8 CFR §204.6(e), approved under the USCIS’ Immigrant Investor Pilot Program as provided in 8 CFR §204.6(m). The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the “**City of Dallas**”). The USCIS approval letter for the CDRC under the Immigrant Investor Pilot Program is attached as [Appendix A].

The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of direct, indirect and/or induced jobs. The Fund’s strategy for meeting the job-creation requirement is described in detail below.

Description of the Borrower

The Borrower

The Borrower, Encore International Investment Funds, LLC, is a newly-formed, wholly-owned subsidiary of Encore Enterprises, Inc. The Borrower is a Delaware limited liability company authorized to do business in Texas. The Borrower’s organizational documents are attached as [Appendix B]. The Borrower is a single-purpose entity created to enter into the loan and to execute the business plan defined herein.

Description of the Parent / Guarantor



The Parent – Encore Enterprises, Inc.

Encore Enterprises, Inc. is headquartered in Dallas, Texas, as is the Borrower, Encore International Investments Fund, LLC. Encore was founded by Dr. Bharat Sangani and Mr. Patrick Barber in 1999 as a diversified commercial real estate firm. A privately-held company, Encore's stated goal is to create a vertically integrated hospitality and commercial real estate enterprise that generates superior returns by acquiring, repositioning or developing select assets in favorable markets that have the potential for significant improvement in performance. Encore focuses on the development and re-development of mixed use complexes, limited and full service hotels, multi-family and retail real estate projects. Dedicated resources in Encore's hospitality division manage hotel and luxury vacation condominium resort properties and homeowner associations. As of early 2010, since its founding, Encore had completed over \$1.2 billion of investment transactions in nearly eighty acquisition and development projects.

As a result, Encore's principals are recognized as highly-experienced real estate management executives, who have a particular focus on improving the performance of the assets the Company owns and operates. They have a strong track record in hospitality, condominium, multi-family and retail management in challenging economic environments. Encore is comprised of multiple operating subsidiaries and divisions to vertically address the needs of the real estate industry, as follows:

Encore Hospitality – A private hospitality investment and management company focused on branded select or full-service hotels. Since 1996, Encore Hospitality has developed and acquired a portfolio of 44 hotels with 4,674 rooms. In 2008, the majority of this portfolio was sold for more than \$400 million to an affiliate of global investment bank Goldman Sachs. As of this writing, Encore Hospitality owns and manages five hotels totaling 606 rooms, and is actively in the process of acquiring and developing additional hospitality assets.

Pineapple Management Services – A hotel management company with properties throughout the southeastern United States. Encore's historical portfolio has included national brands such as Marriott, Courtyard by Marriott, Fairfield Inn by Marriott, Hilton, Wingate Inn, Residence Inn by Marriott, Radisson, Homewood Suites, Best Western and Holiday Inn Express.

Sterling Resorts – Provides a complete solution for condominium owners participating in rental management programs, including branding, sales, property management and on-site check-in and check-out services for guests. This division currently manages approximately 2,100 condominiums along the Gulf Coast of the United States, including approximately 800 owned by Encore or its affiliates.

Sterling Realty – Offers real estate services with expertise in resort real estate, single-family homes, condominium and vacation homes, investment properties, residential land, and all commercial brokerage activities. Sterling Realty also has an active long-term rental department for the "apartment-style" management of homes and condominiums.



Encore Construction – Offers general contracting and construction management services for a variety of market segments, including: hospitality, health care, entertainment, commercial, retail and multi-family. Encore Construction handles construction for the Encore portfolio and for third parties.

Encore Retail – Acquires and develops anchored neighborhood and community properties in Class A locations throughout the U.S. Its retail centers are built with credit anchor tenants in primary markets. Encore Retail adds value by having in-house leasing and property management. The company also acquires and manages existing shopping centers that offer positive healthy cash flow to Encore's investors.

Encore Multi-Family – An approved HUD developer focusing on Class A multi-family development, Encore Multi-Family specializes in creating value in underserved markets through ground-up development. Its emphasis is on providing housing in the South, Southeast, and Midwest regions of the U.S. Encore Multi-Family also acquires and manages multi-family projects that offer positive cash flow to its investors.

Encore Equities – Provides investors with real estate investment opportunities through investment funds, limited partnerships and third-party national and regional real estate developers. This suite of investment products allows Encore to offer its investors the opportunity to create a diversified, professionally managed real estate investment portfolio.

Encore Asset Services – Encore's newest division, Encore Asset Services was established to focus on the acquisition of debt secured by well-positioned real estate assets in the hospitality, multi-family and retail sectors, as well as assets and loans from distressed sellers, including conventional loans, distressed and non-performing real estate mortgages, promissory notes, foreclosed real estate properties and other deeply discounted secured debt.

Please note that Civitas Encore Fund, LP, will loan EB-5 investor capital solely to Encore International Investments Fund, LLC, for the purposes described in this business plan, and will not contribute EB-5 capital to any of the subsidiaries and divisions of Encore, Inc. identified above. The information set forth above is for the information of EB-5 investors and USCIS, and is intended to reflect the parent company's broad and deep experience in the real estate industry, particularly hospitality management, and also the availability of its current portfolio of properties to generate business for Borrower's Dallas-based call center.

Business Plan

The Borrower will be using the proceeds of the loan for two purposes, as follows:

1. Establishment of a call center facility that will directly hire a minimum of 250 full-time workers within eighteen (18) months after loan closing. Loan proceeds will be used to acquire premises (whether leased or purchased) for this call center and pay expenses associated with its



establishment and operation, including salaries, benefits, taxes, computer and telecom equipment and other costs associated with developing a call center that will handle a large annual volume of reservations, customer service and management support calls generated by the Borrower and its affiliates. The Borrower may spend up to \$5.0 million of the loan proceeds on establishing the call center.

2. Investment in various real estate properties and related operating businesses in the United States, provided that such investments meet certain criteria, as defined in the section *Investment Criteria*. The Borrower will spend a minimum of \$10.0 million on such investments.

Call Center Operations and Competitive Position

As previously mentioned, Encore Enterprises, Inc., is a vertically integrated real estate investment management company that operates the assets it owns. Encore's core business is its hospitality operations, and the firm has developed significant infrastructure to manage its portfolio. Since 1996, Encore Hospitality developed and acquired a portfolio of 44 hotels with 4,674 rooms, a portfolio it sold in 2008 for a significant profit. Encore has leveraged its hospitality operations to manage and lease condominiums and townhomes along the Gulf of Mexico in the Southeastern United States. The Company's current condominium portfolio consists of approximately 2,100 managed units, of which Encore owns approximately 800 condos.

Encore has made the development of its infrastructure and management systems its highest priority and, as a result, enjoys a readily scalable IT infrastructure. The Borrower will establish and develop Encore's call center operations within the CDRC, hiring 250 employees within eighteen (18) months of loan closing. As an initial matter, the Dallas Call Center will have no competition for the business of Encore's existing owned and operated portfolio properties, all of which will use the services of the Dallas Call Center to handle their sales, reservations, customer services and management support needs. The purpose of the call center will be to expand customer service and reservation processing for Encore's hospitality and condominium portfolio. As a standalone business, the Dallas Call Center will also seek clients from third-party owners of hotels, condominiums, resorts, multi-family and retail properties. Encore's strong real estate management and operations track record and its significant IT infrastructure will enable it to scale up the Dallas Call Center to compete successfully for such third party business.

The following descriptions provide a representative sample of the types of positions that Encore International Investment Funds, LLC, will create at the Dallas Call Center within eighteen (18) months after loan closing, and do not include general and administrative staffing that may be required to manage its operations.

- ***Revenue/Reservations Manager***: The Revenue/Reservations Manager will be responsible for maximizing overall hotel revenue through development and implementation of effective transient/group inventory pricing strategies based on future demand forecasts. Oversee Reservation Department.



- **Reservations Coordinators:** The Reservations Coordinator will be responsible for coordinating data entry and inventory management for reservations for multiple properties along the Gulf Coast. The agent will be responsible for making reservations from inbound email inquiries and assisting guests with their vacation accommodations for condos, hotels, and vacation homes.
- **Reservation/Vacation Specialists:** The Reservation/Vacation Specialist will be responsible for making reservations for multiple properties along the Gulf Coast. These agents will sell condo, hotel, and vacation homes to guests along with assisting owners and overall condo/hotel operation support.
- **Night Audit Specialist:** The Night Audit Specialist will be responsible for auditing the prior day's activities and monitoring the efficiency of the call center's operations. The specialist will review the daily activity reports, audit the daily cash logs and credit card processing data, and provide summary reports to supervisors.
- **Demand Generators:** The Demand Generators will be responsible for maximizing the overall visibility of the properties, condos, and vacation homes through various social media internet sites, property listings, direct marketing campaigns. They will also serve as the liaison between the sales, marketing, and reservations teams.
- **Quality Assurance Specialists:** The Quality Assurance Specialists will be responsible for monitoring and quantifying and measuring the achievements and performance of the call center to ensure revenue is being maximized. The specialist will be responsible for monitoring the performance of individual employees through various established metrics, and also recommend and implement "best practices" to continuously improve performance.

Investment Criteria

The remaining loan proceeds not invested in developing and operating the call center will be used by the Borrower to assist in financing its acquisition of a variety of real estate investments, the earnings of which will benefit the Borrower and which, along with cash flow from the Call Center, will be used to repay the Term Loan(s). Investments made by the Borrower will have to be approved by Civitas, as manager of the Fund, prior to closing, to ensure that no portion of any such investments will consist of publicly traded securities or any other use of funds that would violate any law, rule, or regulation related to the EB-5 Program. Encore International Investment Funds, LLC, will only make investments in domestic real estate assets that will generate business for the Dallas Call Center.

Job Creation Summary

EB-5 Program rules require creation of not less than ten (10) full-time (i.e., 35 hours per week) jobs per EB-5 investor. It is anticipated that the Fund will have 30 investors, meaning the Fund would need to create, through the expenditure of the proceeds of the Term Loan(s) made by the Fund to the Borrower,



at least 300 full-time jobs in order to meet this requirement. The Term Loan Agreement requires the Borrower to hire at least 250 new full-time employees within eighteen (18) months of the loan's closing date. The Borrower intends to meet this requirement by hiring 250 direct employees into the call center operation for the positions described in the previous section.

The Manager has commissioned Evans, Carroll & Associates, Inc. ("*Evans Carroll*") to conduct an econometric study of the Borrower's proposed capital spending strategy (the "*Economic Study*") in order to ensure that the Fund and its investors will comply with EB-5 job-creation requirements. A true and correct copy of the Economic Study is attached hereto as [Appendix C]. A summary of the job creation associated with the Fund and the Term Loan(s), as excerpted from the Economic Study, appears in the table below.

SUMMARY OF JOB CREATION DATA				
Industry Group	Direct	Indirect	Induced	Total
Other goods	0	0.1	0.4	0.5
Utilities	0	0.1	0.2	0.3
Construction	0	0.4	0.7	1.1
Manufacturing	0	1.9	7	8.9
Wholesale trade	0	0.8	4.6	5.4
Retail trade	0	0.5	24.2	24.8
Transportation	0	3.1	2.6	5.7
Information svcs	0	2.1	1.3	3.4
Banks and credit intermed	0	1.2	2.4	3.6
Other financial	0	1.9	7.9	9.8
Real estate	0	3.4	3.8	7.2
Lawyers and accountants	0	3	2.3	5.3
Architects and engineers	0	0.6	0.3	0.9
Computer program and design	0	3.3	1	4.3
Other professional svcs	0	4.2	2.4	6.7
Employment services	0	14.6	2.4	16.9
Other business services	0	2.9	0.7	3.5
Telephone call centers	250	1.9	0.4	252.3
Building support services	0	3.2	1.7	4.9
Social services	0	0.6	9.3	9.9
Health care	0	0	13.5	13.5
Entertainment and leisure	0	1.2	4.1	5.2
Hotels	0	1.4	1	2.4
Restaurants	0	5.7	11.5	17.2
Repair services	0	0.9	1.3	2.2
Personal services	0	1.3	5.9	7.2
Government	0	5.4	4.5	9.9
Total Jobs	250	66	117	

As described in the table above, and as required by the Term Loan Agreement, the Borrower will create a total of 250 direct jobs in connection with establishing and operating the Dallas Call Center. The direct job-creation commitment is based on the Borrower's estimated annual call volume for reservations,



sales, customer service and management support for its present and future portfolio properties. Attached at **[Appendix G]** is documentation of the company's current hospitality, retail and multi-family portfolio, as well as brief biographical sketches of its principals and executive management team. Based on Encore's real estate investment and management experience, the requirement of 250 jobs in a Dallas Call Center will be met within eighteen (18) months of closing the loan.

The total number of indirect and induced jobs projected to be created in connection with the Call Center will be 183. Therefore, the total projected number of jobs to be created in connection with the Fund and the Term Loan(s) is 433. Assuming that the Fund is fully subscribed, this amount of jobs exceeds the minimum number of jobs required to be created (i.e., 300), by approximately 44%.

TEA Qualification

The Borrower and the call center that Borrower will establish to create the aforementioned jobs will be located in a targeted employment area (as such term is defined at 8 CFR §204.6(e), a "TEA") within the CDRC. The Manager commissioned Evans Carroll to conduct an analysis of census tracts within the CDRC (the "TEA Study") in order to document whether the Fund's Term Loan(s) to the Borrower qualifies for the \$500,000 minimum investment under EB-5 Program rules, rather than the standard \$1MM. Based on the results of the TEA Study, a true and correct copy of which is attached as **[Appendix D]**, the Borrower is located in a TEA and, therefore, investors in the Fund are permitted to participate in the EB-5 Program by investing a minimum of \$500,000. Accordingly, the minimum investment in the Fund is \$500,000.

Approved Industry Cluster for Investment

As described in the CDRC Approval Letter attached hereto as **[Appendix A]**, the CDRC is approved to invest in twelve industry clusters. The Fund's Term Loan(s) to the Borrower is a permitted investment because it falls into the following approved industry cluster:

- ***Headquarters, Management and Administrative Operations.*** The Borrower is a new commercial enterprise headquartered within the CDRC. Its investment activities will be managed from its Dallas location within the aforementioned TEA. In addition, its call center, also located within a TEA in Dallas, will provide administrative support to Encore's operations, both locally and around the country.

Ongoing Investment Management

Civitas will manage the Fund and asset manage the loan on behalf of the EB-5 investors. Civitas will provide timely, accurate information to all stakeholders, including its investors, Borrower, partners and



the City of Dallas, in the same manner and at the same level of quality as a top-tier institutional investment firm, to ensure that the investment, the investors, and the CDRC remain in compliance with EB-5 Program regulations. Civitas will maintain a close relationship with the Borrower and Encore to timely monitor and verify that the necessary jobs are being created at a rate that will meet the eighteen (18)-month window, an affirmative obligation of the Borrower that is expressly set forth in the Term Loan Agreement. Civitas will conduct such verification on an aggressive basis, in order to ensure that EB-5 Program requirements are satisfied, and to oversee the loan and performance of the Borrower as contemplated by the Term Loan Agreement. As is documented in the Term Loan Agreement, Civitas has negotiated strong safeguards to ensure it can timely obtain documentation of Borrower's operating performance and creation of direct jobs. For example, Section 5.1 of the Agreement states Borrower's Affirmative Covenant to provide financial reports of its operations as well as specific documents evidencing I-9s completed at hiring, state and federal wage and tax withholding reports, etc., "without limitation," at the request of Civitas. Civitas intends to manage the loan performance and the performance of the job-creation obligation professionally, to ensure that the direct jobs are timely created, and the loan performs as agreed.

Organization of the Fund

The Fund, a Texas limited partnership, is designed specifically for investment by non-U.S. citizens seeking to immigrate to the United States and is intended to serve as a qualifying investment through a "Regional Center" approved under the USCIS EB-5 Program. This offering is for limited partner interests in the Fund (the "**Interests**"), for up to a maximum aggregate amount of \$15,000,000. The minimum investment by an investor in the Fund (a "**Limited Partner**") is \$500,000 (the "**Subscription Amount**"). The Fund's Private Placement Memorandum and Limited Partnership Agreement are attached hereto as [Appendix E].

Contribution of Funds

Each person subscribing for an Interest in the Fund must deliver his/her Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "**Capital Contribution**") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund. Distributions from the escrow account will begin once a minimum of number of I-526 Petitions have been approved such that the aggregate Subscription Amounts of the approved I-526 Petitions is greater than or equal to \$5,000,000. The Fund's Subscription Escrow Agreement is attached hereto as [Appendix F].

Appendix A

CDRC Approval Letter



U.S. Citizenship
and Immigration
Services

September 8, 2009

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

File No. W09000080

Application: Request for Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on December 3, 2008 Karl Zavitkovsky submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the City of Dallas Regional Center.

Based on its review and analysis of your proposal, and of your response to the USCIS Request For Evidence, USCIS hereby designates City of Dallas Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following 12 target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations

4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area.

The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Placement Memorandum;
 - b. Operating Agreement
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement; and
 - f. Escrow Instructions

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

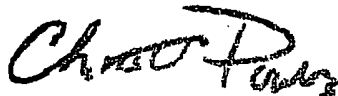
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority ; MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Christina Poulos
Director
California Service Center

cc: Elise A. Healy, Esq.

Appendix B

Organizational Documents

Encore International Investment Funds, LLC

State of Delaware
Secretary of State
Division of Corporations
Delivered 10:10 AM 06/28/2010
FILED 10:10 AM 06/28/2010
SRV 100694833 - 4841895 FILE

STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION

First: The name of the limited liability company is Encore International Investment Funds, LLC

Second: The address of its registered office in the State of Delaware is 108 West 13th Street in the City of Wilmington.
Zip code 19801. The name of its Registered agent at such address is Business Filings Incorporated

Third: (Use this paragraph only if the company is to have a specific effective date of dissolution: "The latest date on which the limited liability company is to dissolve is _____.")

Fourth: (Insert any other matters the members determine to include herein.)

In Witness Whereof, the undersigned have executed this Certificate of Formation this 23rd day of June, 2010.

By: Alan L. Murray
Authorized Person(s)

Name: Alan L. Murray

Appendix C

Evans Carroll Economic Study

**Economic Impact of Opening and Operating a Telephone Call
Center for Reservations and Customer Service as part of the
Dallas EB-5 Regional Center**

Prepared for:

**Civitas Capital Management, LLC and the
City of Dallas Regional Center**

Prepared by:

Michael K. Evans

Evans, Carroll & Associates, Inc.

2785 NW 26th St.

Boca Raton, FL 33434

561-470-9035

mevans@evanscarrollecon.com

June, 2010

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1. Executive Summary

- Civitas Capital Management plans to fund the operation of a telephone call center, whose employees will be engaged in providing customer support, scheduling, and reservations for a hotel company. The call center will be located in an existing building, so there will be no construction costs.
- The operator has indicated there will be 250 direct jobs. The IMPLAN employment multiplier, which is based on the economic data for Dallas, Denton, Collin, and Tarrant counties, is 1.732. As a result, there will be a total of 433 jobs, of which 66 will be indirect and 117 will be induced. The call center is in NAICS 5614, which is other business support services.
- The annual increase in output for this project is estimated at \$50.3 million, of which \$25.3 million is the direct revenue of the call center, \$8.5 million is indirect output, and \$16.5 million is induced output.
- The annual increase in labor income (household earnings) is estimated at \$22.7 million, of which \$13.7 million is the direct labor income of the call center workers, \$3.3 million is indirect income, and \$5.7 million is induced income.
- The project will be located in a part of Dallas that is a Targeted Employment Area, so that each EB-5 participant can invest \$500,000. As a result, approximately \$15 million will be raised from EB-5 investors.

2. Tabulation of Principal Results

If the telephone call center were to be operating at full capacity within two and a half years, the economic impact as measured by household earnings, demand for business services, utilities, maintenance and repair, and new supplier and vendor relationships is summarized in Table A.

Table A. Summary Measures of Economic Impact for Telephone Call Center

Household income for direct jobs created	\$13,733,000
Household income for indirect jobs created from new businesses purchasing goods and services that are locally produced, distributed, or sold	\$3,328,000
Household income for induced jobs created when new direct employees spend part of their paychecks on goods and services that are locally produced, distributed, or sold.	\$5,710,000
Demand for business services, including both professional and business support services but excluding telephone call centers	\$4,181,000
Demand for utility services: electric, natural gas, and water and sewer management	\$638,000
Maintenance and repair construction	\$159,000
New supplier/vendor relationships created with manufacturers	\$3,484,000

Household Earnings (Labor Income)

The jobs created by the various components of the telephone call center will subsequently create new sources of household income. The household income from direct jobs is about \$13.7 million. The household income from indirect total jobs is about \$3.3 million, and the household income from induced jobs is about \$5.7 million, for a grand total of \$22.7 million. This income calculation comes from the IMPLAN input-output model, which measures the average income per job by industry. The model calculations are based on the types of jobs that will be created within the regional

center, with indirect/induced impacts allocated based on the types of commodity inputs required by the businesses that would potentially locate in the regional center.

Demand for Business Services, Utilities, Maintenance and Construction, and New Supplier/Vendor Relationships Created with Manufacturers

The total economic impact of the regional center from the supplier purchases and business relationships for the telephone call center will create approximately \$8.5 million in additional economic activity across the region, not including the direct jobs at the call center. These supplier purchases are calculated from the indirect increase in output generated by the IMPLAN model. It should be noted that some of these supplier industries might potentially locate within the regional center, and their economic output is included in this total.

The estimate of supplier purchases is based on the commodity data in the IMPLAN input-output model. This data specifies the amount and type of commodity input needed to maintain specific types of business operations. The model estimates the supplier purchases based on the types of jobs and number of jobs that will be created within the regional center. In addition, the model allocates the supplier purchases to businesses within the region, based on trade flow data from the U.S. Bureau of Economic Analysis.

The regional center will create demand for business services including, professional services, and business services and support services. The impact of this activity totals about \$4.2 million annually, not including the direct output of the call center.

Utilities include services such as electricity, natural gas, and water and sewer facilities. The economic impact on utility services totals about \$0.6 million.

Maintenance and repair services include some building and construction activity on existing buildings. The regional center would create an economic impact of about \$0.16 million within these sectors in the region. Because most of the construction activity is either upfront during building construction or integrated into repair and maintenance services, the economic impact for construction sectors is minimal on an ongoing basis.

New supplier/vendor relationships with manufacturers would create an economic impact of about \$3.5 million. These activities include purchases of locally manufactured goods plus purchased materials used by the call center that are produced locally.

3. Introduction and Scope of Work

This report presents an analysis of the economic impact of operating a telephone call center in Dallas, TX. While the call center's specific location is yet to be determined, it will be located within a designated Targeted Employment Area exhibiting a high unemployment rate. The call center is currently projected to be located within an existing building, and, as a result, no construction activity will take place as part of this project.

Section (4) presents summary economic statistics for Dallas, Collin, Denton, and Tarrant counties, which are then compared to the Texas and overall U. S. statistics. Figure 1 graphs the growth in personal income for these counties compared to the overall U.S. economy. Section (5) presents labor market statistics for 2007-09. Section (6) provides data on the commuting patterns for various counties in the Dallas metropolitan area and shows why the combined area of Dallas, Collin, Denton, and Tarrant counties was chosen for the IMPLAN multiplier analysis contained in this report.

Sections (7) through (9) explain the methodology of using the IMPLAN model, the definition for calculating direct jobs, and the methodology for determining indirect jobs. Section (10) then shows the increases in direct, indirect, and induced employment, output, and labor (household) earnings that will be generated by the operation of the call center.

4. Economic Parameters for Dallas and Neighboring Counties

Table 1. Comparison of Dallas County, the State of Texas, and the U.S.

Category	Dallas	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,800,107	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	1,256,218	69.8%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	1,253,944	69.7%	12,096,927	66.0%	156,225,077	65.4%
Employed	1,180,804	65.6%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	73,140	4.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,274	0.1%	107,625	0.6%	1,240,036	0.5%
Not in labor force	543,889	30.2%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	1,180,804	100.0%	8,401,290	1.0%	146,266,253	100.0%

Management & professional	361,086	30.6%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	190,761	16.2%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	304,205	25.8%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	2,340	0.2%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	165,158	14.0%	843,666	10.0%	13,612,976	9.3%
Production & transportation	157,254	13.3%	750,988	8.9%	18,253,773	12.5%

INDUSTRY

Civilian employed population 16 +	1,180,804	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,358	0.5%	334,729	2.9%	2,653,081	1.8%
Construction	139,625	11.8%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	122,134	10.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	44,824	3.8%	378,731	3.3%	4,383,802	3.0%
Retail trade	129,280	10.9%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	68,232	5.8%	664,090	5.8%	7,595,843	5.2%
Information	32,340	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	104,389	8.8%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	154,735	13.1%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	189,666	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	95,132	8.1%	935,378	8.2%	12,904,517	8.8%
Other private services	64,199	5.4%	594,804	5.2%	7,092,352	4.8%
Public administration	29,890	2.5%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	846,928	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	60,339	7.1%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	41,091	4.9%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	108,587	12.8%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	103,004	12.2%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	131,840	15.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	153,078	18.1%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	90,033	10.6%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	86,108	10.2%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	31,972	3.8%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	40,876	4.8%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	47,085	90.5%	50,043	96.2%	52,029	
Mean household income (dollars)	70,273	98.3%	69,324	97.0%	71,498	

Families	555,578	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	25,727	4.6%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	20,056	3.6%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	68,262	12.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	64,052	11.5%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	85,247	15.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	99,834	18.0%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	65,867	11.9%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	66,442	12.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	25,935	4.7%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	34,156	6.1%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	52,576	83.0%	58,765	92.7%	63,366	
Mean family income (dollars)	79,438	95.3%	79,112	94.9%	83,351	
Per capita income (dollars)	26,147	94.8%	25,096	91.0%	27,589	
Median earnings for workers	27,390	91.7%	27,448	91.9%	29,868	
Median earnings for male full-time	35,513	78.0%	41,539	91.2%	45,556	
Median earnings for female full-time	35,465	100.0%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	14.10%	145.4%	12.40%	127.8%	9.70%	
All people	17.40%	131.8%	15.80%	119.7%	13.20%	

Note: in these and similar tables, the percentage figures in black are proportions of the total in that category, while the percentage figures in red are relative to the U.S. figures.

In terms of the occupational distribution of Dallas County, there is a strong manufacturing base, with 10.3% of the workforce engaged in that industry, compared to 9.9% for all Texas and 11.2% for the U. S. At least through 2008, the construction sector had also been quite strong, with 11.8% of the workforce compared to 7.4% nationally. The county has virtually no agriculture or mining (oil drilling). It also has a higher than usual proportion of employees in financial services, 8.8% compared to 6.9% nationally, and professional and administrative services, 13.1% compared to 10.4%. The major shortfalls are in education and health care, 16.1% compared to nationally 21.7%, and public administration, 2.5% compared to 4.7%.

Income distribution is about equal to the national average at the bottom and top of the income scale. However, there is a greater concentration in the near-poverty and lower-middle income levels. For families, 12.3% are in the \$15,000 to \$25,000 bracket,

compared to 8.2% nationally, and 11.5% are in the \$25,000 to \$35,000 bracket, compared to 9.1% nationally. As a result, median family income is only 83.0% of the national average; the other income figures are closer to the national average, but are still below in all cases except for the median earnings for full-time female workers. Also as result of this skewed distribution, the poverty rate for families is about 40%, or 4 percentage points, above the national average.

Table 2. Comparison of Collin County, the State of Texas, and the U.S.

Category	Collin	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	570,406	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	425,458	74.6%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	425,304	74.6%	12,096,927	66.0%	156,225,077	65.4%
Employed	407,580	71.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	17,724	3.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	154	0.0%	107,625	0.6%	1,240,036	0.5%
Not in labor force	144,948	25.4%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	407,580	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	197,174	48.4%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	50,678	12.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	110,135	27.0%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	539	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	26,095	6.4%	843,666	10.0%	13,612,976	9.3%
Production & transportation	22,959	5.6%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	407,580	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	3,090	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	25,539	6.3%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	45,070	11.1%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	13,301	3.3%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,845	11.5%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	12,901	3.2%	664,090	5.8%	7,595,843	5.2%
Information	20,116	4.9%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	45,620	11.2%	787,876	6.9%	10,112,239	6.9%

Professional & administrative	68,158	16.7%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	65,698	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	31,161	7.6%	935,378	8.2%	12,904,517	8.8%
Other private services	19,145	4.7%	594,804	5.2%	7,092,352	4.8%
Public administration	10,936	2.7%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	269,484	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	9,816	3.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	6,074	2.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	16,718	6.2%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	17,036	6.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	27,916	10.4%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	44,333	16.5%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	41,223	15.3%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	56,899	21.1%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	25,227	9.4%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	24,242	9.0%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	81,395	156.4%	50,043	96.2%	52,029	
Mean household income (dollars)	101,043	141.3%	69,324	97.0%	71,498	
Families	196,568	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	3,312	1.7%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	2,948	1.5%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	8,591	4.4%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,430	4.8%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	16,379	8.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	30,783	15.7%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	31,538	16.0%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	48,153	24.5%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	23,402	11.9%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	22,032	11.2%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	95,514	150.7%	58,765	92.7%	63,366	
Mean family income (dollars)	115,029	138.0%	79,112	94.9%	83,351	
Per capita income (dollars)	36,794	133.4%	25,096	91.0%	27,589	
Median earnings for workers	40,994	137.3%	27,448	91.9%	29,868	
Median earnings for male full-time	61,741	135.5%	41,539	91.2%	45,556	

Median earnings for female full-time	45,147	127.3%	32,530	91.7%	35,471
PERCENTAGE BELOW POVERTY LEVEL					
All families	4.70%	48.5%	12.40%	127.8%	9.70%
All people	6.90%	52.3%	15.80%	119.7%	13.20%

Collin County is a wealthy "bedroom" suburb of Dallas, although it also has a strong manufacturing base, which employs 11.1% of the workforce, more than the 10.3% for Dallas County and virtually the same as the U. S figure. However, unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.9% to 2.4% for information services, 11.2% to 6.9% for financial services and real estate, and 16.7% to 10.4% for professional services.

The income distribution is clearly skewed toward the higher end. In particular, 11.2% of the families have incomes over \$200,000, double the national figure of 5.6%. At the low end, only 1.7% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family income are both more than 50% above the national average, while poverty rates are only about 50% of U.S. average.

Table 3. Comparison of Denton County, the State of Texas, and the U.S.

Category	Denton	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	478,440	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	364,521	76.2%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	363,632	76.0%	12,096,927	66.0%	156,225,077	65.4%
Employed	346,771	72.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	16,861	3.5%	633,697	3.5%	9,958,824	4.2%
Armed Forces	889	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	113,919	23.8%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	346,771	100.0%	8,401,290	1.0%	146,266,253	100.0%

Management & professional	135,901	39.2%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	47,332	13.6%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	100,918	29.1%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	176	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	30,536	8.8%	843,666	10.0%	13,612,976	9.3%
Production & transportation	31,908	9.2%	750,988	8.9%	18,253,773	12.5%

INDUSTRY

Civilian employed population 16 +	346,771	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	2,414	0.7%	334,729	2.9%	2,653,081	1.8%
Construction	22,153	6.4%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	32,288	9.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	12,477	3.6%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,265	13.3%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	19,785	5.7%	664,090	5.8%	7,595,843	5.2%
Information	14,251	4.1%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	35,154	10.1%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	42,631	12.3%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	66,436	19.2%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	28,702	8.3%	935,378	8.2%	12,904,517	8.8%
Other private services	15,060	4.3%	594,804	5.2%	7,092,352	4.8%
Public administration	9,155	2.6%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	209,287	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	6,129	2.9%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	5,499	2.6%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	15,835	7.6%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	15,774	7.5%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	25,636	12.2%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	37,360	17.9%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	33,139	15.8%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	40,358	19.3%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	15,019	7.2%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	14,538	6.9%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	73,544	141.4%	50,043	96.2%	52,029	
Mean household income (dollars)	91,752	128.3%	69,324	97.0%	71,498	

Families	148,108	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	1,453	1.0%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	1,874	1.3%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	7,865	5.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,251	6.2%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	13,229	8.9%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	24,905	16.8%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	26,240	17.7%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	35,504	24.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	13,765	9.3%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	14,022	9.5%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	90,329	142.5%	58,765	92.7%	63,366	
Mean family income (dollars)	107,527	129.0%	79,112	94.9%	83,351	
Per capita income (dollars)	32,204	116.7%	25,096	91.0%	27,589	
Median earnings for workers	35,666	119.4%	27,448	91.9%	29,868	
Median earnings for male full-time	52,826	116.0%	41,539	91.2%	45,556	
Median earnings for female full-time	40,988	115.6%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	4.00%	41.2%	12.40%	127.8%	9.70%	
All people	6.50%	49.2%	15.80%	119.7%	13.20%	

Denton County is another wealthy "bedroom" suburb of Dallas, similar in many respects to Collin County. It does not have quite as strong a manufacturing base, with 9.3% of the workforce employed, compared to 11.2% nationally. Like Collin County and unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.1% to 2.4% for information services, 10.1% to 6.9% for financial services and real estate, and 12.3% to 10.4% for professional services. These figures are all somewhat lower than in Collin County.

The income distribution of Denton County is also clearly skewed toward the higher end. In particular, 9.5% of the families have incomes over \$200,000, compared to the national figure of 5.6%. At the low end, only 1.0% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family

income are both more than 40% above the national average; that is not quite as high as Collin County, where the figure is over 50%. However, the poverty rates are less than 50% of U.S. average and are even slightly below the rates for Collin County.

Table 4. Comparison of Tarrant County, the State of Texas, and the U.S.

Category	Tarrant	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,304,081	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	932,043	71.5%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	929,560	71.3%	12,096,927	66.0%	156,225,077	65.4%
Employed	877,101	67.3%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	52,459	4.0%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,483	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	372,038	28.5%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	877,101	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	295,558	33.7%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	126,724	14.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	247,567	28.2%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	640	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	90,492	10.3%	843,666	10.0%	13,612,976	9.3%
Production & transportation	116,120	13.2%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	877,101	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,847	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	71,412	8.1%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	109,542	12.5%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	34,877	4.0%	378,731	3.3%	4,383,802	3.0%
Retail trade	101,623	11.6%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	75,563	8.6%	664,090	5.8%	7,595,843	5.2%
Information	23,962	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	76,689	8.7%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	86,016	9.8%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	149,496	17.0%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food	69,723	7.9%	935,378	8.2%	12,904,517	8.8%

svcs						
Other private services	43,439	5.0%	594,804	5.2%	7,092,352	4.8%
Public administration	27,912	3.2%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	621,777	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	35,104	5.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	26,543	4.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	58,200	9.4%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	63,996	10.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	90,538	14.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	118,267	19.0%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	83,546	13.4%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	87,257	14.0%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	30,938	5.0%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	27,388	4.4%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	56,251	108.1%	50,043	96.2%	52,029	
Mean household income (dollars)	74,969	104.9%	69,324	97.0%	71,498	
Families	425,867	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	14,852	3.5%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	12,542	2.9%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	30,187	7.1%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	37,902	8.9%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	56,650	13.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	81,567	19.2%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	66,091	15.5%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	74,976	17.6%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	27,180	6.4%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	23,920	5.6%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	68,088	107.5%	58,765	92.7%	63,366	
Mean family income (dollars)	86,060	103.3%	79,112	94.9%	83,351	
Per capita income (dollars)	27,694	100.4%	25,096	91.0%	27,589	
Median earnings for workers	31,323	104.9%	27,448	91.9%	29,868	
Median earnings for male full-time	45,436	99.7%	41,539	91.2%	45,556	
Median earnings for female full-time	36,966	104.2%	32,530	91.7%	35,471	

PERCENTAGE BELOW POVERTY
LEVEL

All families	9.40%	96.9%	12.40%	127.8%	9.70%
All people	12.20%	92.4%	15.80%	119.7%	13.20%

Tarrant County, and Fort Worth, are more "blue collar" than Dallas, Collin, and Denton counties. The manufacturing base represents 12.3% of the total workforce, higher than the other three counties mentioned above and also above the national average figure of 11.2%. The proportion of employees in construction is below the Texas average but above the national average. There are slightly more jobs in financial services but fewer jobs in professional services than is the case nationally. The biggest differential is in transportation, with 8.6% of the workforce engaged compared to 5.2% nationally.

In terms of income distribution and poverty levels, Tarrant County is close to the national average for all major indexes. Hence it has less poverty than Dallas County, but less income and wealth than Collin and Denton counties.

Table 2. Population Growth in Selected Dallas Metropolitan Area Counties

	Texas	Dallas County	Tarrant County	Collin County	Denton County	4 counties
July 1,2009	24,782,302	2,451,730	1,789,900	791,631	658,616	5,691,877
July 1,2008	24,304,290	2,411,921	1,749,974	763,438	637,516	5,562,849
July 1,2007	23,837,701	2,381,873	1,709,745	732,986	615,172	5,439,776
July 1,2006	23,369,024	2,353,448	1,662,902	699,675	589,882	5,305,907
July 1,2005	22,801,920	2,316,657	1,612,195	659,840	558,026	5,146,718
July 1,2004	22,418,319	2,297,435	1,580,347	627,748	533,323	5,038,853
July 1,2003	22,057,801	2,287,070	1,552,186	596,599	512,229	4,948,084
July 1,2002	21,710,788	2,280,415	1,523,284	568,810	489,526	4,862,035
July 1,2001	21,332,847	2,267,590	1,488,516	537,779	464,862	4,758,747
July 1,2000	20,945,963	2,225,371	1,454,402	500,162	438,994	4,618,929
2009/08	1.97%	1.65%	2.28%	3.69%	3.31%	2.32%
2008/07	1.96%	1.26%	2.35%	4.15%	3.63%	2.26%
2007/06	2.01%	1.21%	2.82%	4.76%	4.29%	2.52%
2006/05	2.49%	1.59%	3.15%	6.04%	5.71%	3.09%
2005/04	1.71%	0.84%	2.02%	5.11%	4.63%	2.14%

2004/03	1.63%	0.45%	1.81%	5.22%	4.12%	1.83%
2003/02	1.60%	0.29%	1.90%	4.89%	4.64%	1.77%
2002/01	1.77%	0.57%	2.34%	5.77%	5.31%	2.17%
2001/00	1.85%	1.90%	2.35%	7.52%	5.89%	3.03%
2009/00	1.88%	1.08%	2.33%	5.23%	4.61%	2.35%

As shown in Table 2, unlike most of the rest of the country, population growth actually accelerated in Dallas County in the 2009 recession and remained very high in the surrounding counties. The tendency is sometimes to equate the continued expansion of the Texas economy with the high price of oil, but in fact the Dallas area has very little oil, and is benefitting from continued growth in high-tech manufacturing and professional services, managing to attract companies who are leaving jurisdictions with higher tax rates.

5. Employment and Unemployment Statistics for Selected Dallas Metropolitan Area Counties

This section shows the recent labor market statistics for various subsectors of the Dallas metropolitan area, plus the state of Texas. While the unemployment rate rose sharply in 2009, the increase was far less in Texas than was the case for the overall U.S. economy, where the unemployment rate rose to 9.3% in 2009.

Table 3. Labor Force, Employment, and Unemployment

		Labor Force	Employ- ment	Unempl oyment	Un Rate %
Area:	Texas				
2007	Annual	11421105	10921706	499399	4.4
2008	Annual	11635095	11059298	575797	4.9
2009	Annual	11930847	11020226	910621	7.6
Area:	Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area				
2007	Annual	3078736	2945240	133496	4.3
2008	Annual	3111671	2955005	156666	5.0

2009	Annual	3162378	2914250	248128	7.8
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Area: Dallas city, TX

2007	Annual	577587	550189	27398	4.7
2008	Annual	585499	553153	32346	5.5
2009	Annual	592402	543968	48434	8.2

Area: Collin County, TX

2007	Annual	395426	380118	15308	3.9
2008	Annual	404668	386020	18648	4.6
2009	Annual	409675	379610	30065	7.3

Area: Denton County, TX

2007	Annual	337231	324020	13211	3.9
2008	Annual	343551	327996	15555	4.5
2009	Annual	347598	322550	25048	7.2

Area: Dallas County, TX

2007	Annual	1136204	1083472	52732	4.6
2008	Annual	1137970	1075720	62250	5.5
2009	Annual	1152946	1057857	95089	8.2

Area: Tarrant County, TX

2007	Annual	867870	830358	37512	4.3
2008	Annual	878609	835392	43217	4.9
2009	Annual	898086	828594	69492	7.7

6. Choice of Economic Region for Economic Analysis

We next consider the choice of counties that should be included in the economic multipliers used in this study. Table 4 shows the size of the total workforce in each of four counties in the Dallas metropolitan area, based on 2000 Census data, and the residence of these employees for each of the four counties.

In determining which counties should be included in the multiplier analysis for this and other projects in the Dallas metropolitan area, we use the criterion that the proportion of the workforce included should range from 90% to 95%; below 90%, the

multipliers are likely to be understated, while above 95% they are likely to be overstated. In Table 4, the percentages in red indicate the counties used for multiplier analysis.

Table 4. Commuting Patterns for Dallas Metropolitan Area

	Dallas	%	Collin	%	Denton	%	Tarrant	%
All counties	1357253	100.0%	208432	100.0%	141073	100.0%	672811	100.0%
Dallas	905380	66.7%	47978	23.0%	13258	9.4%	46430	6.9%
Collin	119210	8.8%	128271	61.5%	5194	3.7%	3442	0.5%
Denton	95367	7.0%	14896	7.1%	103598	73.4%	15809	2.3%
Tarrant	136092	10.0%	3228	1.5%	9290	6.6%	534154	79.4%
Tot Included	1256049	92.5%	191145	91.7%	131340	93.1%	580584	86.3%

The Dallas metropolitan area, as defined by Census, has several other counties, but they are not included in our analysis because the four counties given above represent 90% to 95% of the workforce for Dallas, Collin, and Denton counties. That is not the case for Tarrant County, which falls slightly below the 90% level; for businesses located in that county, we would omit Collin and Denton counties and add Parker County. Figure 1 shows all the counties in the Dallas/Fort Worth Metroplex area. Figure 2 shows a more detailed map for Dallas County.

Figure 1. Map of Counties in Dallas/Fort Worth Metroplex

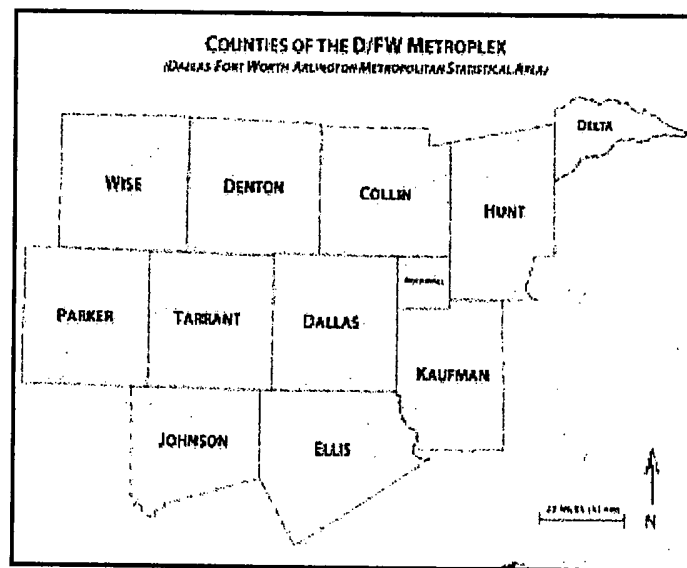


Figure 2. Map of Dallas County

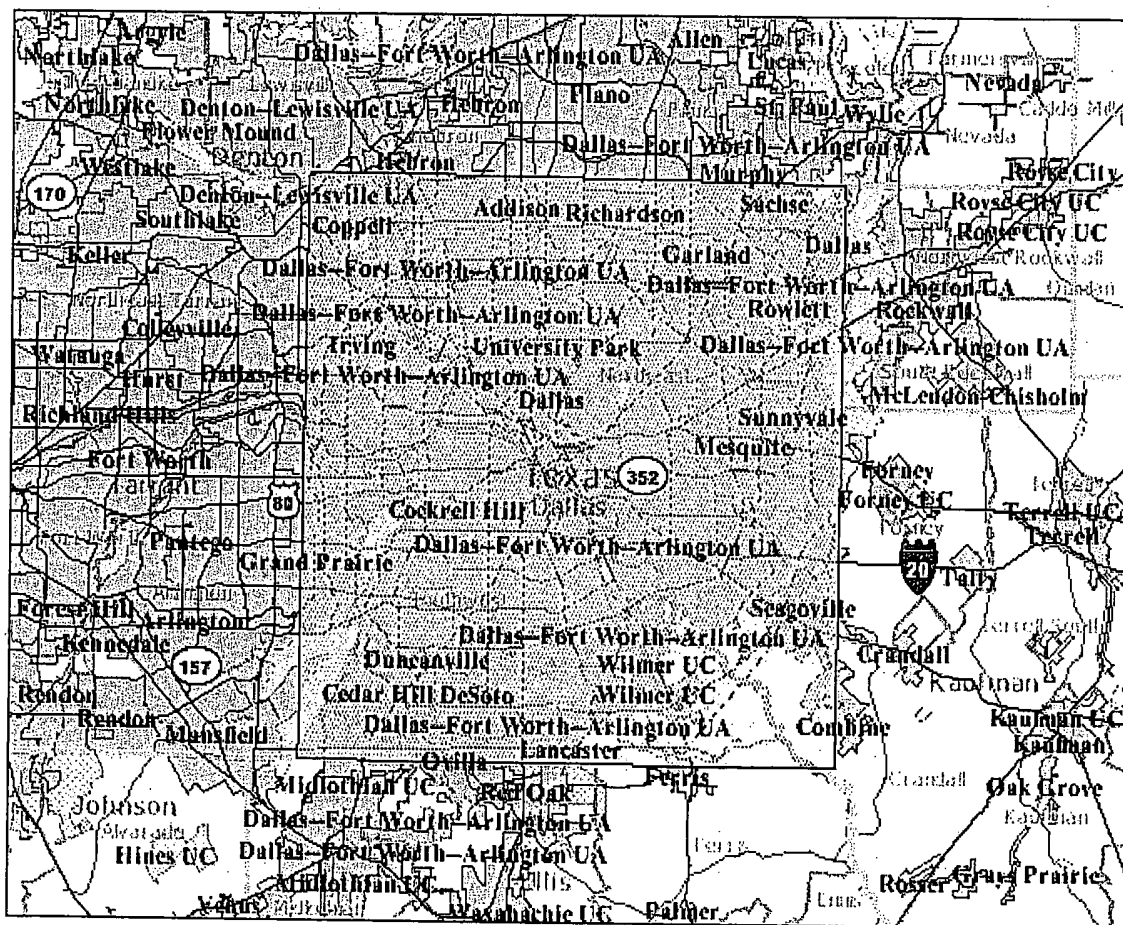
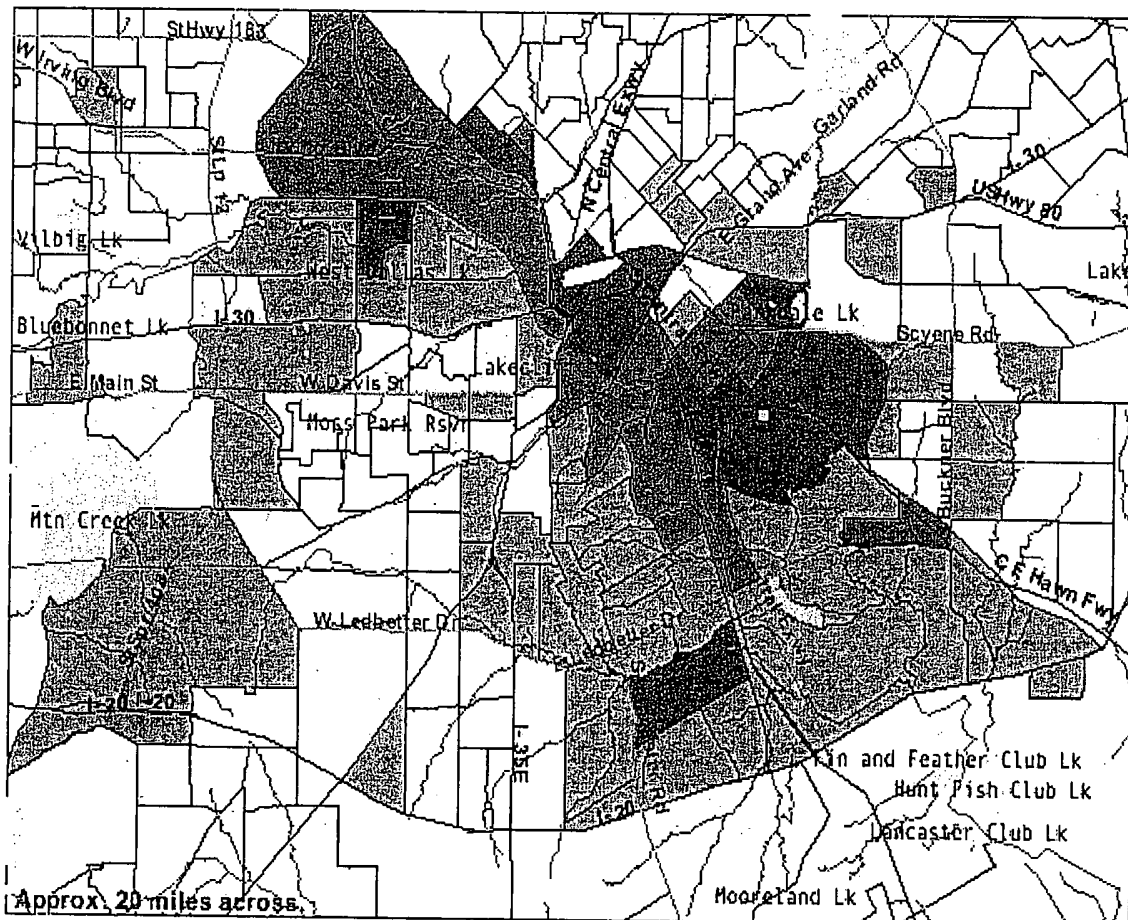


Figure 3 shows a map of Dallas County with unemployment by census tracts. The green areas are those with an unemployment rate of 14% or more in 2009. It is expected that the call center will be located in one of those census tracts.

Figure 3. Map of Dallas Census Tracts by Unemployment Rate



7. Guide to Using the IMPLAN model for USCIS Adjudicators

Note: this material has been prepared for USCIS Adjudicators who may not be familiar with input/output model methodology for the IMPLAN model. It can be skipped without loss of continuity by those readers who are already familiar with this approach.

Evans, Carroll & Associates, Inc. has used the IMPLAN model in approximately 60 studies to determine the economic impact of EB-5 and similar programs. This section explains in more detail how the IMPLAN model works, and why it is a valid approach for determining the economic impact for EB-5 regional centers.

The IMPLAN model calculates job creation for each category of economic activity. This model has been used in many earlier applications by USCIS and is one of

the two recognized models (the other one is RIMS II) that are generally used in these applications.

IMPLAN (and other input/output models) are based on the concept of a production function; which determines the quantities of inputs are required to produce a unit of output. The basic data are collected by the Commerce Department from a variety of sources, such as the Annual Survey of Manufacturers and various annual surveys of the service sector. The data are benchmarked to the Economic Census figures once every five years and then updated annually. These figures comprise a national input/output model.

The regional coefficients are then modified to take into account the proportion of goods and services required to produce one unit of output that are produced locally. These regional coefficients are based on data from the Economic Census.

For a manufacturing plant, for example, the raw materials required are measured by the input/output coefficients. Using the data for output per employee, these figures are then converted into new jobs created for indirect employees. The regional coefficients are then used to determine what proportion of these employees work in facilities in the local area. All these coefficients are imbedded in the IMPLAN model. The results shown in the tables contained in Sections (9) – (14) of this report are the end product of entering the inputs for direct jobs and solving the model for the indicated region.

For a service industry such as a hotel, office building, life sciences laboratory, retail store, or restaurant, the same concept is employed, except in this case most of the indirect jobs are also in a service occupation. In order for these businesses to function, they must hire lawyers, accountants, computer programmers, and administrators. They deposit their funds in banks and other financial institutions, creating new jobs in those industries. The buildings must be leased and the business must be insured, creating new jobs in those industries. Once again, the new jobs created are based on the regional coefficients of the IMPLAN model.

An input/output model is not a forecasting model that takes into account varying economic conditions. Instead, input/output models are designed to be static models. At any given time – based on production data gathered by the Department of Commerce – it is ascertained that a given quantity of inputs are used to determine a unit of output. These coefficients are assumed to be the same regardless of whether there is a boom or a recession. For example, it takes the same amount of coal, scrap iron, limestone, machinery, and labor to produce a ton of steel regardless of the underlying business cycle conditions.

Input/output models have been used in thousands of applications to determine the economic impact of a given investment of a specific project; sometimes these are regional models, sometimes they are national models.

The use of input/output models in general, and IMPLAN in particular, represent the standard and accepted way of determining the increase in i) employment and ii) the economic impact of regional center projects. In addition to employment, economic impact is measured by increases in output and labor income (sometimes referred to as household earnings) that will be generated by a given increase in direct jobs or expenditures for a given project. Output and labor income capture all of the factors listed in 8 C.F.R. Section 204.6(m)(3)(iv) such as "increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction."

The calculation of the employment multipliers is accomplished as follows:

1. The first step is to determine employment per dollar of output for each industry. There are 440 industries in the IMPLAN input/output matrix, but in this report these are generally aggregated into about 30 industry classifications. The figures for industry output and total employment are taken from Census data and vary for each county.
2. The figures for employment per dollar of output are then multiplied by various coefficients in the model, representing direct, indirect, and induced effects. The column for direct effects has a coefficient of 1 for the specific industry and 0 for all other industries. The column for indirect effects is based on the technical coefficients of production (e.g., how much coal is required to produce one ton of steel). These coefficients range from 0 to 1.
3. The column for induced effects is based on the proportion of household income that is spent in that industry. Usually the figures are higher for health care and retail trade and lower (or zero) for manufacturing industries.

To illustrate this, consider a very simple three-sector model in which we determine the employment multiplier for auto manufacturing. The three sectors are auto manufacturing, other manufacturing, and services.

	Output	Employment	Empl/Output
Auto mfg	100	10	0.10
Other mfg	2,000	250	0.08
Services	4,000	800	0.20

Employment Multipliers for Auto Manufacturing (in actual work, these would be taken from the IMPLAN model)

	Direct	Indirect	Induced
Auto mfg	1.00	0.05	0.08
Other mfg	0.00	0.25	0.40
Services	0.00	0.20	1.20

These figures are multiplied by the empl/output column to obtain the following results:

Employment Effects			
	Direct	Indirect	Induced
Auto mfg	0.10	0.005	0.008
Other mfg	0	0.002	0.005
Services	0	0.040	0.240
Total	0.10	0.047	0.253

In this case, the employment multiplier would be calculated as $(0.10 + 0.047 + 0.253)/0.10$, which in this case is 4.0. The total number of jobs created by the new auto plant is then equal to 4.0 times the number of direct new jobs, which has been calculated outside the IMPLAN model.

In EB-5 regional center applications, the number of direct jobs is calculated outside the model. While there are a variety of methods for doing this, one standard method is to determine the number of square feet per employee. Then the number of employees is identically equal to the number of square feet divided by square feet per employee. Another method is to calculate the ratio of output to capital (from government statistics), multiply by the amount of investment to get the incremental change in output, and then divide by output/employee in the particular county or region. These methods are discussed in greater detail in the next section. Once the number of direct new jobs has been determined, the IMPLAN model is then used to determine the number of indirect and induced jobs.

Indirect jobs are those created when the new business purchases goods and services that are produced or sold locally. These are discussed in more detail in Section (8).

In the case of a restaurant, for example, some of the food might be purchased from local farms, or food manufacturing plants. The proportions are determined by the coefficients imbedded in the IMPLAN (or other input/output) model. These coefficients are based on actual data for purchased goods and services taken from the Economic

Census, the Annual Survey for Manufacturers, and other similar sources compiled by the Commerce Department. The regional purchase coefficients are based on regional estimates prepared by the Commerce Department. These figures can be found on the BEA website.

In general, food purchases account for about 1/3 of total restaurant output. Thus if the restaurant generated \$6 million in sales, \$2 million would be spent on purchasing food. Some of this would be grown or produced locally, while some of it would be grown or produced outside the region, but sold locally.

Suppose, for example, that the restaurant purchased its desserts from a nearby bakery. In this example, suppose dessert accounts for 10% of the food bill, which means \$200,000 worth of dessert are purchased. That amount of activity would increase the number of employees at the bakery, both in terms of salespeople and in terms of bakers. The bakery would then buy sugar, flour, eggs, and other ingredients from other sources; here again, some would be local, and some would be out of the region. If the flour is purchased from a local source, then that would generate further jobs in growing and milling wheat, and so forth. The input/output table captures all of these relationships and converts them to the number of additional employees that are generated by the purchase of desserts. Similar calculations would be taken for all other food served at the restaurant.

The restaurant would also hire a cleaning service to launder the tablecloths and napkins, it would hire an accountant to keep track of its receipts and pay taxes, and from time to time it would need to hire plumbers, electricians, and carpenters to perform repairs. There are many other services they would also need to use. The input/output model shows the fraction of total sales expended in each of these categories. There are 440 categories in the latest input/output table, although not all of them apply to all categories.

Induced jobs are those created when the restaurant employees spend some of their paychecks on goods and services produced or sold locally. This would include expenditures on food, clothing, health care, entertainment, and a variety of other goods and services. These figures are based on consumer surveys showing the amount spent by individuals and families at different income levels in different locations, and are prepared by the Bureau of Labor Statistics.

All the calculations for the number of indirect and induced jobs are done by the computer program imbedded in the IMPLAN model, using these coefficients calculated from BEA and BLS data, which are then used to invert and solve a matrix that contains $440 * 440$ (equals 193,600) elements. Obviously all these elements cannot be

reproduced in each report; however, a related table is found on the BEA website (<http://www.bea.gov/bea/interactive.htm>).

In the same manner, the IMPLAN model also generates predictions of output and labor (household) income for each industry category; these are the "derived monetary predictions" referred to in the RFE. The coefficients that determine output and income are based on the same methodology used to generate the employment numbers; the figures are then multiplied by the output per worker, and labor income per worker. These figures are also taken from data found in the Economic Censuses and supplemented by the BLS.

All these calculations are part of the input/output algorithm, which is internal to the IMPLAN (or other input/output) model. Hence the pathway for determining the results is as follows:

1. Calculate the number of new direct employees for each new business.
2. Use the computer program algorithm that contains coefficients in the input/output model that determine the number of new employees per dollar of new sales for each industry category where the new business purchases goods and services produced or sold locally.
3. Use the computer program algorithm that contains coefficients in the input/output model that determine the number of new employees per dollar of new sales for each industry category where employees spend part of their paychecks on goods and services produced or sold locally.
4. Solve the entire input/output model to take into consideration secondary links (i.e., bakers purchase flour, which is grown from wheat) that create employment gains throughout the economy.
5. Use the gains in employment to determine the increase in output by multiplying employment by the average output/employee for all relevant industries.
6. Use the gains in employment to determine the increase in labor income by multiplying employment by the average compensation/employee for all relevant industries.

The IMPLAN model is a regional input/output model developed and maintained by the Minnesota IMPLAN group, headquartered in Minneapolis. The basic model was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management.

The IMPLAN model has certain similarities with the RIMS (Regional Input/Output Modeling system) model developed by the Department of Commerce, but is generally thought to contain several superior features besides its greater ease and flexibility of use. These improvements can be summarized as follows:

1. The Commerce Department is not permitted to publish data in any category where there are less than three organizations in a given economic area. IMPLAN has developed an algorithm to fill in the missing numbers.
2. IMPLAN has introduced improved methods of accounting for flows of goods and services among counties.
3. IMPLAN permits aggregation of any subset of industries for calculation and tabular purposes. This is useful when results are desired for, say, 1-digit industries instead of the 440 industries actually found in the input/output table.
4. As seen in the tables throughout this text, IMPLAN estimates three separate effects, labeled "direct", "indirect" and "induced". The direct effects are those entered by the user. The other two columns represent the multiplier effects, but they are usually combined in other input/output models. Briefly, the indirect effect represents purchases made by businesses when their sales rise. For example, a restaurant might order more food produced or sold in the region, or an automobile plant might order more steel. The induced effect represents the additional household spending because income has risen. For example, restaurant workers would spend their paychecks on various goods and services, some of which are produced in the region. In general, then, the larger the region under consideration, the larger the multipliers would be.

The following material, taken from the IMPLAN manual, describes the input/output process in more detail.

Input/output analysis is a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all of the monetary market transactions for consumption in a given time period. The resulting mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy.

A descriptive model includes information about local economic interactions known as regional economic accounts. These tables describe a local economy in terms of the flow of dollars from purchasers to producers within the region. The initial IMPLAN data details all purchases, including imported goods and services. When regional

economic accounts are created, imports to the region are removed from the initial data, allowing examination of local inter-industry transactions and final purchases.

The regional economic accounts are used to construct local level multipliers. Multipliers describe the response of the economy to a stimulus (a change in demand or production). The multipliers represent the Predictive Model.

Purchases for final use (final demand) drive an input/output model. Industries producing goods and services for consumption purchase goods and services from other producers. These other producers, in turn, purchase goods and services. These indirect purchases (or indirect effects) continue until leakages from the region (imports, wages, profits, etc.) stop the cycle.

The indirect effects and the effects of increased household spending (induced effects) can be mathematically derived as sets of multipliers. The derivation is called the Leontief inverse. The resulting sets of multipliers describe the change of output for each industry caused by a one dollar change in final demand for any given industry.

The input/output analysis framework is similar to a financial accounting framework that tracks purchases of and expenditures on goods and services in dollars. Input/output accounting traces the flow of dollars between businesses and between businesses and final consumers. An input/output accounting framework can be illustrated using classic financial accounting T-accounts, which include receipts (income) and expenditures (expenses) on each side of a "T", as shown below.

Final Consumption (or final demand) drives input/output models. Industries respond to meet demand directly or indirectly, by supplying goods and services to industries responding directly. Each industry that produces goods and services generates demands for other goods and services, and so on. Multipliers describe these iterations.

There are three different multipliers developed for predictive modeling: Type I, Type II, and Type SAM. We start with the transactions table and derive a coefficient by dividing each industry column by the column total. This coefficient matrix is also known as the *A Matrix*.

The columns of the *A Matrix* are production functions. A production function shows where an industry spends, and in what proportions, to generate each dollar of output.

Receipts	Expenditures
Sales to industries	Purchases of goods and services
Sales to institutions	Local
Exports	Imported
	Investment
	Payroll
	Taxes
	Profits
	Distributed
	Retained

Through algebraic manipulation of the A Matrix, we can derive the multipliers. The predictive model shows how output will change with a given change in final demand. The inverse is the matrix of multipliers.

Multipliers break the effects of stimuli on economic activity down into three components:

1. Direct effects are the changes in the industries to which a final demand change was made.
2. Indirect effects are the changes in inter-industry purchases as they respond to the new demands of the directly affected industries.
3. Induced effects typically reflect changes in spending from households as income increases or decreases due to the changes in production.

The Type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e., industries buying from local industries.

The Type II multiplier captures direct and indirect effects in addition to the inter-industry effects; it also takes into account the income and expenditures of household. The household income and expenditures are treated as industries. This internalizes the household sector, including the induced or household spending effects.

The Type SAM multiplier uses all information about the institutions selected to be included in the predictive model. If only households are included, all information for industries, factors, and households are included.

The latest version of the IMPLAN model contains 440 separate industrial sectors. In preparing these calculations, the direct employment effects were entered for construction, retail outlets, hotels, office space, and residential operations. The remaining sectors are then aggregated, generating a total of approximately 30 sectors, which are reproduced in the tables later in this report.

Each IMPLAN calculation is based on separate figures for a specific set of counties, which is determined by the location of the project and the likely flow of the workforce to the new businesses that are in operation. The size of the multipliers for any county depends on part on its size; a very small county would have a smaller multiplier because a larger proportion of the goods and services would be purchased outside the county. A very large county, such as Cook County in Chicago, would have a larger multiplier.

There is always a tradeoff here in the following sense. The more contiguous counties that are included – i.e., the larger the overall area – the higher the multiplier is likely to be, and hence the higher the number for indirect and induced job creation. On the other hand, making the area larger than it should be overstates the result and vitiates its usefulness.

The Census publishes data on county-to-county workflow. In most cases, most of the people who work in a given county also live there. The question is how to identify those other counties that provide a significant proportion of the workers, because they will spend part of their paychecks at home, which means those counties should also be included in the multiplier calculations. In general, the multipliers are likely to be the most accurate when they include those counties whose residents represent 90% to 95% of the county workforce. The four-county totals have been given in Section (6).

8. Definition of Direct Jobs for EB-5 Analysis

Before proceeding further, a discussion of what direct jobs means in this context is warranted. The definition of "direct jobs" used in this report should not be confused with the concept of direct job creation measurable by Forms I-9, payroll records, or other similar documentation as set forth in 8 C.F.R. § 204.6(j)(4)(i)(A). That section

contemplates jobs created by the actual employees of the new commercial enterprise, specifically in the non-regional center context.

When economists use the term "direct" jobs in the context of an econometric methodology such as IMPLAN, what is meant are jobs created directly by revenues (which in the EB-5 Pilot Program results in whole or in part from an immigrant investor's investment). For example, where a regional center-based new commercial enterprise comprised of immigrant investors renovates a building it purchased, the employees of the various unaffiliated tenants of that building would be considered "direct" jobs in the context of an econometric report.

However, those jobs are not "direct" in the sense set forth in 8 C.F.R. § 204.6(j)(4)(i)(A) where the new commercial enterprise is itself the employer that can provide Form I-9 or other similar documentation on its own employees. The tenants' employees are not "direct" employees of the regional center-based new commercial enterprise. The IMPLAN model is then used to calculate the number of indirect and induced jobs, as well as the increase in output and labor (household) income, that are generated by the new businesses.

The direct jobs are entered into the IMPLAN model, and the multiplier process, described in the next section, is then used to calculate the overall economic impact. However, in cases such as construction projects that require less than two years to complete, direct jobs cannot be counted, in which case a different methodology, known as the expenditure model, is used instead.

The expenditure model, which is used to calculate the number of construction jobs, uses the IMPLAN framework, but in a different manner. As already noted, most IMPLAN calculations are based on the input of the number of direct jobs, with the multipliers based on input/output relationships among industries (indirect jobs) and the purchasing power of the region (induced jobs). Nonetheless, it is clear that some jobs are created as the money is spent to pay the construction workers, and they in turn spend some proportion of their paychecks locally. These jobs can be counted even though the temporary direct jobs are excluded.

In practical terms, the calculations are performed as follows. A given expenditure amount (say \$15 million) is entered into the IMPLAN model in the appropriate construction sector, which in this case is industrial production. The total number of jobs is calculated in the usual manner, but the number of direct jobs is then subtracted, leaving only the indirect and induced jobs.

9. Methodology for Determining Indirect Jobs

In spite of the explanation of the IMPLAN model given directly above, some USCIS adjudicators have raised questions about how that model is used to determine the increase in the number of indirect jobs. That is an important issue because, unlike the direct job count, which can be verified by USCIS from various payroll and withholding documents, the calculation of indirect jobs cannot be verified directly but depends on mathematical calculations.

The general concept is based on the coefficients in the input/output model itself (the same methodology applies to IMPLAN, RIMS II, or any other generally recognized and accepted input/output model). In any given year, the government calculates how much input is used for a given amount of output. The detailed figures are taken from the Economic Censuses taken once every five years, and updated from various annual supplements.

Basically the process has two steps, each of which is described next in greater detail. The first is to determine the amount of output, and hence the number of jobs, required to produce a given amount (say \$1 million) of the final product or service. These are national coefficients. The second is to determine what proportion of those goods and services are purchased within the local region (the regional purchase coefficients, or RPCs).

In the case of a manufacturing process, the national coefficients are based on production functions: how much coke per ton of steel, how much steel per motor vehicle, how much flour for a loaf of bread, and so on. However, most of the jobs are created in the service sector, where Commerce Department data are used to determine, for example, how much restaurants spend on laundry services, how much airlines spend for attorneys, and so on. These figures are based on information contained in the various Economic Censuses. The national coefficients would also determine, for example, how many architects and engineers would be hired for a construction project of a given scope and size, and how many new employees at financial institutions would be required to handle the additional cash flow generated by the new business. Both of these are discussed below in greater detail.

Even after these coefficients are determined, however, the regional purchase coefficients (RPC) must still be estimated. If, for example, a trucking firm spends 1% of its revenue on accountants, how much of that money is spent on local firms, and how much is spent outside the region?

That answer depends on various factors. The most important is the amount of the good or service produced within the region. If a trucking firm, for example, were located in a small county with no accountants, obviously it would not hire any local

accountants. That sets a lower limit -- but is not generally the case. Instead, a balancing algorithm is used.

Suppose, for example, that all the firms producing, distributing, or selling goods and services in a given county spent \$10 million on accounting services. Also, suppose that total billings of all accountants in the county were \$20 million. In that case, local accountants could handle all the local business, plus business from neighboring counties. If, on the other hand, total accountant billings in the county were only \$5 million, local firms could not spend more than half of the money on local accountants.

Of course it is possible that there are adequate resources in the county but local firms choose to use companies outside the county; perhaps prices or services are better. No input/output model can account for such anomalies. On the other hand, given transportation costs, it would be highly unusual for a firm to be located in a given location and not serve the nearby businesses, instead choosing only those clients who were farther away.

The IMPLAN model -- and other regional input/output models -- assigns regional purchase coefficients (RPCs) in all cases where the local industry purchases goods and services from local firms. This matrix could have as many as $440 * 440 = 193,600$ elements, although in practice many of them are zero. Large counties with a wide variety of businesses have more non-zero elements than small counties with relatively few businesses.

In general, the RPCs tend to be close to zero for most manufactured goods, and close to unity for most services. While there are many exceptions to this rule, most firms will use financial, professional, business, and health care services that are located in that county or contiguous areas.

To take just one example of many, consider the number of new jobs created by architects and engineers for a new construction project of any given size. Most construction cost manuals, such as those published by R. S. Means, indicate that those costs are usually about 5% to 9% of the total job. According to the national IMPLAN file, the figures are 9.2% for commercial construction and 4.5% for industrial construction.

These figures can be compared with the proportions of architects and engineers in the local four-county area, based on the IMPLAN data for those five counties. The IMPLAN model shows proportions of 8.4% for commercial and 4.3% for industrial construction, indicating that 91% of the architects and engineers for commercial jobs and 95% for industrial jobs are hired locally. These figures are fairly typical of other locations and regions; except for "signature" buildings designed by famous names, most

architects and engineers live in the same region as the buildings that are being constructed.

To summarize to this point, the number of indirect jobs as a proportion of direct jobs depends on (a) the national relationships, and (b) the regional purchase coefficients. There are a few industries that produce relatively large numbers of jobs in almost all cases. These industries are discussed below and include banking, real estate, legal and accounting, architects and engineers, other professional services, employment services, other business services, restaurants, and government. In all of these cases, the vast majority of workers are hired locally.

Our comments for the rest of this section are based on the assumption of a \$10 million investment, since this is the basis for the generic calculations in the remainder of this report.

Banking: On an aggregate basis, for every \$10 million in deposits, very broadly defined (M3), there is about 1 new banking employee. As a rough rule of thumb, the size of M3 is roughly equal to the size of GDP. Hence we would expect about 1 new banking employee for every \$10 million increase in output, as calculated from the IMPLAN model.

Real estate: Additional real estate employees are based on two factors. One is the leasing activity of the new building, and the other is the increase in residential real estate activity as people get new jobs, either within the area or by moving into the area. On a lease basis, a \$10 million investment is likely to result in a building of 80,000 square feet. If it leases for \$40/square foot, that would be \$3.2 million in annual lease payments, and with a 6% commission would generate \$192,000 in revenues, which would account for about 2 new real estate employees (the figure would be less for industrial buildings). The increase in employment would also result in some real estate activity as workers moved into better housing in the same location, or moved in from other areas. In a normal year, there are about 7 million sales of new and existing homes for a labor force of about 140 million, or 5%. Hence if the total increase in employment were 200, that would imply 10 real estate transactions; if they average \$200,000 at a 6% commission, that would be \$12,000 per home or a total of \$120,000, which would support approximately 3 new real estate jobs.

Legal & Accounting: Each of these accounts for about 1% of total employment; so if there were a total increase of 200 jobs, we would expect an average of 4 new employees in this classification.

Architects & Engineers: Almost all architecture and engineering jobs stem from the new construction activity. This category has already been discussed above; for a \$10 million construction project, which would create about 80 new construction jobs, we

would expect about 7 new jobs in architects and engineers for a commercial project and 3 to 4 new jobs for an industrial project.

Other professional services: This category includes employees in consulting, scientific research and development, advertising, and management, as well as several other smaller, specialized categories. In general, consulting, management, and the all other category each account for about 1% of total employment, and R&D and advertising account for about ½% of total employment, for a total of about 4% of total employment. This figure will vary widely depending on the degree to which consultants and R&D are used by the new business.

Employment services: On a national average basis, 1 out of every 45 people is employed by this industry. Here again, the figures will vary widely depending on (a) the proportion of people who are hired through employment agencies, and (b) the proportion of the work that is outsourced to employment services.

Other business services: Most of these jobs are in the category of building support services, which includes janitorial services, lawn maintenance, and waste management. The other categories include back-office jobs that are outsourced, such as direct mail, copying, and duplicating services. For an office building of 80,000 square feet, the cost would be approximately \$2/sq ft per year for maintenance, or \$160,000, which would support about 4 new jobs; here again, the figure would be lower for industrial buildings. The back-office services would vary widely depending on the type of new business; retail stores, for example, would print and distribute more advertising brochures than a manufacturing operation.

Restaurants: This category reflects business meals. Of course the number of business meals depends greatly on the type of business; lawyers, accountants, and consultants will have more business meals than manufacturing plants or water treatment facilities. On a national average basis, though, Commerce Department figures show that total restaurant sales in 2007 were \$580 billion, while consumer expenditures at restaurants were \$500 billion, indicating about \$80 billion for business expenses. With a labor force of approximately 140 million, that works out to about \$570 per employee. Hence if 200 new jobs were created, business meal expenses would rise by about \$114,000, which would imply between 2 and 3 new indirect jobs in the restaurant industry. These figures are likely to be somewhat higher when direct jobs are created for office buildings and hotels.

Government: The increase in public sector employees represents the amount funded by increased real estate taxes. For a construction project with \$10 million in hard costs, the total value is likely to be between \$15 and \$20 million when one includes furniture, fixtures, equipment, and land values. Using a national average property tax rate of 1%, that would raise \$150,000 to \$200,000, which would create 3 to 4 new jobs

in the public sector. If the property tax rate is higher, the number of government jobs created would also tend to be higher.

10. Economic Impact of Operating Call Center

According to the developer, there will be 250 direct jobs at the telephone call center. At the appropriate time these will be verified by payroll records. The tables in this section of the report are based on the IMPLAN model multipliers for Dallas, Collin, Denton, and Tarrant counties.

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	0.1	0.4	0.5
Utilities	0	0.1	0.2	0.3
Construction	0	0.4	0.7	1.1
Manufacturing	0	1.9	7.0	8.9
Wholesale trade	0	0.8	4.6	5.4
Retail trade	0	0.5	24.2	24.8
Transportation	0	3.1	2.6	5.7
Information svcs	0	2.1	1.3	3.4
Banks and credit intermed	0	1.2	2.4	3.6
Other financial	0	1.9	7.9	9.8
Real estate	0	3.4	3.8	7.2
Lawyers and accountants	0	3.0	2.3	5.3
Architects and engineers	0	0.6	0.3	0.9
Computer program and design	0	3.3	1.0	4.3
Other professional svcs	0	4.2	2.4	6.7
Employment services	0	14.6	2.4	16.9
Other business services	0	2.9	0.7	3.5
Telephone call centers	250	1.9	0.4	252.3
Building support services	0	3.2	1.7	4.9
Social services	0	0.6	9.3	9.9
Health care	0	0.0	13.5	13.5
Entertainment and leisure	0	1.2	4.1	5.2
Hotels	0	1.4	1.0	2.4
Restaurants	0	5.7	11.5	17.2
Repair services	0	0.9	1.3	2.2
Personal services	0	1.3	5.9	7.2

Government		5.4	4.5	9.9
Total	250	66	117	433

Table 5 shows that the call center creates 250 direct jobs, 66 indirect jobs, and 117 induced jobs, for a total of 433 jobs, and an employment multiplier of 1.73. Of the 66 jobs, most of them follow the guidelines given in the previous section except for the 15 jobs in employment services, indicating that many of the new employees are hired on a contract basis from agencies.

Table 6. Total Annual Increase in Output, Telephone Call Center, Thousands of Dollars

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	78	303	381
Utilities	0	166	472	638
Construction	0	64	95	159
Manufacturing	0	758	2726	3484
Wholesale trade	0	175	1010	1184
Retail trade	0	38	1804	1841
Transportation	0	536	453	989
Information svcs	0	809	505	1314
Banks and credit intermed	0	304	599	903
Other financial	0	659	2710	3369
Real estate	0	639	719	1358
Lawyers and accountants	0	445	333	778
Architects and engineers	0	72	42	114
Computer program and design	0	444	127	571
Other professional svcs	0	780	431	1211
Employment services	0	475	78	553
Other business services	0	435	101	536
Telephone call centers	25274	189	39	25503
Building support services	0	274	144	418
Social services	0	34	498	532
Health care	0	0	1516	1516
Entertainment and leisure	0	68	231	299
Hotels	0	151	114	265
Restaurants	0	331	666	997
Repair services	0	106	162	268
Personal services	0	63	294	357

Government		398	333	731
Total	25274	8491	16505	50269

Table 6 shows a total annual increase in output of \$50.3 million, of which \$25.3 million represents the direct revenue of the call center, \$8.5 million is the output generated by the new indirect workers, and \$16.5 million is the output generated by the induced workers. Since the number of new employees shown in Table 5 is 250 direct jobs, 66 indirect jobs, and 117 induced jobs, the average output per new employee is approximately \$101,000 for direct workers, \$128,700 for indirect workers, and \$141,100 for induced workers, for an overall average of \$116,100 for all new employees.

Table 7. Total Annual Increase in Labor Income, Telephone Call Center, Thousands of Dollars

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	19	75	94
Utilities	0	34	98	132
Construction	0	23	34	58
Manufacturing	0	181	652	833
Wholesale trade	0	68	393	461
Retail trade	0	17	788	804
Transportation	0	197	166	363
Information svcs	0	205	128	333
Banks and credit intermed	0	96	189	285
Other financial	0	120	493	615
Real estate	0	99	111	210
Lawyers and accountants	0	245	184	429
Architects and engineers	0	47	27	74
Computer program and design	0	278	80	358
Other professional svcs	0	349	193	542
Employment services	0	373	61	434
Other business services	0	177	41	218
Telephone call centers	13733	103	21	13857
Building support services	0	96	51	147
Social services	0	17	253	270
Health care	0	0	872	872
Entertainment and leisure	0	30	100	130
Hotels	0	53	40	94

Restaurants	0	118	238	356
Repair services	0	39	59	98
Personal services	0	20	92	112
Government		324	271	595
Total	13733	3328	5710	22774

Table 7 shows a total annual increase in labor (household) earnings of \$22.8 million, of which \$13.7 million represents the direct labor income of the call center employees, \$3.3 million is the labor income received by the new indirect workers, and \$5.7 million is the income received by the new induced workers. Since the number of new employees shown in Table 5 is 250 direct jobs, 66 indirect jobs, and 117 induced jobs, the average income per employee (including fringe benefits) is approximately \$54,900 for direct workers, \$50,400 for indirect workers, and \$48,800 for induced workers, for an overall average of \$52,600 for all new employees.

Resume of Dr. Michael K. Evans

mevans@evanscarrollecon.com

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980
- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.
- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management,*

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders, inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evanseb5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact for a fractional-ownership marina in Port Charlotte, FL, plus office space, retail stores, restaurants, and a home brokerage office.
- Calculated the economic impact of construction and operation of four retirement homes in Vermont.

- Calculated the economic impact of an upscale retail shopping center in Vail, CO. and a medical office building in Edwards, CO (both in Eagle County).
- Calculated economic impact of a wind turbine manufacturing plant in Larimer County, CO
- Calculated economic impact of a hotel, retail stores, restaurants, office buildings, and bank facilities in Pasadena, CA
- Calculated economic impact of a luxury hotel and condominiums in Destin, FL
- Calculated economic impact of constructing and operating a mixed-use commercial project in Jupiter, FL
- Determined whether 17 possible restaurant locations in - and Broward Counties qualified as Targeted Employment Areas.
- Determined the economic impact of opening and operating a slot-machine casino in Hanover, MD, as part of a proposed EB-5 regional center for the Baltimore metropolitan area.
- Calculated the economic impact of renovating and expanding a restaurant on Martha's Vineyard, MA, as part of an EB-5 regional center in that state.
- Determined the economic impact of assembling and installing solar panels for residences in the state of LA.
- Determined a Targeted Employment Area for Dallas, TX as part of a proposed EB-5 regional center for the Dallas area. APPROVED
- Calculated the economic impact for various mixed used projects for a proposed regional center for the entire State of Texas, including shopping centers, office buildings, restaurants, assisted living centers, medical technology facilities, and other personal and business services.
- Calculated the economic impact for the construction and operation of several fast-food restaurants in 10 counties in central California.
- Calculated the economic impact for the renovation and expansion of a shopping mall in Greenville, SC.
- Calculated the economic impact of buying existing apartment buildings at deep discount prices, renovating and operating them, in 21 counties in FL.

- Calculated the economic impact of building and operating an institute for proton cancer therapy for a proposed EB-5 regional center in Brooklyn, NY.
- Calculated the economic impact of building and operating a mixed-use facility with medical offices, hotels, and apartments for a proposed EB-5 regional center in Queens, NY.
- Determined a Targeted Employment Area for Philadelphia, PA as part of a proposed EB-5 regional center for the Philadelphia area.
- Calculated the economic impact of a proposed office building and mixed-use facility for an EB-5 regional center in Dallas, Texas
- Calculated the economic impact for various mixed-use projects for a proposed EB-5 regional center in the greater New York City area, including an extended stay hotel, urgent care center, financial lending firm for alternative assets, retail stores, apartments, office space, warehouses, industrial "flex" space, entertainment centers, restaurants, conference and convention centers, nursing home and assisted living facilities, medical offices, medical technology facilities, and high-tech manufacturing.
- Calculated the economic impact of "green" hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of .
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties. APPROVED
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in - and Broward counties in FL.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County, NY.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for "green" manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for various counties in Charlotte and Sarasota counties, FL
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, FL.

- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings. APPROVED
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana. APPROVED
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties. APPROVED
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California. APPROVED
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio. APPROVED

- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio. APPROVED
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.
- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi. APPROVED
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Developed an Input/Output Model for Guam, which was then used to calculate the economic impact of several generic projects. APPROVED
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County. APPROVED
- Prepared an economic impact analysis for the "timber to homes" project for a proposed regional center in Colorado. APPROVED
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of that included impact calculations for 14 different types of industries. APPROVED
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries. APPROVED
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey. APPROVED
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.

- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada. APPROVED
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.
- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL APPROVED
- Calculated the economic impact of construction of El Monte Village in El Monte, CA. APPROVED
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects. APPROVED
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC
- Calculated economic impact of expanding Sugarbush resort in VT. Study included expansion of existing facilities and addition of new facilities. APPROVED
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area APPROVED

- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area. APPROVED
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties. APPROVED

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.
- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.

- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.
- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations
- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extend subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)

Appendix D

TEA Study



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

August 19, 2009

Ms. Barbara Q. Velarde
Chief, Office of Service Center Operations
U.S. Citizenship and Immigration Services
20 Massachusetts Avenue, NW, MS #2060
Washington, D.C. 20529-2060

RE: State Designation of Local Government Authority to Certify High Unemployment Areas
In Accordance with 8 CFR §204.6(i)

Dear Chief Velarde:

Pursuant to 8 CFR §204.6(i), an official of the state must notify the legacy U.S. Immigration and Naturalization Service Associate Commissioner of Examinations, now your office, of the agency, board or other appropriate governmental body of the state which shall be delegated the authority to certify that a geographic or political subdivision meets the necessary employment rate qualifications to participate the EB-5 immigrant investor visa program.

In compliance with this regulation, I, Rick Perry, Governor of the State of Texas, hereby designate the local mayors of cities or towns located within a metropolitan statistical area, or cities or towns with a population of 20,000 or more, as the appropriate body of the state to certify that a particular geographic or political subdivision meets the necessary criteria to participate in the EB-5 program.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry".

Rick Perry
Governor

RP:khp



THOMAS C. LEPPERT
MAYOR

December 21, 2009

Mr. Jason T. Barnes
Civitas Capital Management, LLC
c/o Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7673

RE: Targeted Employment Area Designation

Dear Mr. Barnes:

On August 19, 2009, Texas Governor Rick Perry delegated to mayors of cities or towns within a metropolitan statistical area the authority to certify that a particular geographic or political subdivision meets the unemployment rate criteria to qualify as an EB-5 Targeted Employment Area (TEA), as defined at 8 CFR §204.6(e).

Pursuant to that authority, I hereby certify the below-listed contiguous census tracts in Dallas, Texas as a Targeted Employment Area for the City of Dallas Regional Center ("CDRC").

- 1 through 95;
- 98 through 135;
- 167; and
- 169.

For your convenience and that of investors in the CDRC, the TEA designated hereby is depicted in the attached map, which shall be the official TEA map for the CDRC.

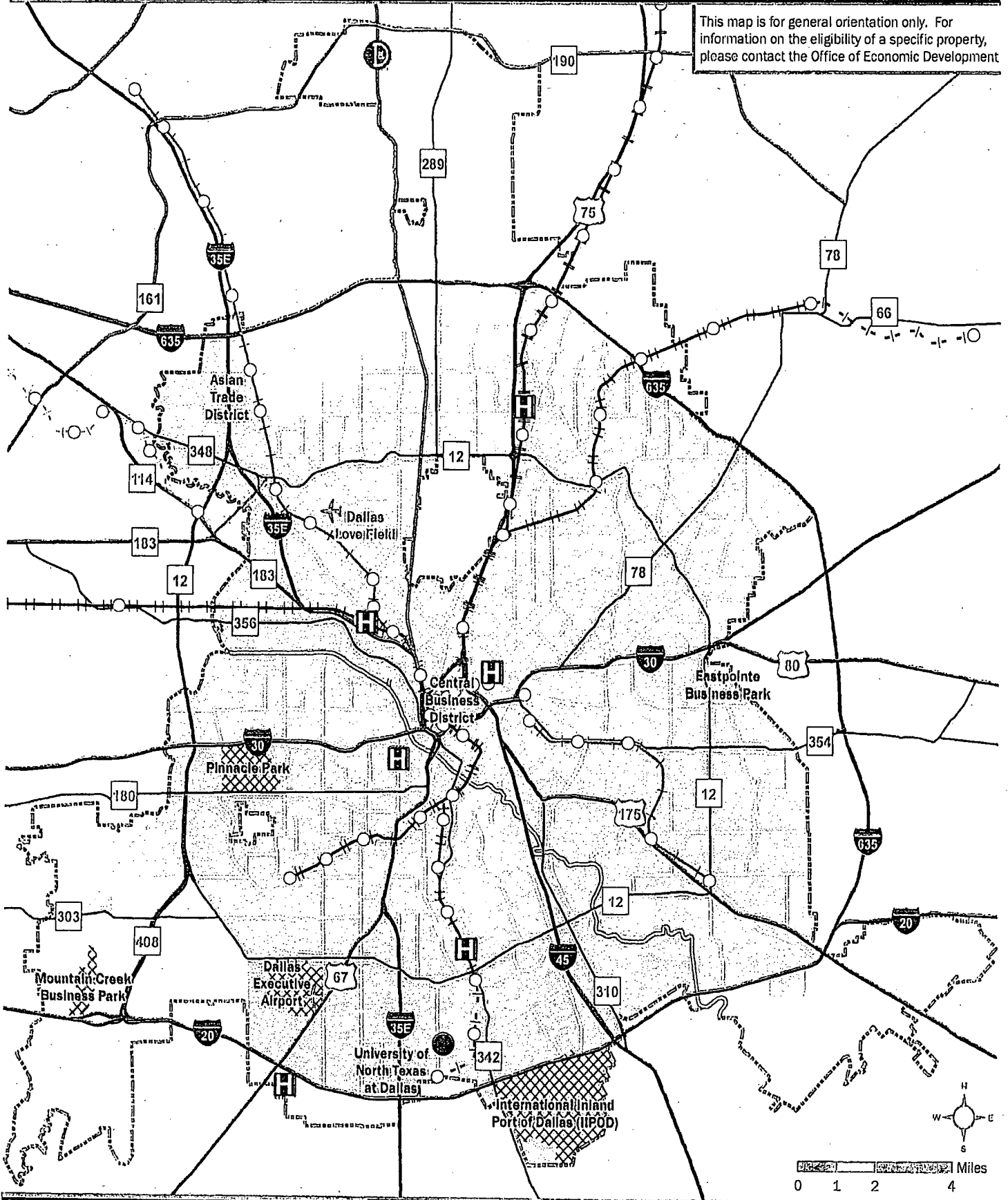
Sincerely,

A handwritten signature in black ink, appearing to read "Tom Leppert".

Tom Leppert
Mayor

EB-5 Program: Targeted Employment Areas (TEAs)

This map is for general orientation only. For information on the eligibility of a specific property, please contact the Office of Economic Development



City of Dallas
Office of Economic Development



Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

Created 4/8/09; Updated 12/17/09 - EB5_Final_Landmarks_Tracts_TCC

Legend

- EB-5 TEAs
- Business Parks
- Major Hospitals
- Trinity River
- DART Dallas Rail Stations
- DART Red Line
- DART Blue Line
- Trinity Railway Express
- DART Green Line
- DART Orange Line (Planned)
- Freeway
- Highway
- Tollway
- City of Dallas

Source: EB-5 Unemployment Data - Civitas, 2009; Rail - DART, 2009; Roads - HCTCOG, 2007; All Other Data - City of Dallas, 2009

**Calculations for a Targeted Employment Area that
includes most of the City of Dallas, TX**

Prepared for:

**Civitas Capital Management, LLC
Dallas, TX**

Prepared by:

**Evans, Carroll & Associates, Inc.
2785 NW 26th St.
Boca Raton, FL 33434
561-470-9035
mevans@evanscarrollecon.com**

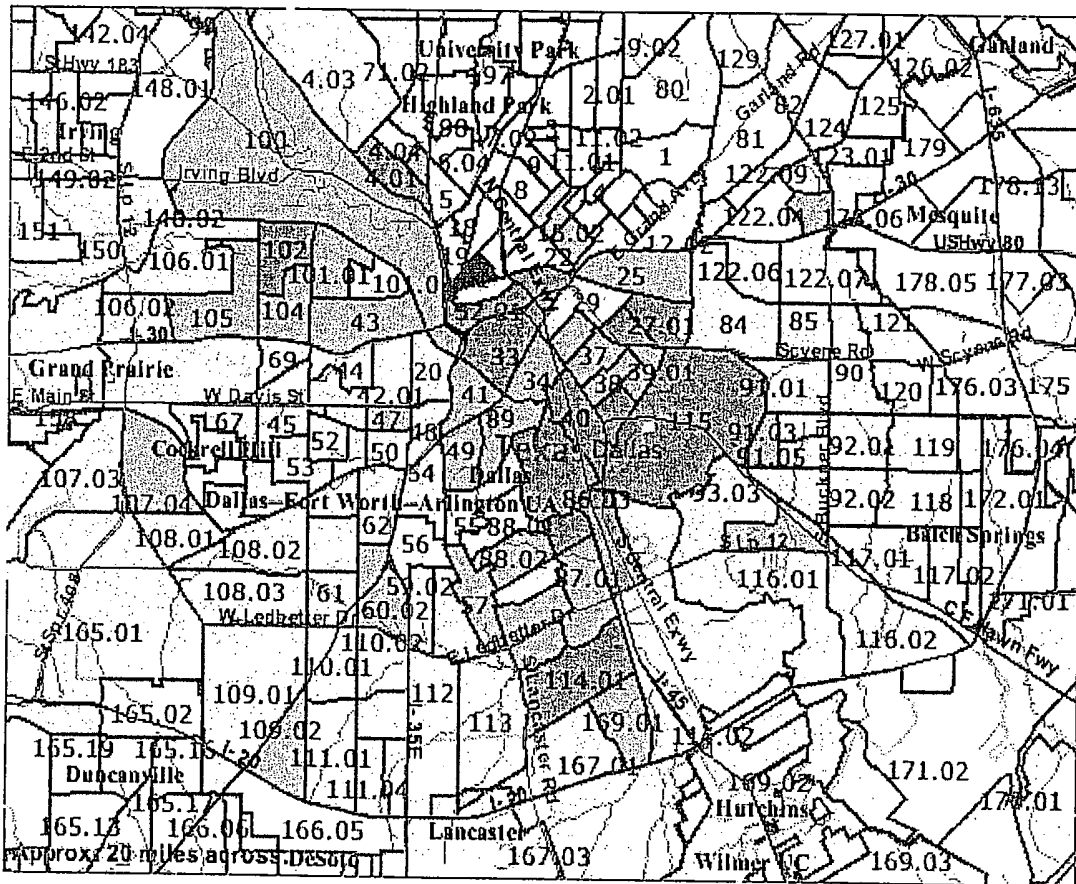
November, 2009

1. Introduction






The purpose of this report is to select those Census Tracts (CTs) within the City of Dallas that include downtown and some of the north side of Dallas, but nonetheless have a combined unemployment rate that is at least 150% of the national average for the U.S. economy, known as a Targeted Employment Area (TEA). In 2008, the U.S. unemployment rate was 5.8%, so the combined area would have an unemployment rate of at least 8.7%.

There are many Census Tracts (CTs) in Dallas with a high unemployment rate. Figure 1 shows the unemployment rate by CT for 2000. Clearly the bulk of high unemployment CTs is concentrated slightly south of downtown. However, the purpose of this calculation is to include some low-unemployment CTs where new projects are most likely to occur while still observing the overall constraint that the overall unemployment rate still exceeded 8.7% based in 2008. In general, the basic plan is to include as many CTs in Dallas as possible consistent with this constraint. Also, the CTs must be contiguous; one cannot choose a single CT with a high unemployment rate that is not bordered by other CTs with high unemployment rates.






Figure 1. Unemployment Rate by Census Tracts in Dallas, 2000 Data







Data Classes

Percent	
	0.0 - 5.6
	5.7 - 11.3
	11.8 - 21.3
	23.0 - 54.8
	100.0 - 100.0

Boundaries

	State
	'00 County
	'00 Census Tract
	'00 Place
	'00 Urban Area

Features

	Major Road
	Street
	Stream/Waterbody
	Stream/Waterbody

The initial selection of CTs is based on the 2000 data; after that is completed, the figures are updated to 2008 by the method described below, and the figures are recalibrated to insure they are above 8.7%.

2. Description of the CTs chosen for the Dallas TEA

To start, we consider the area inside what will be called the "beltway", which is the circumferential route that consists of I-635, I-35E, State route 12, State route 408, and I-20. All CTs that are not part of the city of Dallas are excluded in this calculation. In particular, the areas of Highland Park, University Park, Cockrell Hills, and the parts of Mesquite and Balch Springs inside the beltway are excluded.

Without further modification, the unemployment rate for this area would not satisfy the TEA criterion. Hence several low-unemployment CTs were also excluded, most of them near the beltway. These include CTs 96 and 97, in the northwest corner of the area inside the Beltway; CTs 158, 159, 163, and 165 in the WSW section of the city; and CTs 176, 178, and 179 in the eastern part of the city, bordering on the beltway.

Hence the area selected for the Dallas TEA includes all (CTs) in the city of Dallas from 1 to 135 except for 96 and 97, plus 167 and 169.

The list of all these census tracts, together with the labor force, number of unemployed for male and female workers, and unemployment rate, is given in Table 1. All these figures are taken from the Census files for 2000. In 2000, according to the BLS, the city of Dallas had an unemployment rate of 4.7%.

The data shown in Table 1 not only contain the 2000 unemployment rate as reported by Census, but the 2008 unemployment rate as updated by Evans, Carroll & Associates, Inc. The methodology that is utilized follows the BLS handbook regulations and is described in more detail in Part 3 of this report. In brief, though, we can state that this method starts with the 2000 Census data by CT for labor force, employment, and the unemployment rate, as shown in Table 1. These data are then updated to 2008 levels based on the aggregate changes in the labor force, employment, and the unemployment rate for the city of Dallas as reported by the BLS. In particular, the unemployment rate for the city of Dallas as reported by the BLS rose from 4.7% in 2000 to 5.5% in 2008.

At the bottom of Table 1, it will be seen that the 2008 unemployment rate for this area was 8.9%, hence satisfying the TEA criterion of 8.7% or higher.

Table 1. Unemployment Rates for Census Tracts, 2000 and 2008 Data

Area	Male Labor Force	Male Unempl- oyment	Female Labor Force	Female Unempl- oyment	2000 Unempl Rate	2008 Unempl Rate
Census Tract 1	1,326	19	1,180	39	2.3	2.7
Census Tract 2.01	808	31	760	20	3.3	3.8
Census Tract 2.02	1,304	15	1,246	6	0.8	1.0
Census Tract 3	1,445	5	1,210	17	0.8	1.0
Census Tract 4.01	1,312	378	556	141	27.8	32.5
Census Tract 4.03	1,710	125	1,004	39	6.0	7.1
Census Tract 4.04	1,890	44	845	33	2.8	3.3
Census Tract 4.05	812	144	496	96	18.3	21.5
Census Tract 5	2,213	140	988	102	7.6	8.8
Census Tract 6.01	2,856	201	1,356	134	8.0	9.3
Census Tract 6.03	1,868	20	1,334	10	0.9	1.1
Census Tract 6.04	1,784	61	950	12	2.7	3.1
Census Tract 7.01	1,175	13	826	16	1.4	1.7
Census Tract 7.02	1,323	56	899	87	6.4	7.5
Census Tract 8	1,566	106	883	112	8.9	10.4
Census Tract 9	2,247	167	961	120	8.9	10.5
Census Tract 10.01	561	25	427	21	4.7	5.4
Census Tract 10.02	919	66	491	65	9.3	10.9
Census Tract 11.01	1,436	62	1,115	42	4.1	4.8
Census Tract 11.02	802	60	759	16	4.9	5.7
Census Tract 12.02	1,128	23	1,162	90	4.9	5.8
Census Tract 12.03	462	20	260	0	2.8	3.2
Census Tract 12.04	835	31	378	29	4.9	5.8
Census Tract 13.01	800	29	735	26	3.6	4.2
Census Tract 13.02	1,289	66	726	70	6.7	7.9
Census Tract 14	1,741	60	766	51	4.4	5.2
Census Tract 15.02	1,407	201	593	56	12.9	15.0
Census Tract 15.03	1,496	165	508	108	13.6	15.9
Census Tract 15.04	1,045	104	586	105	12.8	15.0
Census Tract 16	752	42	664	59	7.1	8.3

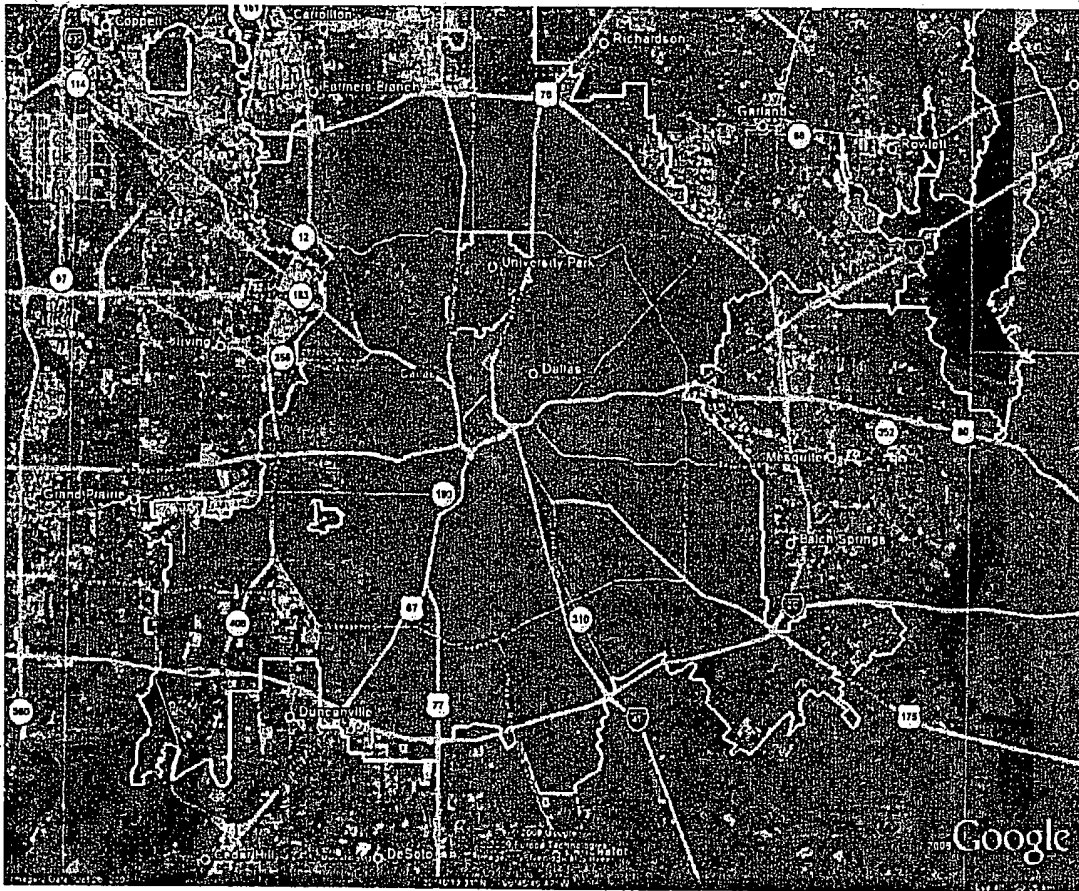
Census Tract 17.01	0	0	1	0	0.0	0.0
Census Tract 17.02	910	26	631	0	1.7	2.0
Census Tract 18	1,245	20	893	30	2.3	2.7
Census Tract 19	713	4	575	7	0.9	1.0
Census Tract 20	2,057	200	819	104	10.6	12.4
Census Tract 21	12	12	0	0	100.0	100.0
Census Tract 22	623	29	429	0	2.8	3.2
Census Tract 24	1,030	105	359	28	9.6	11.2
Census Tract 25	1,204	146	968	162	14.2	16.6
Census Tract 27.01	506	75	710	237	25.7	30.0
Census Tract 27.02	361	107	247	34	23.2	27.1
Census Tract 29	223	0	175	25	6.3	7.4
Census Tract 31.01	630	18	433	5	2.2	2.5
Census Tract 32.01	34	0	112	80	54.8	64.1
Census Tract 33	896	235	364	123	28.4	33.2
Census Tract 34	364	76	266	29	16.7	19.5
Census Tract 35	208	44	367	42	15.0	17.5
Census Tract 37	579	145	787	142	21.0	24.6
Census Tract 38	536	150	520	51	19.0	22.3
Census Tract 39.01	376	61	270	67	19.8	23.2
Census Tract 39.02	320	117	331	90	31.8	37.2
Census Tract 40	310	115	312	64	28.8	33.7
Census Tract 41	249	17	238	78	19.5	22.8
Census Tract 42.01	1,682	84	921	80	6.3	7.4
Census Tract 42.02	1,075	38	673	105	8.2	9.6
Census Tract 43	658	62	410	87	14.0	16.3
Census Tract 44	1,119	14	859	21	1.8	2.1
Census Tract 45	1,969	149	1,015	79	7.6	8.9
Census Tract 46	910	102	567	46	10.0	11.7
Census Tract 47	1,096	144	590	74	12.9	15.1
Census Tract 48	1,751	113	475	80	8.7	10.1
Census Tract 49	766	87	691	90	12.1	14.2
Census Tract 50	921	70	787	88	9.3	10.8
Census Tract 51	593	50	488	19	6.4	7.5
Census Tract 52	1,398	53	818	74	5.7	6.7
Census Tract 53	1,851	122	1,191	115	7.8	9.1
Census Tract 54	1,232	35	909	106	6.6	7.7
Census Tract 55	811	71	788	103	10.9	12.7
Census Tract 56	1,476	117	1,053	126	9.6	11.2
Census Tract 57	967	155	865	83	13.0	15.2
Census Tract 59.01	1,016	123	1,386	138	10.9	12.7
Census Tract 59.02	720	63	879	90	9.6	11.2
Census Tract 60.01	1,009	108	695	101	12.3	14.4
Census Tract 60.02	1,054	191	1,099	78	12.5	14.6
Census Tract 61	1,033	79	1,032	93	8.3	9.7
Census Tract 62	1,269	117	1,130	142	10.8	12.6
Census Tract 63.01	1,102	106	831	60	8.6	10.0
Census Tract 63.02	1,023	58	885	63	6.3	7.4
Census Tract 64	1,767	162	1,061	80	8.6	10.0
Census Tract 65.01	1,266	30	1,000	84	5.0	5.9

Census Tract 65.02	801	33	599	48	5.8	6.8
Census Tract 67	2,178	147	1,116	154	9.1	10.7
Census Tract 68	1,355	89	1,079	47	5.6	6.5
Census Tract 69	867	67	686	50	7.5	8.8
Census Tract 71.01	635	4	507	0	0.4	0.4
Census Tract 71.02	1,350	105	1,261	89	7.4	8.7
Census Tract 72.01	3,567	167	1,546	135	5.9	6.9
Census Tract 72.02	3,949	148	1,518	233	7.0	8.2
Census Tract 73.01	593	11	521	6	1.5	1.8
Census Tract 73.02	1,242	20	1,012	24	2.0	2.3
Census Tract 74	433	0	291	0	0.0	0.0
Census Tract 75	329	0	172	0	0.0	0.0
Census Tract 76.01	522	0	417	4	0.4	0.5
Census Tract 76.04	900	0	568	30	2.0	2.4
Census Tract 76.05	521	22	386	0	2.4	2.8
Census Tract 77	1,248	35	1,069	27	2.7	3.1
Census Tract 78.01	602	20	459	0	1.9	2.2
Census Tract 78.04	1,721	69	1,567	119	5.7	6.7
Census Tract 78.05	771	59	766	19	5.1	5.9
Census Tract 78.06	2,467	129	1,895	144	6.3	7.3
Census Tract 78.09	738	14	630	32	3.4	3.9
Census Tract 78.10	1,544	29	1,377	91	4.1	4.8
Census Tract 78.11	1,544	90	1,858	70	4.7	5.5
Census Tract 78.12	1,062	7	639	7	0.8	1.0
Census Tract 78.13	2,197	63	1,829	114	4.4	5.1
Census Tract 78.14	1,986	74	1,887	83	4.1	4.7
Census Tract 78.15	2,339	196	1,197	132	9.3	10.9
Census Tract 78.16	3,157	202	2,370	221	7.7	9.0
Census Tract 78.18	2,454	87	1,324	120	5.5	6.4
Census Tract 78.19	1,554	91	925	105	7.9	9.3
Census Tract 79.02	1,665	51	1,458	89	4.5	5.2
Census Tract 79.03	711	9	577	73	6.4	7.5
Census Tract 79.05	1,752	68	1,739	65	3.8	4.5
Census Tract 79.06	653	0	479	12	1.1	1.2
Census Tract 79.07	2,262	31	1,411	43	2.0	2.4
Census Tract 79.08	2,526	58	1,532	106	4.0	4.7
Census Tract 80	1,727	44	1,442	24	2.1	2.5
Census Tract 81	1,869	82	1,565	48	3.8	4.4
Census Tract 82	1,152	45	1,058	78	5.6	6.5
Census Tract 84,	2,362	156	1,473	145	7.8	9.2
Census Tract 85	907	60	791	77	8.1	9.4
Census Tract 86.03	274	56	250	72	24.4	28.6
Census Tract 86.04	374	71	382	103	23.0	26.9
Census Tract 87.01	786	99	860	133	14.1	16.5
Census Tract 87.03	612	54	432	50	10.0	11.7
Census Tract 87.04	561	86	619	85	14.5	17.0
Census Tract 87.05	281	53	344	31	13.4	15.7
Census Tract 88.01	519	48	606	73	10.8	12.6
Census Tract 88.02	961	183	1,051	135	15.8	18.5
Census Tract 89	469	114	509	55	17.3	20.2

Census Tract 90	1,443	92	1,181	116	7.9	9.3
Census Tract 91.01	1,060	84	830	105	10.0	11.7
Census Tract 91.03	561	81	536	85	15.1	17.7
Census Tract 91.04	746	58	461	44	8.5	9.9
Census Tract 91.05	822	39	587	65	7.4	8.6
Census Tract 92.01	1,120	115	1,080	105	10.0	11.7
Census Tract 92.02	1,155	136	817	69	10.4	12.2
Census Tract 93.01	888	50	552	74	8.6	10.1
Census Tract 93.03	781	63	511	69	10.2	12.0
Census Tract 93.04	1,017	212	1,040	170	18.6	21.7
Census Tract 94.01	1,040	78	936	5	4.2	4.9
Census Tract 94.02	721	7	657	33	2.9	3.4
Census Tract 95	635	13	480	14	2.4	2.8
Census Tract 98.02	1,818	164	1,215	137	9.9	11.6
Census Tract 98.03	1,118	40	734	78	6.4	7.5
Census Tract 98.04	2,699	83	1,271	130	5.4	6.3
Census Tract 99	367	25	252	17	6.8	7.9
Census Tract 100	709	196	252	9	21.3	25.0
Census Tract 101.01	596	36	477	125	15.0	17.6
Census Tract 101.02	698	56	426	56	10.0	11.7
Census Tract 102	128	58	359	143	41.3	48.3
Census Tract 104	85	6	105	20	13.7	16.0
Census Tract 105	534	67	388	72	15.1	17.6
Census Tract 106.01	1,281	122	796	87	10.1	11.8
Census Tract 106.02	518	48	419	27	8.0	9.4
Census Tract 107.01	806	85	487	52	10.6	12.4
Census Tract 107.03	694	61	483	38	8.4	9.8
Census Tract 107.04	640	59	544	87	12.3	14.4
Census Tract 108.01	1,302	128	1,411	97	8.3	9.7
Census Tract 108.02	1,829	122	1,164	138	8.7	10.2
Census Tract 108.03	1,514	94	1,650	89	5.8	6.8
Census Tract 109.01	1,330	44	1,681	195	7.9	9.3
Census Tract 109.02	1,068	192	1,564	182	14.2	16.6
Census Tract 110.01	1,559	149	1,974	78	6.4	7.5
Census Tract 110.02	769	48	830	18	4.1	4.8
Census Tract 111.01	964	45	1,142	48	4.4	5.2
Census Tract 111.03	803	76	825	72	9.1	10.6
Census Tract 111.04	903	99	1,051	67	8.5	9.9
Census Tract 111.05	777	62	1,113	116	9.4	11.0
Census Tract 112	749	54	854	39	5.8	6.8
Census Tract 113	1,053	87	1,180	137	10.0	11.7
Census Tract 114.01	592	166	817	192	25.4	29.7
Census Tract 114.02	193	25	119	10	11.2	13.1
Census Tract 115	637	96	651	240	26.1	30.5
Census Tract 116.01	814	64	804	99	10.1	11.8
Census Tract 116.02	1,177	89	658	91	9.8	11.5
Census Tract 117.01	1,244	50	1,022	75	5.5	6.5
Census Tract 117.02	960	57	756	54	6.5	7.6
Census Tract 118	1,461	92	1,431	176	9.3	10.8
Census Tract 119	1,916	130	1,587	201	9.4	11.1

Census Tract 120	1,349	92	1,515	208	10.5	12.3
Census Tract 121	1,017	65	922	97	8.4	9.8
Census Tract 122.04	1,625	76	1,300	38	3.9	4.6
Census Tract 122.06	1,037	88	1,077	136	10.6	12.4
Census Tract 122.07	1,478	80	1,793	137	6.6	7.8
Census Tract 122.08	979	92	559	70	10.5	12.3
Census Tract 122.09	857	72	585	58	9.0	10.5
Census Tract 122.10	988	52	970	77	6.6	7.7
Census Tract 122.11	1,041	165	1,134	161	15.0	17.5
Census Tract 123.01	1,153	80	989	92	8.0	9.4
Census Tract 123.02	1,245	66	1,158	161	9.4	11.1
Census Tract 124	1,275	42	1,225	92	5.4	6.3
Census Tract 125	1,631	77	1,466	73	4.8	5.7
Census Tract 126.01	1,597	79	1,347	84	5.5	6.5
Census Tract 126.02	2,001	120	1,942	131	6.4	7.4
Census Tract 127.01	1,296	99	1,106	78	7.4	8.6
Census Tract 127.02	734	13	587	43	4.2	5.0
Census Tract 128	2,035	75	1,704	103	4.8	5.6
Census Tract 129	1,316	51	1,491	81	4.7	5.5
Census Tract 130.04	1,506	54	1,200	14	2.5	2.9
Census Tract 130.05	1,267	41	1,104	28	2.9	3.4
Census Tract 130.06	2,619	229	2,189	203	9.0	10.5
Census Tract 130.07	1,022	52	902	18	3.6	4.3
Census Tract 130.08	950	41	816	25	3.7	4.4
Census Tract 130.09	1,284	57	1,316	62	4.6	5.4
Census Tract 131.01	687	17	531	25	3.4	4.0
Census Tract 131.02	531	0	489	0	0.0	0.0
Census Tract 131.03	2,699	106	2,571	146	4.8	5.6
Census Tract 132	1,477	9	1,083	20	1.1	1.3
Census Tract 133	612	6	386	9	1.5	1.8
Census Tract 134	517	9	330	0	1.1	1.2
Census Tract 135	737	0	357	0	0.0	0.0
Census Tract 167.01	1,169	134	1,302	145	11.3	13.2
Census Tract 167.03	850	52	679	79	8.6	10.0
Census Tract 167.04	1,014	91	1,172	80	7.8	9.2
Census Tract 167.05	1,115	176	1,310	109	11.8	13.8
Census Tract 169.01	1,328	83	1,572	91	6	7.0
Census Tract 169.02	700	93	846	128	14.3	16.7
Census Tract 169.03	656	43	594	47	7.2	8.4
All incl Census Tracts	247,969	16,910	193,397	16,621	7.6	8.9

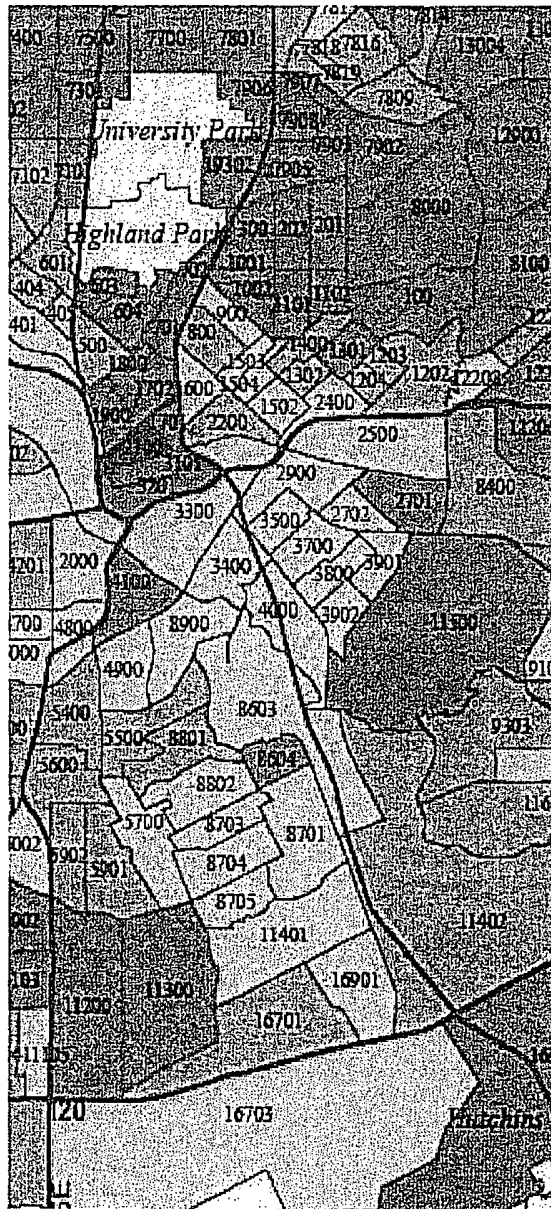
Figure 2. Map of TEA using CTs from Table 1



The TEA shaded in green is comprised of the census tracts listed in Table 1, which have a combined average unemployment rate of 8.9%, per 2008 BLS data, which exceeds the minimum of 8.7% that is required for TEA designation. The white line shows the boundary of the City of Dallas.

Figure 3 shows the poverty rate in Central and South Dallas CTs in 2000. While this is not the same as the unemployment rate, there is a great deal of overlap between the two measures of economic well-being. Also, the numbers of the individual CTs are easier to read in this map than in the Census map, so it is included for ease of exposition.

Figure 3. Poverty Rate by CTs in Central and South Dallas in 2000



In Figure 3, the CTs in orange are those with 25% to 49% of the population living below the poverty line; the light red have 49% to 74% below the poverty line; and the dark red have 74% to 100% of the population below the poverty line.

3. BLS Methodology for Updating Unemployment Rate by CTs

We have now established the list of CTs that satisfy the TEA criterion of 150% of the national unemployment rate. The remainder of this report describes the methodology used to update these figures to 2008. In this respect we use the method recommended by the BLS in their LAUS (local area unemployment statistics). The following information is excerpted from their website.

The LAUS Handbook method is an effort to estimate unemployment for an area, using available information without the expense of expanding a labor force survey like the CPS. The Handbook presents a series of estimating "building blocks," in which categories of unemployed workers are classified by their previous status. Two broad categories of unemployed persons are: (1) Those who were last employed in industries covered by state UI laws, and (2) those who either entered the labor force for the first time or reentered after a period of separation. Handbook inputs were updated using the 2000 Census and other improvements to Handbook estimation were implemented with January 2005 estimates.

Employment. The total employment estimate is based on data from several sources. The primary source for most metropolitan areas (MAs) is the Federal-state CES survey. The CES is designed to produce estimates of the total number of employees on payrolls in nonfarm industries for the particular area. In small labor market areas and the remainder of the MAs, the establishment employment data come from the Quarterly Report of Quarterly Census of Employment and Wages (ES-202 Report).

These "place-of-work" employment estimates must be adjusted to a place-of-residence basis, as in the CPS. Estimated adjustment factors have been developed using employment relationships which existed at the time of the most recent decennial census. The adjustment approach implemented in January 2005 is more dynamic than the previous one and incorporates commuting to nearby labor market areas. These factors are applied to the place-of-work employment estimates for the current period to obtain adjusted employment estimates, to which are added synthetically developed estimates for employment not represented in the establishment series—agricultural workers, nonfarm self-employed and unpaid family workers, and private household workers.

Unemployment. The estimate of unemployment is an aggregate of the estimates for each of the two building-block categories. The "covered" category further consists of two unemployed worker groups: (1) Those who are currently receiving UI benefits and (2) those who have exhausted their benefits. Only the number of those currently collecting benefits is obtained directly from an actual count of UI claimants for the reference week. The estimate of persons who have exhausted their benefits is based upon the number actually exhausting benefits

in previous periods "survived" using a conditional probability approach based on CPS data.

The second category, "new entrants and reentrants into the labor force," cannot be estimated directly from UI statistics, because unemployment for these persons is not immediately preceded by the period of employment required to receive UI benefits. In addition, there is no uniform source of new entrants and reentrants data for States available at the LMA level; the only existing source available is from the CPS at the State level. Separate estimates for new entrants and for reentrants are derived from econometric models based on current and historical state entrants data from the CPS. These model estimates are then allocated to all Labor Market Areas (LMAs) based on the age population distribution of each LMA. For new entrants, the area's proportion of 16-19 years population group to the State total of 16-19 years old population is used, and for reentrants, the handbook area's proportion of 20 years and older population to the State total of 20 years and older population is used.

Substate adjustment for consistency and additivity. Each month, Handbook estimates are prepared for labor market areas that exhaust the entire state area. To obtain a labor force estimate for a given area, a "Handbook share" is computed for that area which is defined as the ratio of that area's Handbook estimates of employment and unemployment to the sum of the Handbook estimates of employment and unemployment for all LMAs in the state. These ratios are then multiplied by the current, statewide estimate for employment and unemployment to produce the final adjusted LMA estimates.

Estimates for Parts of LMAs

Current labor force estimates at the sub-LMA level are required by several Federal programs. Disaggregation techniques are used to obtain current estimates of employment and unemployment for counties within multi-county LMAs and cities, towns, and townships within counties. Two alternative methods are used to disaggregate the LMA estimates.

The population-claims method is the preferred technique. If residence-based UI claims data are available for the subareas within the labor market area, the ratio of claims in the subarea to the total number of claims within the LMA is used to disaggregate the estimate of experienced unemployed to the subarea level. To ensure the quality of the claims data used in this technique, claimant records are processed through a residency assignment system that verifies and/or corrects residence addresses and assigns the associated residency codes. This provides a more accurate count of claims by city. The estimates of unemployed entrants are allocated based on the latest available census distribution of adult and teenage population groups. Employment is disaggregated using decennial census employment-population ratios updated by current population estimates.

This methodology has also been utilized by the California Economic Development Department (EDD), whose results are posted on their website. <http://www.business.ca.gov/page.asp?o=cabth&s=econdev&p=390346&i=274145&m=editon#current>. According to their website, "The EDD has been designated to identify the ... census tracts that meet the "high unemployment" definition and therefore qualify for the \$500,000 minimum investment threshold. To maintain consistency, the federal government has mandated that the labor force and unemployment estimates used to determine if areas meet the "high unemployment" definition should use methodology developed by the BLS. The description of the overall methodology and the census-share method utilized by EDD to produce estimates for sub-Labor Market Areas can be found on the Internet at the BLS web site: <http://www.bls.gov/lau/laumthd.htm>." which we have reproduced above.

Appendix: Resume of Dr. Michael K. Evans

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980

- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.

- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management*,

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders, inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evans5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact of "green" hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of Florida.
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties.
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in Miami-Dade and Broward counties in Florida.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for "green" manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for Charlotte and Sarasota counties in Florida.
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, Florida.
- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of assembling and installing solar panels in the state of Louisiana.

- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings.
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana.
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties.
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California.
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio.
- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio.
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.

- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi.
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County.
- Prepared an economic impact analysis for the "timber to homes" project for a proposed regional center in Colorado.
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of Florida that included impact calculations for 14 different types of industries.
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries.
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey.
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.
- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada.
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.

- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL
- Calculated the economic impact of construction of El Monte Village in El Monte, CA.
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects.
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC
- Calculated economic impact of expanding Sugarbush resort in Vermont. Study included expansion of existing facilities and addition of new facilities.
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area.
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties.

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.

- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.
- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.

- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations

- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extent subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)

Appendix E

Private Placement Memorandum and Limited Partnership Agreement

Civitas Encore Fund, LP

The information in this confidential private offering memorandum is not complete and may be changed. We will deliver a final confidential private offering memorandum to purchasers of these securities. This preliminary confidential private

PROSPECTIVE INVESTOR: _____

COPY NUMBER: _____

PROSPECTIVE INVESTORS ELECTING NOT TO
MAKE AN INVESTMENT ARE REQUESTED TO
RETURN ALL OFFERING MATERIALS TO THE
FUND.

CIVITAS ENCORE FUND, LP

Limited Partner Interests

Confidential Private Offering Memorandum

[] 2010

CONFIDENTIAL

THIS MEMORANDUM MAY NOT BE REPRODUCED

Contact Information:

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street
Suite 150
Dallas, Texas 75202
P: (214) 572-2300
F: (214) 572-2398

CONFIDENTIAL

CIVITAS ENCORE FUND, LP

LIMITED PARTNERSHIP INTERESTS

CONFIDENTIAL

PRIVATE OFFERING MEMORANDUM

IMPORTANT NOTICES

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM (THE "*MEMORANDUM*") DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY LIMITED PARTNERSHIP INTERESTS AS TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. WITHIN THE UNITED STATES, THIS OFFERING IS MADE AS A PRIVATE PLACEMENT PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), AND ONLY TO PARTIES THAT ARE "*ACCREDITED INVESTORS*" AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THIS OFFERING IS MADE PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, ONLY TO PARTIES THAT ARE NOT "*U.S. PERSONS*" AS DEFINED IN SUCH REGULATION, AND PURSUANT TO EXEMPTIONS FROM APPLICABLE SECURITIES LAWS OF OTHER COUNTRIES ("*FOREIGN SECURITIES LAWS*").

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING IS NOT BEING MADE TO THE PUBLIC.

THIS OFFERING IS MADE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOREIGN SECURITIES LAWS AS DESCRIBED ABOVE. THE FUND (AS DEFINED BELOW) WILL NOT BE OBLIGATED TO REGISTER THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY (THE "*INTERESTS*") UNDER THE SECURITIES ACT OR ANY FOREIGN SECURITIES LAWS IN THE FUTURE. THERE CURRENTLY IS NO PUBLIC OR OTHER MARKET FOR THE INTERESTS AND THE GENERAL PARTNER (AS DEFINED BELOW) DOES NOT EXPECT THAT ANY SUCH MARKET WILL DEVELOP. ALL OF THE INTERESTS, WHETHER ACQUIRED WITHIN THE UNITED STATES OR OUTSIDE THE UNITED STATES, WILL BE "*RESTRICTED SECURITIES*" WITHIN THE MEANING OF RULE 144 OF THE SECURITIES ACT AND THEREFORE MAY NOT BE TRANSFERRED BY A HOLDER THEREOF WITHIN THE UNITED STATES OR TO A "*U.S. PERSON*" UNLESS SUCH TRANSFER IS MADE PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, PURSUANT TO AN EXEMPTION THERE FROM, OR IN A TRANSACTION OUTSIDE THE UNITED STATES PURSUANT TO THE RESALE PROVISIONS OF REGULATION S. MOREOVER, THE INTERESTS MAY BE TRANSFERRED ONLY WITH THE CONSENT OF THE GENERAL PARTNER AND THE SATISFACTION OF CERTAIN OTHER CONDITIONS.

THE INTERESTS ARE SPECULATIVE AND PRESENT A HIGH DEGREE OF RISK. SEE "*RISK FACTORS*." INVESTORS MUST BE PREPARED TO BEAR SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THE AMOUNT INVESTED.

THE INTERESTS ARE BEING OFFERED SUBJECT TO VARIOUS CONDITIONS, INCLUDING: (I) WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE; (II)

THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION FOR AN INTEREST, IN WHOLE OR IN PART, FOR ANY REASON; AND (III) THE APPROVAL OF CERTAIN MATTERS BY LEGAL COUNSEL.

THE INFORMATION SET FORTH IN THIS MEMORANDUM IS CONFIDENTIAL. RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY THE RECIPIENT THAT THIS MEMORANDUM SHALL NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE RECIPIENT'S EVALUATION OF AN INVESTMENT IN AN INTEREST. THIS MEMORANDUM IS THE PROPERTY OF THE GENERAL PARTNER AND, EXCEPT AS HELD BY A LIMITED PARTNER OF THE FUND (A "**LIMITED PARTNER**"), MUST BE RETURNED UPON REQUEST. NOTWITHSTANDING THE FOREGOING, EACH INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE FUND AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. ACCEPTANCE OF THIS MEMORANDUM BY A RECIPIENT CONSTITUTES AN AGREEMENT TO BE BOUND BY THE FOREGOING TERMS.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE FUND, THE GENERAL PARTNER, OR THE INTERESTS, OTHER THAN AS CONTAINED IN THIS MEMORANDUM, THE FUND'S LIMITED PARTNERSHIP AGREEMENT (THE "**PARTNERSHIP AGREEMENT**"), THE SUBSCRIPTION AGREEMENT TO BE EXECUTED BY EACH INVESTOR, OR AN OFFICIAL WRITTEN SUPPLEMENT TO THIS MEMORANDUM APPROVED BY THE GENERAL PARTNER. PROSPECTIVE INVESTORS ARE CAUTIONED AGAINST RELYING UPON INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE AND THIS MEMORANDUM IS NOT INTENDED TO PROVIDE THE SOLE BASIS FOR ANY EVALUATION OF AN INVESTMENT IN AN INTEREST. PRIOR TO ACQUIRING AN INTEREST, A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING, AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE UNITED STATES ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

CERTAIN DOCUMENTS RELATING TO THE FUND WILL BE COMPLEX OR TECHNICAL IN NATURE, AND PROSPECTIVE INVESTORS MAY REQUIRE THE ASSISTANCE OF LEGAL COUNSEL TO PROPERLY ASSESS THE IMPLICATIONS OF THE TERMS AND CONDITIONS SET FORTH THEREIN. LEGAL COUNSEL TO THE FUND AND THE GENERAL PARTNER WILL REPRESENT THE INTERESTS SOLELY OF THE FUND AND THE GENERAL PARTNER. NO LEGAL COUNSEL HAS BEEN ENGAGED BY THE FUND OR THE GENERAL PARTNER TO REPRESENT THE INTERESTS OF PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO ENGAGE AND CONSULT WITH ITS OWN LEGAL COUNSEL IN REVIEWING DOCUMENTS RELATING TO THE FUND.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM

NOR ANY SALE OF INTERESTS SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE FUND SINCE THE DATE HEREOF.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON, AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND. ANY STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE GENERAL PARTNER, WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES AND PROJECTIONS.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE GENERAL PARTNER TO BE RELIABLE. THE GENERAL PARTNER AND THE FUND HAVE NOT INDEPENDENTLY VERIFIED ANY SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

EACH INVESTOR THAT ACQUIRES AN INTEREST WILL BECOME SUBJECT TO THE PARTNERSHIP AGREEMENT. IN THE EVENT ANY TERMS OR PROVISIONS OF SUCH PARTNERSHIP AGREEMENT CONFLICT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM, SUCH PARTNERSHIP AGREEMENT SHALL CONTROL.

NOTICE TO ALL PROSPECTIVE INVESTORS:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE INTERESTS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR RESIDENTS OF CHINA ONLY:

THE INTERESTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE PEOPLE'S REPUBLIC OF CHINA ("**CHINA**") AND NEITHER THIS MEMORANDUM, WHICH HAS NOT BEEN SUBMITTED TO THE CHINA SECURITIES REGULATORY COMMISSION, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED HEREIN RELATING TO THE INTERESTS, MAY BE SUPPLIED TO THE PUBLIC IN CHINA OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF INTERESTS TO THE PUBLIC IN CHINA. WHERE AN OFFERING OR SALE OF THE INTERESTS TO CHINESE PERSONS DOES NOT CONSTITUTE A "PUBLIC OFFER" WITHIN THE MEANING

OF THE SECURITIES LAW OF THE PEOPLE'S REPUBLIC OF CHINA, SUCH CHINESE PERSONS MAY BE SUBJECT TO FOREIGN EXCHANGE CONTROL APPROVAL AND FILING REQUIREMENTS UNDER THE RELEVANT CHINESE FOREIGN EXCHANGE REGULATIONS.

FOR RESIDENTS OF HONG KONG ONLY:

THE FUND HAS NOT BEEN AUTHORIZED BY THE HONG KONG SECURITIES AND FUTURES COMMISSION AND ACCORDINGLY, THE INTERESTS HAVE NOT BEEN OFFERED OR SOLD AND MAY NOT BE OFFERED OR SOLD IN HONG KONG, BY MEANS OF ANY DOCUMENT OTHER THAN (I) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP.571) AND ANY RULES MADE UNDER THAT ORDINANCE; OR (II) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES ORDINANCE (CAP.32) OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THAT ORDINANCE. FURTHER, NO PERSON SHALL ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSE OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE INTERESTS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO INTERESTS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP.571) AND ANY RULES MADE UNDER THAT ORDINANCE. THIS MEMORANDUM AND THE INFORMATION CONTAINED HEREIN MAY NOT BE USED OTHER THAN BY THE PERSON TO WHOM IT IS ADDRESSED AND MAY NOT BE REPRODUCED IN ANY FORM OR TRANSFERRED TO ANY PERSON IN HONG KONG.

DRAFT

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Memorandum constitute "forward-looking statements" and are subject to a number of significant risks and uncertainties. Any such forward-looking statements contained herein should not be relied upon as predictions of future events. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, intentions or unrealized investment results. Such forward-looking statements are subject to numerous risks and are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may not be realized. In that regard, the matters discussed in this Memorandum or other factors could cause actual results and other matters to differ materially from those in such forward-looking statements. As a result of the foregoing, no assurances can be or are given as to future results of operations or financial condition of the Fund.

DRAFT

DIRECTORY

**Fund
Registered Office**

Civitas Encore Fund, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

General Partner

Civitas Encore Fund GP, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

Manager

Civitas Capital Management, LLC
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

Fund Legal Advisors

As to the Fund and Offering of Interests:
Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue
Suite 4100
Dallas, Texas 75201-4675
U.S.A.

As to Immigration Matters:
Spencer Grain Cabbage Healy & McNamara, PLLC
1201 Elm Street,
Suite 4100, Lockbox 50
Dallas, Texas 75270
U.S.A.

Auditors

[Rothstein, Kass & Company, P.C.
2525 McKinnon Street,
Suite 600
Dallas, Texas 75201
U.S.A.]

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DRAFT

I. SUMMARY OF TERMS

The following is a summary of certain facts about a private placement of limited partner interests in Civitas Encore Fund, LP, a Texas limited partnership, and is qualified in its entirety and should be read in connection with the Limited Partnership of Civitas Encore Fund, LP, as may be amended from time to time (the "Partnership Agreement") and the other disclosures set forth in this Confidential Offering Memorandum. Terms not otherwise defined herein shall have the meaning set forth in the Partnership Agreement.

- The Fund:** Civitas Encore Fund, LP, a Texas limited partnership (the "**Fund**"). The Fund is designed specifically for investment by non-U.S. citizens seeking to immigrate to the United States and is intended to serve as a qualifying investment through a "**Regional Center**" approved under the United States Citizenship and Immigration Service's ("**USCIS**") Foreign Trader, Investor and Regional Center Program (the "**EB-5 Program**").
- Fund Investment:** The Fund intends to make up to \$15,000,000 in corporate term loans (the "**Term Loan(s)**") to [] (the "**Borrower**"), an affiliate of Encore Enterprises, Inc. ("**Encore**"). Encore is a vertically integrated real estate investment management company focusing on investing in, operating, and managing hotel, multifamily, and retail properties across the Southern, Eastern and Midwestern United States. The Term Loan(s) will be used by the Borrower to expand Encore's hospitality management call center operations located in Dallas, Texas, provide working capital to Encore, and provide investment capital for future investments. A description of the Borrower, Encore, and the terms of the Term Loan(s) are described in the section of this Memorandum entitled "**Investment Summary**."
- The General Partner:** Civitas Encore Fund GP, LP, a Texas limited partnership (the "**General Partner**"). The General Partner may appoint an affiliate to perform one or more of the General Partner's responsibilities to the Fund. The general partner of the General Partner is Civitas Partners, LLC, a Texas limited liability company controlled by Jason T. Barnes and Daniel J. Healy (collectively, the "**Principals**"), via the Manager.
- The Manager:** The General Partner has appointed Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**"), to act as manager of the Fund, responsible for the Fund's day to day activities. The Manager is also controlled by the Principals.
- The CDRC:** The City of Dallas Regional Center, a "regional center" as such term is defined at 8 CFR 204.6(e), and approved by the United States Citizenship and Immigration Service ("**USCIS**") on September 8, 2009. The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "**City of Dallas**") and is responsible for all operations related thereto pursuant to an exclusive management contract dated August 10, 2009 (the "**CDRC Management Contract**"). The Partnership is an official CDRC investment.
- Overview of the Offering:** This offering is for limited partner interests in the Fund (the "**Interests**"), for up to a maximum aggregate amount of \$15,000,000. The minimum investment by an investor in the Fund (a "**Limited Partner**") is \$500,000 (the "**Subscription Amount**").

Each person subscribing for an Interest must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund.

Administrative Fee:

As consideration for the costs of compliance with U.S. immigration regulations, each subscriber for an Interest will be required at the time of subscription to pay directly to the Manager an administrative fee in the amount shown on the signature page of such subscriber's Subscription Agreement for an Interest (the "*Administrative Fee*"). The Administrative Fee is partially refundable in the event a subscriber's subscription is not ultimately accepted or if the subscriber's I-526 Petition is not approved, as detailed in the Subscription Agreement.

Additional Contributions:

Following the delivery of the Subscription Amount, and the payment of the Administrative Fee, no Limited Partner will have a future obligation to make any Capital Contribution or other payment to the Fund or the Manager.

Closing:

The Fund will begin accepting subscriptions for Interests in the second quarter of 2010 and will remain open for subscriptions until \$15,000,000 of Interests in the aggregate have been subscribed for.

Fund Term:

The Fund will have an initial term expiring five (5) years after the final funding of the Term Loan(s) to the Borrower, subject to an option permitting the General Partner to extend the term for up to two (2) additional one-year periods for the purpose of liquidating the Term Loan(s) to the Borrower and making distributions to the Fund's Partners.

Fund Distributions to Partners:

The General Partner shall make distributions of Net Cash Flow (as defined below) of the Fund at such times and in such amounts as it determines. The General Partner will initially allocate Net Cash Flow for distribution among all Partners in proportion to their Capital Contributions. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

1. *Preferred Return* - first, 100% to the applicable Limited Partner until the cumulative distributions of Net Cash Flow to such Limited Partner represent a 2% cumulative, simple, non-compounded annual rate of return on such Limited Partner's capital contributions;
2. *Return of Capital and Costs* - second, 100% to the applicable Limited Partner until such Limited Partner has received distributions of Net Cash Flow equal to its aggregate capital contributions;
3. *General Partner Catch-up* - third, 100% to the General Partner until the

cumulative distributions to the General Partner with respect to such Limited Partner equal 25% of the total amounts distributed in respect of such Limited Partner;

4. *80/20 Split* - thereafter, 80% to the applicable Limited Partner and 20% to the General Partner (the distributions to the General Partner described in clause 3 and this clause 4 being referred to collectively as "*Carried Interest Distributions*").

"Net Cash Flow" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Fund from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from the Term Loan(s) or any other Fund investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of the Borrower or other Fund investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, and (ii) the sum of (a) all Fund Expenses then due and owing, (b) the Management Fee (as defined below) then due and owing, and (c) to fund any reserves as may be determined by the General Partner.

Notwithstanding the foregoing, in no event will Net Cash Flow be distributed to a Limited Partner if the result would cause a violation of EB-5 Program rules, or otherwise jeopardize the Visa Process (as defined below).

In-Kind Distributions:

At the discretion of the General Partner, certain marketable securities may be distributed to the Partners prior to the liquidation of the Fund. Upon liquidation of the Fund, distributions may be made in-kind on a *pro rata* basis.

Allocations of Profits and Losses:

Profits and losses of the Fund will be allocated among the Partners in a manner consistent with the foregoing distribution provisions and the requirements of the Internal Revenue Code of 1986, as it may be amended from time to time (the "*Code*").

Management Fee:

As compensation for services rendered to the Fund, the Manager will be paid by the Fund an annual management fee ("*Management Fee*"), calculated and paid quarterly in advance. The Management Fee shall equal (i) two percent (2.00%) per annum *times* (ii) the aggregate Capital Contributions of the Fund's Limited Partners. For those Limited Partners admitted after the Initial Closing, their allocable portion of the Management Fee will be calculated as though such Limited Partner was admitted at the Initial Closing. The Management Fee will be paid out of the Net Cash Flow or accumulate until sufficient cash flows exist to pay the Management Fee.

Fund Expenses:

The General Partner and the Manager will pay all of their own ordinary administrative and overhead expenses, including salaries, benefits and rent. Except as noted above, the Fund will pay all other expenses attributable to the activities of the Fund (the "*Fund Expenses*"), including but not limited to: fees, costs, and expenses related to the Term Loan(s); transaction costs and finance

charges, expenses for custodians, outside legal counsel, administrators and accountants; any insurance or litigation expenses; and any taxes, fees, or other governmental charges levied against the Fund.

Other Fees:

The Borrower will be required to pay certain other transaction fees, including: (i) a commitment fee of \$300,000 paid to the Manager, (ii) transaction fees of in a total amount of \$150,000 paid to the City of Dallas, and (iii) a monthly administrative fee of up to a maximum of \$1,250 per month, paid to the Manager (the foregoing fee amounts "*Other Fees*"). The Fund does not receive or otherwise share in any of the Other Fees and none of the Other Fees are used to offset any of the Management Fees or the Administrative Fees paid to the Manager.

Transfer of Interests:

No Limited Partner will be permitted to withdraw from the Fund or to withdraw a portion of its capital account. A Limited Partner may not assign, sell, exchange or transfer its interest in the Fund without the consent of the General Partner, except that certain assignments by operation of law will be permitted; *provided*, that no such assignee will be admitted as a substitute Limited Partner without the consent of the General Partner (which consent may be given or withheld in its sole discretion).

Withdrawal:

A Limited Partner may not voluntarily withdraw any amount from the Fund.

Indemnification:

The General Partner, the Manager, and their respective partners, officers, directors, employees, agents, stockholders, members, and other affiliates (in each case, an "*Indemnitee*") will not be liable to the Fund or to the Limited Partners for (i) any act performed or omission made by it in the absence of its own fraud, willful misconduct or gross negligence, or (ii) losses due to the negligence agents of the Fund. The Fund will indemnify each Indemnitee for any loss, damage or expense incurred by such Indemnitee on behalf of the Fund or in furtherance of the interest of the Partners or otherwise arising out of or in connection with the Fund or the business of the Fund, except for losses arising from such Indemnitee's own fraud, willful misconduct or gross negligence. Limited Partners will not be individually obligated with respect to such indemnification beyond their respective Capital Contributions. The General Partner may cause the Fund to purchase, at the Fund's expense, insurance to cover the General Partner, the Manager or any other Indemnitee against liability for any breach or alleged breach of their fiduciary or similar responsibilities.

**Rights of Partners
In Capital:**

No Partner has the right to the return of any contribution to the capital of the Partnership except (i) distributions of Net Cash Flow (as described above) or (ii) upon the dissolution of the Partnership. The entitlement to any such return at such time is limited to the value of the Capital Account of the Partner. The General Partner is not liable for the return of any such amounts. Furthermore, Limited Partners will not have recourse against the Partnership, the General Partner, the Manager, the Borrower, Encore or any of their respective affiliates in the event that Borrower defaults on the Term Loan(s). Only the General Partner, acting on behalf of the Partnership, may pursue remedies against the Borrower for any default by the Borrower under the Term Loan Agreement.

Tax Considerations:

Limited Partners are encouraged to consult their advisors concerning the U.S.

federal, state, local and foreign tax consequences of an investment in the Fund. See "Tax Matters" for additional information.

Reports:

Annual Reports

As soon as practicable following the end of the Fund's fiscal year, the General Partner will provide: (a) unaudited consolidated annual financial statements, prepared in accordance with U.S. GAAP, consisting of a balance sheet, income statement and statement of cash flows ("*Financial Statements*") of the Fund; and (b) a performance assessment of the investment by the Fund in the Interests.

Quarterly Reports

Within forty five (45) days of the end of each fiscal quarter, the General Partner will provide: (a) unaudited, consolidated Financial Statements of the Fund, prepared in accordance with U.S. GAAP; and (b) a brief narrative description of any material events affecting the Fund or the Interests.

Audited Reports

Although not required, the General Partner, in its sole discretion, may engage a U.S. accounting firm, at the Partnership's expense, to audit the Partnership's Financial Statements for any fiscal year.

Risk Factors and Conflicts of Interest:

An investment in the Fund involves certain risks and potential conflicts of interest, which are described in more detail below. See "Risk Factors" and "Conflicts of Interest" sections of this Memorandum.

Fund Legal Counsel:

Akin Gump Strauss Hauer & Feld LLP, as to the Fund and offering of Interests.
Spencer Crain Cabbage Healy & McNamara, PLLC, as to immigration matters.

Auditors:

[Rothstein, Kass & Company, P.C.]

Subscription Matters:

Persons interested in investing in the Fund are required to complete and return to the General Partner the subscription documents for the Fund, a copy of which will be made available to each prospective investor. Subscriptions may be rejected in whole or in part in the General Partner's sole discretion. All persons interested in investing in the Fund must attest that they are accredited investors under the Securities Act of 1933, as amended.

II. INVESTMENT SUMMARY

Overview

Civitas Encore Fund, L.P., a Texas limited partnership (the "**Fund**"), is being organized by Civitas Encore Fund GP, LP, a Texas limited partnership (the "**General Partner**"), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**"). The Fund is being established to make up to \$15,000,000 in corporate term loans (the "**Term Loan(s)**") to [] (the "**Borrower**"), a wholly-owned subsidiary of Encore Enterprises, Inc. ("**Encore**") for the purpose of financing the expansion of the Company's call center operations in Dallas, Texas, and as investment funds. The Term Loan(s) will be unconditionally guaranteed by Encore.

The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to the United States by making a qualifying investment through the City of Dallas Regional Center ("**CDRC**"), a "Regional Center" approved under the Foreign Trader, Investor and Regional Center Program (the "**EB-5 Program**") of the United States Citizenship and Immigration Service ("**USCIS**"). The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "**City of Dallas**"). The USCIS approval letter for the CDRC under the EB-5 Program is attached as [Appendix B].

The Fund is targeting a double-bottom line return, one that delivers a fair return on invested capital, but also affords investors lawful, permanent resident status subject to the investor's compliance with the requirements of the USCIS and EB-5 Program. The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of direct, indirect and/or induced jobs. The Fund's strategy for meeting the job-creation requirement is described in detail below.

The information contained in this Investment Summary is based on information provided to the General Partner and the Manager from the Borrower, Encore, their affiliates or other sources. Certain of the factual statements contained herein are based upon such information and are believed by the General Partner to be reliable. Although the Manager has conducted a review of such information, none of the General Partner, the Fund or the Manager have independently verified all such information and make no assurances associated with the inaccuracy or inadequacy of such information.

Description of the Borrower / Encore

The Borrower, [], is a newly formed, wholly-owned subsidiary of Encore. Encore is headquartered in Dallas, Texas and was founded by Dr. Bharat Sangani and Mr. Patrick Barber in 1999 as a diversified commercial real estate firm. A privately-held company, Encore's stated goal is to create a vertically integrated hospitality and commercial real estate enterprise that generates superior returns by acquiring, repositioning or developing select assets in favorable markets that have the potential for significant improvement in performance. Encore focuses its attention on the development and re-development of mixed use complexes, limited and full service hotels, multi-family and retail projects. Dedicated resources in Encore's hospitality division manage hotel and luxury vacation condominium resort properties and homeowner associations. As of early 2010, since its founding, Encore has completed over \$1.2 billion of investment transactions in nearly eighty acquisition and development projects.

Encore is comprised of multiple operating subsidiaries and divisions to vertically address the needs of the real estate industry, as follows:

Encore Hospitality - A private hospitality investment and management company focused on branded select or full-service hotels. Since 1996, Encore Hospitality has developed and acquired a portfolio of 44 hotels with 4,674 rooms. In 2008, the majority of this portfolio was sold for more than \$400 million to an affiliate of global investment bank Goldman Sachs. As of this writing, Encore Hospitality owns and manages five hotels totaling

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606 rooms, and is actively in the process of acquiring and developing additional hospitality assets.

Pineapple Management Services - A hotel management company with properties throughout the southeastern United States. Encore's historical portfolio has included national brands such as Marriott, Courtyard by Marriott, Fairfield Inn by Marriott, Hilton, Wingate Inn, Residence Inn by Marriott, Radisson, Homewood Suites, Best Western and Holiday Inn Express.

Sterling Resorts - Provides a complete solution for condominium owners participating in rental management programs, including branding, sales, property management and on-site check-in and check-out services for guests. This division currently manages approximately 2,100 condominiums along the Gulf Coast of the United States, including approximately 800 owned by Encore or its affiliates.

Sterling Realty - Offers real estate services with expertise in resort real estate, single-family homes, condominium and vacation homes, investment properties, residential land, and all commercial brokerage activities. Sterling Realty also has an active long-term rental department for the "apartment-style" management of homes and condominiums.

Encore Construction - Offers general contracting and construction management services for a variety of market segments, including: hospitality, health care, entertainment, commercial, retail and multi-family. Encore Construction handles construction for the Encore portfolio and for third parties.

Encore Retail - Acquires and develops anchored neighborhood and community properties in Class A locations throughout the U.S. Its retail centers are built with credit anchor tenants in primary markets. Encore Retail adds value by having in-house leasing and property management. The company also acquires and manages existing shopping centers that offer positive healthy cash flow to Encore's investors.

Encore Multi-Family - An approved HUD developer focusing on Class A multi-family development, Encore Multi-Family specializes in creating value in underserved markets through ground-up development. Its emphasis is on providing housing in the South, Southeast, and Midwest regions of the U.S. Encore Multi-Family also acquires and manages multi-family projects that offer positive cash flow to its investors.

Encore Equities - Provides investors with real estate investment opportunities through investment funds, limited partnerships and third-party national and regional real estate developers. This suite of investment products allows Encore to offer its investors the opportunity to create a diversified, professionally managed real estate investment portfolio.

Encore Asset Services - Encore's newest division, Encore Asset Services was established to focus on the acquisition of debt secured by well-positioned real estate assets in the hospitality, multi-family and retail sectors, as well as assets and loans from distressed sellers, including conventional loans, distressed and non-performing real estate mortgages, promissory notes, foreclosed real estate properties and other deeply discounted secured debt.

Investment Thesis

The following represents the Manager's views and expectations related to the Term Loan(s) to the Borrower. There is no assurance that the Manager's views will ultimately prove to be correct or that other factors will not influence the Borrower's ability to meet its obligations under the Term Loan Agreement.

1. Encore's balance sheet: The Manager believes Encore's balance sheet is well-capitalized in the context of its current and projected operations. Management has substantial equity in the company. As of 2009, Encore had approximately \$10.5mm in cash, approximately 10% of its total assets of \$100.8mm and 48% of its current assets of \$21.8mm. Encore's fixed assets after depreciation were \$70.9mm, as

compared to long-term liabilities and current principal payments due of \$47mm, a surplus of \$23.9 million. Owner's equity was \$45.7mm, \$50.4mm, and \$60.3mm at the end of 2009, 2008, and 2007, respectively. This represented 45%, 47%, and 46% of total assets during the corresponding periods. In addition, Encore's tangible net worth (total assets less intangible assets less total liabilities) in 2009 was \$42.1MM. Lastly, Encore has existing indebtedness at the corporate level of approximately \$1.8mm relating to leases for the company's office FF&E, computer equipment, and company cars; this debt is deducted in arriving at the figure for tangible net worth discussed above.

2. *Encore's hospitality infrastructure:* Encore's core business is its hospitality operations. Over time, the company has developed significant infrastructure to manage its portfolio. Since 1996, Encore Hospitality developed and acquired a portfolio of 44 hotels with 4,674 rooms. Encore has leveraged its hospitality operations to manage and rent condominiums and townhomes along the Gulf of Mexico in the southeastern United States. The company's condominium management portfolio currently consists of approximately 2,100 managed units, of which Encore owns approximately 800. Encore has made the development of its infrastructure and management systems a high priority and, as a result, enjoys a readily scalable IT infrastructure. Encore management believes the company's existing systems are capable of effectively integrating and supporting more than 100 hotels with no material additional infrastructure expenditures. As part of Encore's hospitality portfolio sale detailed below, the portfolio's buyer (a fund affiliated with investment bank Goldman Sachs) requested that Encore continue managing its portfolio on a fee basis for a two-year period in order to facilitate a smooth transition.
3. *Management team's commitment:* The management team has reinvested significant capital into Encore to facilitate its growth. During 2007 and 2008, Chairman Bharat Sangani, M.D. and CEO Patrick Barber reinvested \$7.3mm and \$7.4mm, respectively, of their carried interest into the firm from the proceeds of the hospitality portfolio sale detailed below.
4. *Management team's experience:* Encore's management team has significant experience in the real estate industry. Senior management of Encore has over 170 years of experience in the hospitality and other commercial real estate industries. This extensive experience brings with it in-depth knowledge of operations, development, individual markets and key relationships with suppliers and vendors. In addition, Encore's management team has experience acquiring, operating, and managing real estate during difficult economic periods. The firm successfully managed its real estate portfolio through the economic downturn following the terrorist attacks of September 11, 2001; this included a large portfolio of hotel assets, among the hardest-hit real estate asset classes.
5. *Encore's track record of success:* Encore has successfully demonstrated its ability to execute its investment strategy. After building a portfolio of more than 40 hotels, in 2007 and 2008 Encore sold the bulk of its portfolio to a fund affiliated with investment bank Goldman Sachs for more than \$400 million, resulting in net cash flow of more than \$200 million to Encore. According to Encore management, and based on unaudited internal calculations, the sale generated an average equity IRR of more than 50%, and 3.6x cash-on-cash equity return to investors. Since then, the company has been investing strategically and building a new portfolio of undervalued properties.

Financial Analysis

Income Statements

Encore generates revenue from include Encore-owned hotels, retail centers, multi-family properties, and condominiums, as well as brokerage fees, property management fees, condominium sales and construction projects. From the 2007 income statement, Encore generated a total of \$218.4MM in revenue, inclusive of a total capital gain of \$102.6MM related to the sale of its hotel portfolio. Encore also generated \$116MM in revenue from operations during 2007. Encore's hospitality operations comprised \$86.7MM of operating

revenues. Gross operating profits (revenues less operating expenses) were \$131.7MM, resulting in a gross margin of 60.3%. Encore's 2007 consolidated net income was \$55.4MM, resulting in a profit margin of 55.5%.

Regarding Encore's 2008 income statement, the hotel portfolio disposition continued to impact consolidated revenues, expenses and net income. A further \$15MM of revenue from capital gain on sale of assets was recorded in 2008. Hospitality operations decreased from \$86.7MM in 2007 to \$27.2MM in 2008 due to the portfolio sale. Encore's 2008 consolidated operating income was \$13.7MM, resulting in a gross margin of 22.9%. The consolidated net income for Encore in 2008 was \$4.4MM, resulting in a profit margin of 16.4%.

During 2009, the firm focused on rebuilding its hotel portfolio. Encore's hospitality operations continued to be its largest revenue segment, but revenue was down in comparison with previous years due to the sale of the bulk of its portfolio. The hospitality division generated approximately \$20MM in revenue; representing 50% of Encore's 2009 consolidated revenue of \$41MM. Encore's construction operations were its second largest revenue segment, with \$11MM in revenue. Encore's 2009 consolidated operating loss was -\$2.4MM, representing gross margin of -5.8%. The Company's 2009 consolidated net loss before extraordinary items was -\$7.6MM, representing a profit margin of -18.6%. Encore made further adjustments to the 2009 income statement realizing losses attributed to extraordinary and one-time items, and discontinued operations. These amounts totaled approximately \$5MM, and increased Encore's 2009 consolidated net loss to -\$12.5MM.

Excluding one-time and extraordinary items, and depreciation and amortization, Encore's 2009 consolidated net loss was -\$4.0mm. Encore management attributes the loss to the decline in revenue from its remaining hotels due to the broader economic decline seen in 2009. Encore has seen an improvement in pricing at its hotels and is projecting an operating profit in 2010. Encore's hotel portfolio currently consists of five properties totaling more than 600 existing rooms. Two of the five existing hotels underwent renovations in 2008 that impacted stabilization in 2009. The remaining three properties were built by Encore. Two of the hotels were completed in 2009, and the third hotel was completed in April 2010. Encore expects these properties to stabilize during 4Q 2010 and 2Q 2011.

The following is Encore's the three year consolidated income statement.

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Encore Enterprises Inc Consolidated Income Statements			
	FY Ended December 31,		
	2009	2008	2007
<i>(Amounts in USD \$ millions)</i>			
Operating Revenues			
Hospitality	19.67	27.19	86.74
Construction Draws	11.17	4.87	8.28
Gain on sale of assets	-	15.66	102.62
Others	9.92	12.39	20.79
Total Operating Revenues	<u>40.75</u>	<u>60.11</u>	<u>218.44</u>
Operating Expenses			
Cost of sales (Direct Expenses)	24.07	22.06	27.75
Payroll	11.03	12.29	23.17
Selling, General & Administrative	8.01	12.01	35.82
Total Operating Expenses	<u>43.11</u>	<u>46.36</u>	<u>86.74</u>
Operating Income (Loss)	(2.36)	13.74	131.70
Taxes	-	4.20	3.41
Interest	1.69	1.92	59.98
Depreciation & Amortization	3.53	3.22	12.91
Net Income (Loss) from Continuing Operations	<u>(7.58)</u>	<u>4.40</u>	<u>55.41</u>
Minority interest in earnings	-	-	0.11
Net Income before discontinued ops and extraordinary items	<u>(7.58)</u>	<u>4.40</u>	<u>55.52</u>
<u>Income (Loss) from Discontinued Operations</u>			
Hotel properties sold in 2007	(1.27)	-	-
Multi-Family project dead deal costs	(0.73)	-	-
Net Income/(Loss) from Discontinued Ops.	<u>(2.00)</u>	<u>-</u>	<u>-</u>
<u>Income (Loss) from Extraordinary items</u>			
Capital invested in new projects	(2.15)	-	-
Non recurring expenses & provisions	(0.65)	-	-
Net loss attributable to non controlling interest	(0.73)	-	-
Transfer & Disposition of assets	0.64	-	-
Net Income (Loss) from Extraordinary items	<u>(2.89)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>(12.47)</u>	<u>4.40</u>	<u>55.52</u>

Balance Sheets

Due to the portfolio sale, Encore was very profitable during 2007 and 2008. In 2007, Encore generated a return on equity of 200.9% and a return on assets of 93.3%. In addition, asset turnover was historically high at 1.7 times. During 2008, Encore 2008's generated a return on equity of 19.5% and a return on assets of 9.1%. However, in 2009, Encore's profitability declined while the group was reinvesting the capital to build up a new portfolio of properties. Due to 2009's net operating loss, return on equity and assets were both negative at -28.4% and -12.9% respectively. Furthermore, the asset turnover slowed from 1.7 in 2007 to 0.4 in 2009 as Encore began to acquire properties to rebuild its portfolio by investing in distressed opportunities created by the global financial crisis. Encore's acquisition strategy centers on targeting well located assets that generate significant cash flow and can be acquired well below replacement cost.

Encore's ability to service short-term liabilities was exceptional in 2007 and 2008. Current assets for 2007 and 2008 were 4.31x and 4.91x current liabilities, respectively, due in large part to Encore's resulting cash position from the portfolio sale. In 2009, the ratio of current assets to current liabilities was 1.78, reflecting significant near-term liquidity, albeit less than 2007 and 2008.

Regarding Encore's leverage levels, its ratios of debt-to-assets and long-term debt to assets were consistently at a low level from 2007 to 2009. Encore's long-term debt level was consistently maintained at approximately 49%, and the debt to asset ratio maintained a consistent level of approximately 54%. Encore's consolidated 2007, 2008, and 2009 balance sheets are reflected below.

Summary Terms of the Term Loan(s)

A summary of the Term Loan Agreement follows:

Borrower: [] ("**Borrower**"), a wholly-owned subsidiary of Encore Enterprises, Inc.

Commitment Amount: \$15,000,000

Interest Rate: 6.50% fixed, per annum (the "**Base Rate**"). Interest shall be paid current based on 4.0% fixed, per annum (the "**Current Rate**"). The remaining 2.5% (the "**Accrued Rate**") shall accrue on a simple, non-compounding basis and be paid in full at maturity.

Default Interest Rate: Three percent (3.0%) per annum in excess of the Base Rate, fixed and paid current.

Interest rate calculation basis: Actual / 360

Term: Five (5) years

Collateral:

The Term Loan(s) shall be secured by a perfected first priority security interest in all assets of the Borrower and its subsidiaries, including, without limitation, all tangible and intangible assets, real and personal property, accounts, receivables, chattel paper, documents, deposit accounts, equipment, general intangibles, instruments, intellectual property, inventory, investment property, letter-of-credit rights, and all other assets and the proceeds thereof]

Term Loan(s) prepayment:

The Term Loan(s) may not be prepaid without the Lender's consent. In the event Lender consents to a prepayment, Borrower shall pay to Lender a fee (the "**Prepayment Fee**") equal to one-half of one percent (0.5%) of the then-outstanding balance of the Term Loan(s) or the portion thereof to be prepaid.

Other indebtedness:

All terms of any financing for Borrower other than the Term Loan(s) shall be subject to Lender approval.

Guarantor:

Encore, Borrower and each of their direct and indirect domestic and foreign subsidiaries designated by Lender, whether now existing or later formed, other than real estate investment entities, shall jointly and severally guaranty the obligations of the Borrower under the Term Loan(s).]

Springing Reserve:

[**Note: Will insert; focus on net worth / liquidity**]

Fund Cash Flow Projections from Term Loans

Based on the terms of the Term Loan Agreement, the cash flow projections for the Fund are as set forth in the table below.

Pro Forma Fund Cash Flows				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Principal Investment		(15,000,000)		(15,000,000)					
Current Interest	4.00%	3,000,000		600,000	600,000	600,000	600,000	600,000	600,000
Accrued Interest	2.50%	1,875,000		375,000	375,000	375,000	375,000	375,000	375,000
Cumulative Accrued Interest				375,000	750,000	1,125,000	1,500,000	1,875,000	1,875,000
Principal Repayment		15,000,000							15,000,000
	<i>IRR</i>	<i>Multiple</i>	<i>Profit</i>						
Total Gross Cash Flows	6.2%	1.33 x	4,875,000	(15,000,000)	600,000	600,000	600,000	600,000	17,475,000
Less Civitas Asset Management Fee	2.00%		(1,500,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
	<i>IRR</i>	<i>Multiple</i>	<i>Profit</i>						
Net Cash Flows available for Distribution	4.3%	1.23 x	3,375,000	(15,000,000)	300,000	300,000	300,000	300,000	17,175,000
Investor Preferred Return	2.00%		(1,500,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Payment of Preferred Return			1,500,000	300,000	300,000	300,000	300,000	300,000	300,000
Unpaid and Accrued Preferred Return									
Return of Investor Capital			15,000,000						15,000,000
Profit to Investor	80%		1,200,000						1,200,000
Civitas Performance Payment	20%		675,000						675,000
	<i>IRR</i>	<i>Multiple</i>	<i>Profit</i>						
Net EB-5 Investor Returns	3.5%	1.18 x	2,700,000	(15,000,000)	300,000	300,000	300,000	300,000	16,500,000

Job Creation and TEA Status

EB-5 Program rules require creation of not less than ten (10) full-time (*i.e.*, 35 hours per week) jobs per EB-5 investor. It is anticipated that the Fund will have 30 investors, meaning the Fund would need to create, via the Term Loan(s) to the Borrower, at least 300 full-time jobs in order to meet this requirement. The Term Loan documents require the Borrower to hire at least 250 new full-time employees within eighteen (18) months of the loan's closing date (as provided in the Term Loan Agreement). The Borrower intends to meet this requirement by hiring employees into a call center operation.

The Manager has commissioned Evans, Carroll & Associates, Inc. ("*Evans Carroll*") to conduct an econometric study of the Borrower's proposed capital spending strategy (the "*Economic Study*") in order to ensure that the Fund and its investors will comply with EB-5 job-creation requirements. A copy of Executive Summary section of the Economic Study is attached hereto as [Appendix C]. A summary of the job creation associated with the Fund and the Term Loan(s), as excerpted from the Economic Study, appears in the table below:

As described in the table above, it is projected that the total number of direct jobs to be created in connection with the Fund and the Term Loan(s) will be 250 and the total number of indirect and induced jobs projected to be created in connection therewith will be 183. Therefore, the total projected number of jobs to be created in connection with the Fund and the Term Loan(s) is 433. Assuming that the Fund is fully subscribed, this amount of jobs exceeds the minimum number of jobs required to be created (*i.e.*, 300), by approximately 44%.

TEA Qualification

The Borrower and the call center intended to create the aforementioned jobs will be located in a targeted employment area (as such term is used at 8 CFR 204.6(e), a "*TEA*") within the CDRC. The Manager has commissioned Evans Carroll to conduct an analysis of census tracts within the CDRC (the "*TEA Study*") in order to determine whether the Fund's Term Loan(s) to the Borrower qualifies for the \$500,000 minimum investment under EB-5 Program rules, rather than the standard \$1MM. Based on the results of the TEA Study, attached as [Appendix D], the Borrower is located in a TEA and, therefore, investors in the Fund are permitted to participate in the EB-5 Program by investing a minimum of \$500,000. Accordingly, the minimum investment in the Fund is \$500,000.

Approved Industries for Investment

As described in the CDRC Approval Letter attached hereto as [Appendix B], the CDRC is approved to invest in twelve industry sectors. The Manager believes that the Fund's Term Loan(s) to the Borrower is a permitted

investment because it falls into the following approved industry sectors:

- *Headquarters, Management and Administrative Operations.* The Borrower is a new commercial enterprise headquartered within the CDRC. Its investment activities will be managed from its Dallas location within the aforementioned TEA. In addition, its call center will provide administrative support to Encore's operations, both locally and around the country.
- *Telecommunications.* The call center to be established by the Borrower is a telecommunications operation.

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III. MANAGEMENT OF THE FUND

The General Partner and The Manager

The General Partner has appointed the Manager to manage and operate the Fund. The Manager has established an Investment Committee of seasoned professionals who are responsible for overseeing the Manager's investments on behalf of its clients, including the Term Loans made by the Fund to the Borrower. In overseeing investments (including the Term Loan(s)), the Manager also utilizes from time to time the expertise of its Advisory Board. The composition of the Investment Committee and the Advisory Board are set forth below.

The Manager will be primarily responsible for the Fund's day-to-day operations, with input from the Investment Committee and Advisory Board, as needed. The Manager generally implements its business strategy and performs services and activities relating to the Fund's operations and investment in accordance with the terms of the management agreement between the Manager and the Fund. Under the management agreement, the General Partner delegates its management authority in respect of the Fund's operations, including the Fund's investment activities as described in this Memorandum, to the Manager for the duration of the Fund's term. [Keep it basic]. Under the agreement, the Fund agrees to provide the Manager with all of the benefits of the Partnership Agreement, applicable to it as a delegate of the General Partner, including, without limitation, the right to reimbursement of expenses and indemnification provided under the Partnership Agreement.

Management Team

The General Partner and Manager are controlled by Jason T. Barnes and Daniel J. Healy (collectively, the "*Principals*"), who also serve as the members of the Manager's Investment Committee. Daniel J. Healy is responsible for the day-to-day management of the General Partner and Manager. The following are background summaries of the Principals and other managers of Civitas Capital Management, LLC:

Jason T. Barnes. Mr. Barnes is Chairman of Civitas Capital Management, LLC. He is presently a Partner with a Dallas-based international law firm. Throughout his career he has developed relationships with a wide variety of financial institutions, asset managers, principals and high-net worth individuals in businesses and transactions that cross industries, markets, geographies and asset classes. Mr. Barnes' practice and experience covers transactions involving over \$25 billion in value, and clients with assets ranging from \$10 million to \$40 billion.

Mr. Barnes has a particular emphasis and level of experience working with the principals and sponsors of investment vehicles both during and after formation. He works with clients to better structure products and offerings for their target market, and assists in the process of identifying and negotiating with prospective investors and partners. In addition to providing advice related to the structural issues, tax-minimization strategies, and regulatory matters that are important to investment funds, Mr. Barnes actively represents such funds in connection with their ongoing equity, debt and acquisition-related investment activities.

In addition, Mr. Barnes has spent years working *pro bono* with funds and managers in the structuring of social-purpose investment vehicles, and the tailoring of mainstream structures to provide "double bottom line" returns to investors. He writes and speaks regularly about this issue, and works as a general matter to educate the investment community on the merits of investments in underserved and emerging markets.

Mr. Barnes graduated from the Georgia Institute of Technology with a Bachelor of Science in Economics, earned his Juris Doctor from the Emory University School of Law, has been a member of the Pro Bono College of the State Bar of Texas since 2001, and has been named a Texas "*Rising Star*" (best lawyers under 40) by *Texas Monthly* magazine every year since 2003. He presently serves as the Chairman of the Finance and Funding Committee of the Mayor's Southern Dallas Task Force, and is actively involved at the board level with

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multiple non-profit organizations.

Daniel J. Healy. Dan Healy is Managing Partner of Civitas Capital Management, LLC. He is responsible for the general management of the firm, including overseeing financial analysis of the firm's investment opportunities, as well as transaction sourcing, asset management and disposition, and compliance with EB-5 Program rules and regulations. Mr. Healy has thirteen years of real estate investment and consulting experience.

Mr. Healy has served as Executive Vice President and Partner with Roylton Real Estate Capital, LLC, a Dallas-based real estate private equity firm where he had broad management and transaction responsibilities. He was responsible for the firm's acquisition strategy for multifamily assets, and completed transactions with a total value in excess of \$100 million for the firm. He also oversaw for asset management of the firm's portfolio and maintained the firm's relationships with its individual and institutional investors.

Previously, Mr. Healy was Executive Vice President with Highland Capital Real Estate Advisors, the real estate private equity arm of Highland Capital Management, L.P., a private investment firm with more than \$30 billion in assets under management. There, he sourced, structured and monitored a variety of notable transactions. Together with Jim Crigler, Mr. Healy managed an investment portfolio of more than \$600 million, including approximately \$150 million in equity investments.

Mr. Healy is also experienced with securities compliance. At Highland, Mr. Healy oversaw the development of a licensed broker-dealer platform for an affiliated company, and served as its Chief Compliance Officer.

Mr. Healy holds a Bachelor of Arts in Government and Politics, *summa cum laude*, from the University of Texas at Dallas, and a Master of Business Administration from Southern Methodist University.

Gabriel Hidalgo.] Mr. Hidalgo is Managing Director for Investments with Civitas Capital Management, LLC. He is responsible for evaluating prospective investments and asset management for the firm's portfolio. With respect to the Term Loan(s), Mr. Hidalgo will supervise servicing and operations.

Prior to joining Civitas, Mr. Hidalgo was [] with Macfarlin Capital Partners, LP, a Dallas-based real estate private equity firm. There he was responsible for asset management of a \$ ___ real estate investment portfolio consisting of []. Mr. Hidalgo is experienced with all aspects of asset management, including financial analysis, budgeting, operational planning, financing and workouts.

Prior to his tenure at Macfarlin, Mr. Hidalgo worked for five years with CSG Investments, Inc., the investment advisor to Beal Bank, controlled by well-known investor Andrew Beal. At CSG, Mr. Hidalgo.

Mr. Hidalgo holds a Master of Business Administration degree from the Cox School of Business at Southern Methodist University, as well as a Bachelor of [] in [] from Texas A&M University.

James C. Crigler, III. Jim Crigler is Managing Director of Business Development for Civitas Capital Management, LLC. Among other things, he is responsible for sourcing and evaluating transactions for the firm. Mr. Crigler has ten years of investment experience.

Mr. Crigler's background is diverse, providing Civitas and its investors with a broad range of skills. Prior to joining Civitas, Mr. Crigler worked with Mr. Healy as a Partner with Roylton Real Estate Capital, LLC and Senior Vice President with Highland Capital Management, L.P. In both positions, he was responsible for identifying investments and managing relationships with the firm's institutional investors, which included insurance companies, private funds and pension funds.

Mr. Crigler also has substantial experience with corporate financial analysis. Prior to his tenure at Highland, Mr. Crigler worked for six years with MCM Associates, a New York-based long/short hedge fund focused on

small-capitalization stocks. Mr. Crigler was responsible for financial analysis of potential investments.

A native of Louisiana, Mr. Crigler holds a Bachelor of Science in Finance from Louisiana State University. He has also completed graduate coursework in finance and accounting at New York University.

Advisory Board

The Manager has formed an Advisory Board (the "*Advisory Board*") that at the Manager's request considers and comments on such matters as the financial statements and appraisal reports, the status of outstanding investments, and the economic and financial trends and conditions affecting investments. No fees will be paid to the members of the Advisory Committee, although the Fund will pay its pro rata share of all reasonable expenses, if any, associated with the Advisory Board's meetings and of the members attending them. The current members of the Advisory Board are as follows:

Rafael M. Anchia. Mr. Anchia is a Senior Advisor to the Manager and Chairman of the Advisory Board. Mr. Anchia is a partner at Haynes and Boone, LLP, an international law firm. He represents financial institutions and public and private funds in a variety of transactions involving, among other things, senior and subordinated debt and equity, domestic and international syndications and distressed debt acquisitions and sales. He also represents issuers and underwriters on tax-exempt bond transactions. He is also actively involved in community affairs and public service. Representing District 7 on the Dallas Independent School District Board of Trustees from 2001 to 2004, he oversaw a \$1 billion budget, 19,000 employees and almost 220 schools in the nation's 12th largest school district. Mr. Anchia was recently elected to his third term as Texas State Representative for District 103, which includes parts of Dallas, Irving, Carrollton and Farmers Branch. Texas Monthly named Mr. Anchia "Rookie of the Year" during the 79th Legislative Session and one of the "10 Best Legislators" during the 80th Legislative Session. He was named an American Marshall Memorial Fellow in 2001, a Broad Foundation Fellow in 2003, LULAC National "Man of the Year" in 2005, a Flemming Institute Fellow in 2006, and an Aspen Institute Rodell Fellow in 2007. He also presently serves as the National Chairman of the National Association of Latino Elected Officials, and is Board Secretary for the Dallas-based charitable organization Education is Freedom. Mr. Anchia earned his undergraduate degree from Southern Methodist University and his Juris Doctor from Tulane University.

J. McDonald Williams. J. McDonald "Don" Williams serves as Vice-Chairman of the Advisory Board. Mr. Williams served as the chairman of Trammell Crow Company from 1994 until May 2002. Prior to serving in that role, he was the chief executive officer of Trammell Crow from 1977 to 1994. Mr. Williams received his bachelor of science degree from Abilene Christian University and his L.L.B. from George Washington University Law School. He serves as a director of Tenet Healthcare Corporation, and recently retired as a director of A.H. Belo Corporation after more than twenty years of service. In 1995, Mr. Williams founded the Foundation for Community Empowerment to assist in redeveloping low-income neighborhoods in Dallas. He also serves on the boards of a number of nonprofit organizations, including the Hoblitzelle Foundation.

James W. Keyes. Mr. Keyes is the Chairman and Chief Executive Officer of Blockbuster Inc. The firm is currently undergoing a transformation under his leadership. He is also an Operating Partner at CIC Partners, LP, a private equity firm, where he focuses on retail operations. From May 2000 to November 2005, Mr. Keyes served as the President and Chief Executive Officer of 7-Eleven, Inc.. During his tenure, the company achieved 36 consecutive quarters of same-store sales increases. Mr. Keyes also served as Executive Vice President and Chief Operating Officer of 7-Eleven from May 1998 to April 2000, as Chief Financial Officer from May 1996 to April 1998, and in various other capacities at the firm since 1985. Mr. Keyes also served as a Director of the firm from April 1997 to November 2005. He serves as a member of the Advisory Board of Americas Strategic Alliances, L.L.C. and Southern Methodist University's Edwin L. Cox School of Business. Mr. Keyes serves on the Board of Directors of the American Red Cross.

Brett Lawson. Mr. Lawson was most recently the National Managing Partner of Strategic Initiatives for Tatum,

LLC, a national executive services firm and a leader in the delivery of finance, accounting, technology and recruiting services in and around the CFO suite. During his tenure at Tatum, Mr. Lawson provided strategic and operational leadership for Tatum's national consulting practice, and was instrumental in Tatum's transformational expansion from providing CFO outsourcing services to a full-service executive services firm. Prior to his tenure at Tatum, Mr. Lawson was a Partner in The Controller Group (TCG), a Texas-based professional services firm focused on accounting, technology and recruiting services. TCG was twice named to the Dallas 100, which honors the 100 fastest-growing private firms (#13 and #11). TCG was acquired by Tatum CFO, the predecessor to Tatum, LLC, in 2006. Mr. Lawson began his career with Ernst & Young in the UK, where he focused on retail and manufacturing businesses in public company space, before transferring to the Dallas office for a two-year rotation. Before returning to the US in 2003, Mr. Lawson spent a year within the Education and Training department of Ernst & Young, instructing internal staff on global audit methodology and related soft skills. Mr. Lawson graduated from the University of Warwick in the UK and is a Chartered Accountant.

G. Brint Ryan. Mr. Ryan is the Founder, Chief Executive Officer and Managing Principal of Ryan Co., the leading tax services firm in North America, with the largest transactional tax practice in the United States and Canada.

Mr. Ryan is a Member of the Taxpayer Advisory Group for the Texas Comptroller of Public Accounts; a Member of the Accounting Advisory Board of the University of North Texas, a Member of the Business Administration Advisory Board of the University of North Texas; and a Member of the UNT Dallas Founders Circle of the University of North Texas; a Member of the Industry/Practitioner Liaison Group for the Texas Comptroller of Public Accounts; and Chairman of the Accounting Advisory Board of the University of North Texas.

Mr. Ryan is a frequent speaker on various tax topics, including for the following organizations: Institute for Professionals in Taxation; National Business Institute; Tax Executives Institute; and Texas Society of Certified Public Accountants – Dallas, El Paso, Fort Worth, and Houston Chapters. Mr. Ryan has also received numerous awards, including the Distinguished Alumnus Award, University of North Texas (2009); Outstanding Alumnus Service Award, University of North Texas (2003); Alumnus of the Year, Department of Accounting, University of North Texas (1997); Distinguished Alumnus, Beta Pi Chapter, Beta Alpha Psi; and Salute to Excellence Award for CPE Presentations, Houston Chapter, TSCPA.

Mr. Ryan is a member of the American Institute of Certified Public Accountants; the Dallas/Fort Worth State Tax Association – Executive Director (1993–1995); Institute for Professionals in Taxation; Texas Association of Business – Executive Committee; Texas Society of Certified Public Accountants; and Texas Taxpayers and Research Association – Board of Directors.

Mr. Ryan received his Bachelor of Science Degree in Accounting, from the University of North Texas, and his Master of Science Degree in Accounting (Emphasis in Taxation) from the University of North Texas. Mr. Ryan is a Certified Public Accountant (CPA), licensed in the State of Texas.

IV. IMMIGRATION MATTERS

The following is a summary of the application process, requirements and related issues for a qualifying alien to obtain the employment-based fifth preference immigrant classification (the "EB-5 Visa"). This summary should not be considered as legal advice or to address all of the issues associated with obtaining an EB-5 Visa. Investors should seek their own legal counsel with respect to immigration matters and the EB-5 Visa process.

The EB-5 Visa allows qualifying aliens, and any accompanying spouses and children under the age of twenty-one (21) at the time of application, to obtain lawful permanent resident ("LPR") status if the qualifying aliens have invested, or are actively in the process of investing, in a new commercial enterprise (see Immigration and Nationality Act ("INA") §§ 203(b)(5)(A) and (C), 8 U.S.C. 1153(b)(5)(A) and (C)). The investment must benefit the United States economy and create full-time jobs for ten (10) or more qualifying employees (see INA § 203(b)(5)(A)(ii), and 8 U.S.C. 1153(B)(5)(A)(ii)). If the investment is in a rural area or an area that has experienced high unemployment (referred to as a "TEA"), the required capital investment amount is \$500,000 per EB-5 Visa (see INA § 203(b)(5)(C)(ii), 8 U.S.C. 1153(b)(5)(C)(ii) and 8 CFR 204.6(f)(2)). To qualify for consideration of direct, indirect and induced job creation in connection with the qualifying investor's EB-5 Visa, the investor must invest in a new commercial enterprise that is located in a geographical region of the United States covered by a "regional center" (as defined by 8 CFR 204.6(e)) approved by the United States Citizenship and Immigration Service ("USCIS") for participation in the USCIS' Foreign Trader, Investor and Regional Center Program (the "EB-5 Program").

A flowchart summarizing the EB-5 Program immigration procedures is attached as [Appendix A]. To qualify for residency, investors must file an I-526 Petition at their designated USCIS processing center. Tax returns and substantial documentation evidencing that an investor's funds intended for investment in the Fund were derived from lawful sources must be filed. Such evidence may include information concerning real estate transactions, business income, proceeds from the sale of a business, employment income, investments, bank accounts and dealings, licenses or similar evidence. If investment funds are from a gift or inheritance, an appropriate affidavit and/or other evidence will be required to be filed.

Persons applying for United States residency must demonstrate that they are admissible to the United States in accordance with Section 212 of the Immigration and Nationality Act. Section 212 sets forth various grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa or entering the United States. Aliens precluded from entering the United States include: (a) persons who are determined to have a communicable disease of public health significance; (b) persons who are found to have, or have had, a physical or mental disorder, and behavior associated with the disorder which poses, or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior; (c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime; (d) persons who have been convicted of violating any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same; (e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude, persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances; (f) persons engaged in prostitution or commercialized vice; (g) persons who have committed in the United States certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity; (h) persons excludable on grounds related to national security, related grounds, or terrorist activities; (i) persons determined to be excludable by the Secretary of State of the United States on grounds related to foreign policy; (j) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide; (k) persons who are likely to become a public charge at any time after entry; (l) persons who were previously deported or excluded and

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deported from the United States; (m) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the United States or other benefit under the Immigration Act; (n) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law; (o) certain aliens who have departed the United States to avoid or evade U.S. military service or training; (p) persons who are practicing polygamists; and (q) persons who were unlawfully present in the United States for periods in excess of 180 days.

Following approval of an investor's I-526 Petition, the investor must apply for an immigrant visa or permanent resident status. If the investor is domiciled outside of the United States, then the application is filed at the appropriate U.S. Consulate. If the investor is domiciled in the United States, then the application is filed at the appropriate office of the USCIS. The Consular Interview Process, or the USCIS adjustment of status process, as applicable, (the "*Visa Process*"), is designed to enable the U.S. Government to determine whether the investor is inadmissible to the United States as explained above. As part of this process, the investor is subjected to medical, police, security and immigration history checks. Upon approval, the investor (and spouse and children) are granted conditional permanent residency status.

Each prospective investor should review these substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor notwithstanding eligibility for immigration based on an investment in the Fund.

Investors who have been granted conditional permanent residency status must file a petition to remove the condition (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. However, the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments.

There can be no assurance that an I-526 Petition will be approved, that an investor will successfully complete the Visa Process, or that upon the approval thereof that the conditions attaching thereto will be removed.

V. INVESTOR SUBSCRIPTION PROCEDURE

Information Provided

Prior to the consummation of the offering, the Fund will provide to each prospective investor, and to such investors' representatives and advisers, the opportunity to ask questions regarding the terms and conditions of this offering and to obtain any additional information required. Any questions or requests for information should be directed to Civitas Encore Fund, LP, c/o Civitas Capital Management, LLC, 900 Jackson Street, Suite 150, Dallas, Texas 75202, Attention: Managing Director – Investor Relations.

No other persons have been authorized to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund. Copies of the Partnership Agreement and the Fund's subscription application materials (including the subscription agreement) (the "**Subscription Documents**") for the purchase of Interests will be made available upon request. Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision. During the course of the transaction, and prior to sale, each purchaser of an Interest is invited to ask questions of the General Partner and the Manager concerning the terms and conditions of the offering and to obtain any additional information necessary or to verify the accuracy of the information furnished in this Memorandum.

Investor Suitability

Only persons of adequate financial means who have no need for liquidity with respect to this investment should consider purchasing the Interests offered hereby because (i) an investment in the Interests involves certain risks (see "**Risk Factors**"), and (ii) a market for the Interests does not exist and is not likely to develop. This offering is intended to be a "private offering" and therefore exempt from registration under the Securities Act and applicable state securities laws.

This offering is limited to investors who meet the qualification criteria set forth in the Fund's subscription application materials, which must be completed prior to the making of any investment in the Fund.

The Fund will not register as an "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), by reason of the provisions of Section 3(c)(1) thereof. Accordingly, the Fund is currently limited to no more than 99 beneficial owners, as provided by the Investment Company Act.

Offers and sales of Interests will not be registered under the laws of any jurisdiction. Neither the securities commission of any non-U.S. jurisdiction nor any other agency has reviewed or passed upon the merits of this offering. Certain information required by the securities laws of certain jurisdictions outside the United States is included in the "**Important Notices**" section of this Memorandum.

Only the General Partner may accept subscriptions, and the General Partner will have the absolute right and sole discretion to refuse to accept any subscription (or any portion thereof) from you or any other person and for any reason. The General Partner is entitled to rely exclusively upon the accuracy of your representations provided in the subscription application materials. The General Partner may, but under no circumstances shall be obligated to, require additional evidence that a prospective investor meets the Fund's eligibility criteria at any time prior to acceptance of a prospective investor's subscription. You are not obligated to supply any information so requested by the General Partner, but the General Partner may reject a subscription from you or any person who fails to supply such information.

Subscription Procedure

To subscribe for an Interest, you must complete and submit the Subscription Documents to the General Partner.

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These materials must be delivered to Civitas Encore Fund, LP, c/o Civitas Capital Management, LLC, 900 Jackson Street, Suite 150, Dallas, Texas 75202, Attention: Managing Director – Investor Relations.

Each person subscribing for an Interest must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund. All payments should be in the form of a wire transfer, following the wiring instructions as indicated in the subscription application materials. The minimum Capital Contribution (*exclusive* of fees) is \$500,000.

Subject to applicable state securities laws, you may not revoke any subscription that you deliver to the General Partner. However, the General Partner may reject any subscription, in whole or in part, at its sole discretion.

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VI. RISK FACTORS

An investment in the Fund involves a high degree of risk, and is suitable only for investors of substantial means who have no need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. References herein to "the Fund", "we", "our", "us" and like terms include, as the context may require, the Fund, the General Partner, the Manager, or any other investment vehicles established by the Fund.

We make no warranty regarding your satisfaction of the EB-5 Program requirements and we have not and will not provide you with any legal advice regarding your immigration status or the tax consequences to you of an investment in the Fund. Prior to investing you must consult your personal immigration lawyer and tax consultant.

In addition to factors set forth elsewhere in this Memorandum, prospective investors should carefully consider the following.

Risks Related to Immigration Status

As a Limited Partner, you will be subject to certain general immigration risks faced by all immigrants to the United States.

The process of obtaining conditional resident status and permanent resident status involves many factors and circumstances that are not within the control of the Fund. These include the investor's past history, source of investment funds, immigration visa backlogs, potential changes in immigration laws and regulations, including those specific to the EB-5 Program and quotas established by the United States government limiting the number of visas available to qualified individuals seeking conditional resident status under the EB-5 program. Although the Fund has been structured with the objective of providing Limited Partners with eligibility for conditional and subsequent permanent resident status under U.S. immigration laws, no assurance can be given that each Limited Partner will obtain approval of his or her particular immigrant petition. Purchase of an Interest does not guarantee conditional or permanent residency in the United States. Furthermore, no assurances or advice can be given that conditional resident status will be converted to permanent resident status.

The EB-5 Program and other immigration laws can be discontinued or changed at any time.

The EB-5 Program is a creation of the Federal Government and, as such, the United States Congress and/or other governmental agencies may discontinue some or all immigration programs, or the United States Congress and/or other governmental agencies may change the requirements of existing programs. Changes to and/or elimination of immigration program(s) may adversely affect an investor who invests in an Interest. The U.S. Congress and/or other government agencies may discontinue or change some or all of the EB-5 Program or the elements of the EB-5 Program that apply specifically to the Immigrant Investor Pilot Program (the "**Pilot Program**"), pursuant to which the USCIS has approved the CDRC. Changes to and/or elimination of either the EB-5 Program or the Pilot Program may adversely affect the holders of Interests and/or jeopardize their ability to receive LPR status.

You must have rights under the limited partnership agreement of the Fund sufficient to meet the USCIS requirement of holding a policymaking position.

The EB-5 Program requires an investor to hold a policymaking or management position in the Fund. Although the General Partner believes that each investor, as the holder of an Interest (with all associated rights of a Limited Partner), is provided with the powers and duties under the Partnership Agreement sufficient to meet the USCIS requirement that an investor is actively participating in policymaking or management of a new

commercial enterprise, there can be no assurance that the USCIS will agree with such position.

An investment in the Interests, and approval of the I-526 petition, is only the first step towards acquiring conditional permanent resident status.

After approval of an I-526 petition, each investor must file a Form I-485, *Application to Register Permanent Residence or Adjust Status ("I-485")* with the USCIS if the investor is already residing in the United States in valid non-immigrant status. If the investor is living outside the United States, then he or she must obtain a conditional immigrant visa through an application filed with the U.S. Department of State followed by an interview at a U.S. embassy or consulate. An EB-5 immigrant investor's background (or that of an immediate family member) may not meet the USCIS or the Department of State criteria for temporary or permanent residency in the United States.

It is a requirement of the EB-5 Program that an immigrant investor's source of investment funds be lawfully obtained.

Each investor must demonstrate to the Manager and USCIS that the funds they invest in the Fund were obtained through lawful means. Each investor must document, to the satisfaction of the Manager and USCIS, the source of his or her funds. The Manager and the investor's U.S. immigration attorney may make a preliminary assessment of the adequacy of an investor's source of funds, but the ultimate decision will be made solely by USCIS. Each investor must agree to provide information and documents to the Manager, and to allow the Manager to make further investigation concerning the investor's source of funds and the personal and business background of the investor and accompanying family members. Failure to do so will materially and adversely affect the investor's chances of obtaining the approval of their I-526 petition.

The City of Dallas Regional Center is a new regional center and has limited experience with the EB-5 Program.

The CDRC was designated as a "regional center" by the USCIS on September 8, 2009. Accordingly, the CDRC has limited operating history, which could lead to delays for investors in the process of obtaining a conditional or permanent green card.

Achieving your immigration goal of conditional and permanent resident status will depend upon the ability of the Borrower to use the Term Loan(s) to create the jobs necessary to fulfill the obligations of the EB-5 Program.

In order for an investment to qualify an investor for LPR status, the investor must be able to demonstrate that its investment created the number of full-time jobs required by the EB-5 Program. Each investor in the Fund who petitions for permanent residency in the U.S. under the EB-5 Program must, through reasonable methodologies, demonstrate that no fewer than ten (10) direct, indirect and/or induced jobs are or will be created as a result of his or her investment. Based upon independent economic analysis commissioned by the Manager, the Manager believes this investment should create the requisite number of jobs per investor, although there can be no assurance that the Borrower will ultimately create such requisite number of jobs.

The Evans Carroll Economic Study, estimates that the Borrower will create approximately 433 direct, indirect and induced jobs. The economic analysis is based upon the Borrower's proposed activity, the amount of capital that will be spent in the local economy, general assumptions regarding the national economy, and other circumstances affecting the Borrower and its business. There is no assurance that the economic analysis or the assumptions upon which it is based are accurate or that the actual number of direct employees and indirect job creation will reflect or even come close to the number predicted in such analysis. Depending on the disparity there may be insufficient employment to remove conditional permanent resident status, resulting in a delay or denial of unconditional permanent residency for any investor.

Each investor remains subject to all applicable rules and regulations concerning qualification for participation

in U.S. visa programs.

Each prospective investor should review substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor notwithstanding eligibility for immigration based on an investment in the Fund. Investors who have been granted conditional permanent residency status must file a petition to remove the conditions (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. Although the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments, there can be no assurance that an I-526 petition will be approved, that an investor will successfully complete the Visa Process, or that upon the approval thereof that the conditions attaching thereto will be removed.

As a result of participation in the EB-5 Program, and your investment in the Fund, you may be required to pay income taxes in the United States on your worldwide income.

As an EB-5 Program participant, and when you become a resident of the U.S. generally, you will have to pay taxes in the United States based on your worldwide income. Further, even in situations where you are not classified as a resident for U.S. tax purposes, you will be subject to U.S. income taxes and withholding on your allocable share of profits and losses from the Fund. Further, as a resident alien, you will be subject to U.S. estate taxes and gift taxes and non-resident aliens may also be subject to U.S. estate tax on their Interest as U.S. situs property. You should consult your personal tax advisor about the tax consequences of an investment in the Fund. Further information about these matters is included in this Memorandum under the heading "Tax Matters."

General Risks

The Fund has no operating history.

The Fund is a newly formed limited partnership and has no operating history to report to prospective investors. Notwithstanding any prior operating experience or experience that the Principals may have in making investments of the type expected to be made by the Fund, any such prior experience was obtained under different market conditions and under a different organizational structure. There can be no assurance that the Fund will achieve its objectives or achieve positive results of any kind.

Investors will only have rights of "limited partners" under the Fund's organizational documents.

Limited Partner investors will be "limited partners" as contemplated by the Texas Business Organizations Code, and shall have all rights afforded to limited partners under the Texas Business Organizations Code. In all cases, Limited Partners are subject to the rights of the General Partner, as set forth in the Partnership Agreement.

The Fund will indemnify the General Partner and the Manager for liabilities associated with the Fund.

The Fund will be required to indemnify the General Partner and its members, managers and affiliates for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse affect on the returns to the Limited Partners. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the capital contributions of the Limited Partners. If the assets of the Fund are insufficient, then the General Partner may be entitled to recall

capital previously returned to the Limited Partners.

There may be conflicts of interest that arise between the Fund and the business of the General Partner or Manager.

Instances may arise where the interests of the General Partner and/or Manager may potentially or actually conflict with the interests of the Fund and the Limited Partners.

Neither the Fund nor the Manager are registered with Federal agencies.

The Fund is not subject to the provisions of the Investment Company Act in reliance upon the exception specified in Section 3(c)(1) of such act. The Subscription Documents and the Partnership Agreement will contain representations and restrictions on transfer designed to assure that the Fund will qualify for such exemptions. Neither the General Partner nor the Manager is required to, but may, be registered as an investment adviser under the Investment Advisers Act.

Investment Risks

All of the proceeds of this offering will be loaned to a single corporate borrower, so your investment will not be diversified.

The Fund will use substantially all of the capital contributed by the Limited Partners to fund a Term Loan(s) (and related transaction expenses) to the Borrower and, as a result, the Fund will not have asset diversification. The lack of diversification could adversely affect the value of the Interests of the Limited Partners if, for example, the Borrower is adversely affected by a downturn in the U.S. economy that negatively impacts the performance of its real estate investments. Certain real estate investments, such as retail properties and hospitality properties, are directly correlated to the health of the U.S. economy. If the U.S. suffers a prolonged recession, then a property's tenants may be unable to satisfy their obligations under leases, or may see a decline in visitors and occupancy rates, and the value of, or cash flow from, the real estate investments could be materially diminished and the Limited Partners' Interest negatively affected.

The Fund's ability to pay Limited Partners the targeted annual distributions on their Interests will depend upon the cash flow we receive from the Borrower.

We expect the Fund to receive a 6.50% per annum interest payment on the Term Loan(s), two percent (2%) of which we expect will be available to satisfy preference payments owing to Limited Partners under the Partnership Agreement. Should the Borrower's activities not realize sufficient cash flow to allow the Borrower to make payments to the Fund on the Term Loan(s), the Fund may be unable to pay the entire amount of the targeted distribution. This distribution right is cumulative, so to the extent that we do not generate sufficient profit and cash flow to distribute the targeted distribution, we will be required to do so in future years if sufficient cash flow is available.

The repayment of the Term Loan(s) on the Maturity Date depends on whether or not the Borrower receives sufficient proceeds from its business activities.

The Borrower intends to conduct its activities in a manner that allows the Borrower to pay the Term Loan(s) in full on the Maturity Date. If the Borrower does not have sufficient capital to repay the Term Loan(s) and the Guarantor fails to repay the Term Loan(s) on the Borrower's behalf, you could lose all or some portion of your investment in the Fund.

You will not be able to transfer your Interests.

As a Limited Partner, you will not have the right to transfer your Interests without the consent of the General Partner and, even if such consent is granted, and it is unlikely that any market for Interests will exist. Accordingly, your investment in the Fund will be highly illiquid.

The Borrower is a newly formed entity with no operating history.

The Borrower is a newly-formed entity with no record of historical operating success or profits. There can be no assurance that the business activities of the Borrower will be successful.

General Real Estate Risks

The Borrower will use a substantial portion of the Term Loan(s) proceeds to make investments in or related to real property ("Collateral Investments"), which investments will be part of the collateral securing the Term Loan(s). The value of this collateral is subject to certain risks involving real property, as follows.

Uncontrollable Factors Affecting Performance and Value.

Real property investments are subject to varying degrees of risk. The yield available from the Borrower's investments in real property depends on the amount of income earned and capital appreciation generated by such property as well as the expenses incurred in connection therewith. If a property does not generate income sufficient to meet operating expenses, including debt service and capital expenditures, then the value of the Fund's associated collateral could be adversely affected. Income from, and the value of, Collateral Investments may be adversely affected by the general economic climate, local conditions such as oversupply, or a reduction in demand for such properties in the areas in which they are located, the attractiveness of the Borrower's properties to potential tenants, competition from other properties, the Borrower's ability to provide adequate maintenance and insurance and increases in operating costs (including insurance premiums, utilities and real estate taxes). In addition, revenues from properties and real estate values are affected by such factors as the cost of compliance with regulations and the potential for liability under applicable laws, including changes in tax laws, and are also affected by interest rate levels and the availability of financing. The Borrower's income from Collateral Investments would be adversely affected if a significant number of tenants were unable to pay rent or if a significant portion of space was vacant and could not be rented on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property.

Adverse economic and other conditions in the market could negatively affect occupancy levels and lease rates associated with Collateral Investments and, therefore, reduce the value of the Fund's collateral for the Term Loan(s).

The Fund's operating results depend largely on the Borrower's ability to pay amounts owing to the Fund under the Term Loan(s), which will likely depend in part on the occupancy levels and lease rates associated with Collateral Investments. Adverse economic or other conditions in the markets in which Collateral Investments are located may lower their occupancy levels and, therefore, limit the Fund's ability to collect amounts due. The following factors, among others, may negatively affect the performance and value of Collateral Investments and, therefore, the value of the Fund's collateral for the Term Loan(s):

- local or regional real estate market conditions involving property leasing;
- periods of economic slowdown or recession or rising interest rates or the public perception that any of these events may occur could result in general decline in rents or an increase in tenant defaults;
- increased operating costs, including need for capital improvements, insurance premiums, real estate taxes and utilities;

- changes in supply of, or demand for, similar or competing properties in an area;
- the impact of environmental protection laws;
- earthquake and other natural disasters, terrorist acts, civil disturbances or acts of war which may result in uninsured or underinsured losses; and
- changes in tax, real estate and zoning laws.

The Collateral Investments may be negatively impacted if unexpected changes to government regulations are made.

Governmental authorities at the federal, state and local levels are actively involved in the promulgation and enforcement of regulations relating to land use, zoning restrictions and environmental protection. Regulations may be promulgated which would have the effect of restricting or curtailing certain usages of existing structures, or requiring that such structures be renovated or altered in some fashion. Such regulations could have the effect of increasing the expenses, and of lowering the profitability, of any of the properties affected thereby, which could include Collateral Investments. If governmental authorities were to institute rent controls or other economic controls applicable to Collateral Investments, the value of such investments as collateral for the Fund's Term Loan(s) to the Borrower could be adversely affected.

The Borrower, its Collateral Investments, and/or the financial condition of the Guarantor may be negatively impacted by unexpected changes in environmental regulations.

The Fund has not engaged environmental experts to conduct on-site studies and studies of the history and current usage of any real property owned by Encore and is, instead, relying on the environmental diligence conducted by Encore. As a result, there may be a risk of contamination at such properties and the costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations. Further, the Fund will not conduct environmental due diligence with respect to future Collateral Investments, and will rely on the Borrower to do so.

Certain Tax Related Risks

Uncertain Tax Liability. The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the IRS or other applicable taxing authority, there could be a materially adverse effect on the Fund, and a Limited Partner might be found to have a different tax liability for that year than that reported on its federal income tax return.

Tax Audit. An audit of the Fund by the Internal Revenue Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Fund and may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner's investment in the Fund. If audit adjustments result in an increase in a Limited Partner's income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund's tax returns will be borne by the Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by that Limited Partner.

Tax on Profits Whether or Not Distributed or Received. If the Fund has taxable income in a fiscal year, each Limited Partner will be taxed on this income in accordance with its distributive share of the Fund's profits, whether or not such profits have been distributed. It is therefore possible that the Limited Partners could incur income tax liabilities without receiving sufficient distributions from the Fund to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner would need sufficient funds from sources other

than the Fund. Furthermore, the Fund may make investments with respect to which the Fund recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Fund may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Partners.

Delayed Schedules K-1. The Fund will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Fund may be unable to provide final Schedules K-1 to Limited Partners for any given tax year until significantly after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but if the General Partner chooses to have the Fund's financial statements audited, final Schedules K-1 may not be available until completion of such audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state, and local levels.

Tax Changes. The federal income tax laws are the subject of continuing scrutiny and proposals for amendment and significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Fund and/or the Limited Partners. An assessment of the effect of any tax law changes must await the enactment of such legislation. Even without new legislation, the IRS might issue new regulations, or a court might issue new interpretations of the law, possibly with retroactive effect, which could affect an investment in the Fund by a Limited Partner.

Complexity of Taxation. The tax aspects of an investment in the Fund are complicated and complex, and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "*Tax Matters*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests and to consult their own tax advisors.

VII. CONFLICTS OF INTEREST

The Manager is an affiliate of the General Partner of the Fund. The Manager manages, and expects to continue to manage, other client accounts, some of which have objectives similar to those of the Fund, including other collective investment vehicles that may be managed by the General Partner and/or the Manager or any of their affiliates and in which the General Partner and/or the Manager or any of their affiliates may have an equity interest. As a result, the Manager, the General Partner, the Principals and their affiliates may be subject to conflicts of interest in connection with their relationships with the Fund and its investors, including through the Manager's receipt of Administration Fees and its management of investments or portfolio companies in which the Fund does not have an interest. The Manager and its Principals are required to devote such time to the Fund as is consistent with the Fund achieving its investment objectives, and will employ a disciplined policy of managing conflicts of interest which relies heavily on involvement of its Advisory Committee.

In addition to the Management Fee paid to the Manager and the Carried Interest Distributions to the General Partner, the Manager will receive the Other Fees from the Borrower. In addition, the Manager is paid directly the Administrative Fee from investors in the Fund. The Fund does not receive or otherwise share in any of the Other Fees and none of the Other Fees are used to offset any of the Management Fees or the Administrative Fees paid to the Manager.

Spencer Crain Cabbage Healy & McNamara, PLLC ("*Spencer Crain*"), 1201 Elm Street, Suite 4100, Lockbox 50, Dallas, Texas 75201, has been appointed as the Fund's counsel in connection with immigration matters and certain other matters for which it is specifically engaged. Spencer Crain also acts as counsel to the General Partner, the Manager and certain of their affiliates (collectively, the "*Civitas Entities*") with respect to immigration matters and certain other matters for which it is engaged from time to time. The Manager has negotiated a flat fee arrangement with Spencer Crain pursuant to which the firm has agreed to represent potential investors in the Fund in connection with their participation in the EB-5 Program. Potential investors are not required to employ Spencer Crain and may choose any immigration attorney. Potential investors who choose to employ Spencer Crain will be required to execute a waiver as to any conflicts with Spencer Crain's representation of the Fund and the Civitas Entities. A partner of Spencer Crain is an immediate family member of Daniel J. Healy, a Principal.

Akin Gump Strauss Hauer & Feld LLP ("*Akin Gump*"), 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, has been appointed as the Fund's counsel in connection with the offering of interests in the Fund and certain other matters for which it is specifically engaged. Akin Gump also acts as counsel to the Civitas Entities on matters for which Akin Gump is engaged from time to time. Akin Gump has not and does not provide any advice to the Civitas Entities with respect to immigration matters. Akin Gump disclaims any obligation to verify the Civitas Entities' compliance with their obligations either under applicable law or the governing documents of the Fund. In acting as counsel to the Civitas Entities, Akin Gump has not represented and will not represent any Limited Partners. No independent counsel has been retained to represent the Limited Partners. Accordingly, potential investors and Limited Partners have not had the benefit of independent counsel in the structuring of the Fund or determination of the relative interests, rights and obligations of the General Partner, the Manager and the Limited Partners.

In assisting in the preparation of this Memorandum, Akin Gump has relied on information provided by the Civitas Entities and certain of the Fund's other service providers (including, without limitation, the Principals' biographical data, summaries of market conditions, the planned investment strategy of the Fund, information related to the Borrower and Encore and immigration matters) without verification and does not express a view as to whether such information is accurate or complete.

IX. TAX MATTERS

CIRCULAR 230 NOTICE

The tax discussion contained in this Memorandum is not given in the form of a covered opinion within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any discussion contained in this Memorandum for the purpose of avoiding U.S. federal tax penalties. The tax discussion contained in this Memorandum was written to support the promotion or marketing of the transactions or matters described in this Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

CAUTION: THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND ARE PARTICULARLY COMPLEX. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD NOT CONSIDER THIS DISCUSSION AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS, ATTORNEYS OR ACCOUNTANTS ON MATTERS RELATING TO AN INVESTMENT IN THE FUND WITH SPECIAL REFERENCE TO THEIR OWN SITUATION.

Introduction

The following is a summary of certain aspects of the taxation of the Fund and its Limited Partners arising from the purchase, ownership and disposition of an Interest in the Fund that should be considered by a prospective investor that is a U.S. person (as defined below) who is an individual. The Fund has not sought a ruling from the Internal Revenue Service (the "*Service*") or any similar state, local or foreign authority with respect to any of the tax issues affecting the Limited Partners or the Fund, nor has it obtained an opinion of counsel with respect to any U.S. federal, state, local, or foreign tax issues.

This summary is based on the Internal Revenue Code of 1986, as amended (the "*Code*"), the Treasury regulations promulgated under the Code (the "*Treasury Regulations*"), judicial decisions, administrative rulings and state and local tax laws in force on the date of this Memorandum, all of which are subject to change (possibly with retroactive effect). Changes in existing laws or regulations and their interpretation may occur after the date of this Memorandum and could alter the income tax consequences of an investment in the Fund. This discussion does not address all of the tax consequences that may be relevant to a particular investor, nor does it address, unless specifically indicated, the tax consequences to an entity such as a partnership, corporation, or LLC. Unless otherwise expressly provided herein, this discussion does not address possible state, local or foreign tax consequences of the purchase, ownership or disposition of Interests, some or all of which may be material to particular investors. This discussion also does not address the potential application of the U.S. federal alternative minimum tax to the Fund or the Limited Partners. There is uncertainty concerning certain tax aspects of the Fund, and there can be no assurance that the Service will not challenge the positions taken by the Fund.

For purposes of this discussion, a "U.S. person" means a citizen or resident of the United States

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that is an individual. The term "non-U.S. person" means any individual that is not a "U.S. person" for U.S. federal income tax purposes.

Special rules may apply in the case of non-U.S. persons (i) that conduct a trade or business in the United States or that have an office or fixed place of business in the United States, (ii) that have a tax home in the United States, or (iii) that are former citizens or long-term residents of the United States. Such persons are urged to consult their own U.S. tax advisors before investing in the Fund.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE U.S. FEDERAL, STATE, LOCAL AND ANY FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND IN SUCH INVESTOR'S PARTICULAR SITUATION.

Certain United States Taxation Matters

Classification of the Fund

The General Partner believes that under the provisions of the Code and the Treasury Regulations as currently in effect, the Fund should be treated for U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

The remainder of this discussion assumes that the Fund will be treated in its entirety as a partnership for U.S. federal income tax purposes and that the Limited Partner will be a U.S. person. However, for informational purposes, a short summary of the potential tax consequences to a Limited Partner that is a non-U.S. person is included at the end of this discussion.

U.S. Federal Income Taxation of the Fund and Limited Partners

As a partnership, the Fund will not be subject to U.S. federal income tax. Each Limited Partner will be required to report separately on its income tax return its distributive share of the Fund's net long-term capital gain or loss, net short-term capital gain or loss and net ordinary income and deductions and credits in accordance with the allocations set forth in the Partnership Agreement. Each Limited Partner will be liable for any taxes owed upon its distributive share of the income or gains realized by the Fund, and may claim deductions for its distributive share of the Fund's losses and deductions and credits for its distributive share of the Fund's credits, to the extent allowed under the Code. Each Limited Partner will be taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

The Fund will file an annual partnership information return with the Service that reports the results of its operations for the taxable year, and will distribute annually to each Limited Partner a form showing its distributive share of such Fund items of income, gain, loss, deduction or credit. The General Partner will have the authority to decide how to report the Fund items on the Fund's tax returns, and all Limited Partners will be required under the Partnership Agreement to treat the items consistently on their own returns. An audit by the Service of the tax treatment of the Fund's income and deductions generally will be determined at the Fund level in a single proceeding rather than by individual audits of the Limited Partners. In this regard, the General Partner, as the "Tax Matters Partner," will have the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners'

tax liabilities with respect to Fund items.

Under the Partnership Agreement, the General Partner has the authority to elect on behalf of the Fund, under Code section 754, to adjust the tax basis of the Fund's assets in connection with certain distributions to Limited Partners or certain transfers of Interests. Such an election, if made, could affect the amount of a Limited Partner's distributive share of the gain or loss recognized by the Fund upon the disposition of its assets.

Prospective investors that are subject to the alternative minimum tax (the "AMT") should consider the tax consequences of an investment in the Fund in view of their AMT position, taking into account the special rules that apply in computing the AMT.

Taxation of Distributions and Withdrawals

Cash nonliquidating distributions and withdrawals, to the extent they do not exceed a Limited Partner's basis in its Interest, will not result in taxable income to that Limited Partner, but will reduce its tax basis in its Interest by the amount distributed or withdrawn. Cash distributed to a Limited Partner in excess of the basis of its Interest is generally taxable as capital gain.

Upon the withdrawal of a Limited Partner receiving a cash liquidating distribution from the Fund, such Limited Partner generally will recognize capital gain or loss to the extent of the difference between the proceeds received by the withdrawing Limited Partner and such Limited Partner's adjusted tax basis in its Interest. Such capital gain or loss will be short-term or long-term depending upon the Limited Partner's holding period (or holding periods) for its Interest. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Treasury Regulations).

Assuming the Fund has not made an election pursuant to Code section 754, distributions of property or cash by the Fund to a Limited Partner upon withdrawal of its Interest in certain circumstances where the Fund has a substantial built-in loss may require the Fund to reduce the tax basis of its remaining property.

Limitations on Losses and Deductions

Limited Partners may be limited in their ability to deduct expenses or losses of the Fund. For instance, if or to the extent that the Fund's operations do not constitute a "trade or business" within the meaning of Code section 162 and other provisions of the Code, an individual Limited Partner's distributive share of the Fund's expenses (including any amounts that are treated for tax purposes as expenses of the Fund) would be deductible only as itemized deductions, subject to the limitations of Code sections 67 and 68. Itemized deductions are non-deductible in computing such Limited Partner's alternative minimum taxable income and alternative minimum tax liability.

Further, income, gains and losses of the Fund generally will not be treated as passive income or losses for purposes of the passive activity loss limitations of Code section 469. Accordingly, Limited Partners that have passive activity losses from other activities are restricted in their ability to use such losses to offset income and gains from the Fund, although losses of the Fund will not be subject to the passive activity loss limitation.

The Fund may incur certain expenses in connection with its organization and the marketing of

its Interests. Amounts paid or incurred to organize a partnership are not deductible, but may, by election of the Fund, be capitalized and amortized over a period of not less than 180 months. Amounts paid or incurred to market Interests that qualify as "syndication expenses" are not deductible or amortizable.

Investor Tax Filings and Record Retention.

The U.S. Treasury Department has adopted Treasury Regulations designed to assist the Service in identifying abusive tax shelter transactions. In general, the Treasury Regulations require investors in specified transactions (including partners in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. Significant monetary penalties (in addition to penalties that generally may be applicable as a result of a failure to comply with the applicable Treasury Regulations) may be imposed for failure to comply with these tax filing and record retention rules.

Although the Fund does not expect to enter into transactions that will subject the Fund and certain investors to the special tax filing and record retention rules, these Treasury Regulations are broad in scope. Additionally, under these Treasury Regulations, an investor's recognition of loss upon its disposition of its Interest could cause the investor to become subject to special tax filing and record retention rules. The General Partner intends to provide information to investors necessary to enable investors to satisfy any tax filing and record retention requirements that may arise as a result of any transactions entered into by the Fund.

State and Local Taxes

In addition to the U.S. federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Limited Partner's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident.

Limited Partners or the Fund may be subject to state and/or local franchise, withholding, income, capital gain or other tax payment obligations and filing requirements in those jurisdictions where the Fund owns real estate assets or is otherwise regarded as doing business or earning income. Credits for these taxes may not be available (or may be subject to limitations) in the jurisdictions in which Limited Partners or the Fund, as applicable, are residents. Each potential investor is urged to consult with its own tax advisor in this regard.

Texas Franchise Taxation of the Fund and Limited Partners Generally

The General Partner believes that the Fund will not be subject to the Texas franchise tax because it believes that the Fund will be treated as a passive entity under the Texas franchise tax rules. Texas franchise tax defines a passive entity as either a general partnership, limited partnership or a trust (other than a business trust) with at least 90% of its U.S. federal gross income arising from a list of sources including interest, dividends, option premiums, cash settlements, gains from selling securities, capital gains from the sale of real property, gains from selling commodities, and distributive shares of income from other partnerships. Additionally, a passive entity can derive no more than 10%

of its U.S. federal gross income from an active trade or business. If the Fund meets these requirements, it should be treated as a passive entity, not subject to the Texas franchise tax.

Changes in existing laws, rules or regulations and their interpretation may occur after the date of this Memorandum (possibly with retroactive effect) and could alter the Texas franchise tax consequences of an investment in the Fund. Each prospective Limited Partner is urged to consult its tax advisor regarding its potential exposure to the Texas franchise tax.

Other Taxes

The Fund and its Limited Partners may be subject to other taxes, such as the AMT, and estate, inheritance or intangible property taxes, that may be imposed by various domestic jurisdictions, as well as foreign withholding or gains taxes. Each prospective investor should consider the potential consequences of such taxes on an investment in the Fund. It is the responsibility of each prospective investor to satisfy itself as to, among other things, the legal and tax consequences of an investment in the Fund, under the laws of the state(s) of its domicile and its residence, by obtaining advice from its own tax counsel or other advisor, and to file all appropriate tax returns that may be required.

Tax Returns; Tax Audits

The General Partner decides how to report Fund items of income, gain, loss, deduction or credit on the Fund's tax returns, and all Limited Partners are required to treat the items consistently on their own returns. If the income tax returns of the Fund are audited by the Service, the tax treatment of Fund income and deductions generally is determined at the Fund level in a single proceeding rather than by individual audits of the Limited Partners. The General Partner, as the "Tax Matters Partner," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Limited Partners. In addition, the Tax Matters Partner has the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners' tax liabilities with respect to Fund items.

In certain cases, the Fund may be required to file a statement with the Service, disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Limited Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the Fund level in a single proceeding, rather than by individual audits of the Limited Partners.

United States Income Tax Considerations For Non-U.S. Investors

Although the General Partner expects that all Limited Partners will be U.S. persons for the entire period during which the Limited Partner is a partner in the Fund, if Limited Partner does not qualify as a U.S. person (for example, because the Limited Partner does not become or remain a legal permanent resident of the United States) such Limited Partner would be treated as a non-U.S. person for purposes of U.S. federal income taxation. The federal income tax treatment applicable to a non-U.S. person investing in the Fund is highly complex and will vary depending on the particular circumstances of such investor and the effect of any applicable income tax treaties. Each non-U.S. investor should consult his or her own tax advisor as to the advisability of investing in the Fund. The federal income tax treatment will generally depend on whether the Fund is deemed to be engaged in a

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United States trade or business. This determination must be made annually. The Code does not define what constitutes a United States trade or business; rather, this determination is based upon an examination of the facts and circumstances attending the Fund's operations and activities. It is anticipated that the Fund will not be engaged in a United States trade or business. In limited circumstances, a non-U.S. Limited Partner who is present in the United States for 183 days or more during a taxable year may be subject to U.S. income tax at a flat rate of 30% on gains realized on a disposition of an Interest in such year. Limited Partners who at the time of their death are not citizens, former citizens or residents of the United States should not be subject, by reason of the ownership of an Interest, to any U.S. federal gift or estate taxes.

Tax Consequences to Non-U.S. Investors if the Fund is Engaged in a U.S. Trade or Business

If in any year the Fund is deemed to be engaged in a United States trade or business, a non-U.S. investor will also be considered to be engaged in a United States trade or business. Thus, the investor would be required to file a United States federal income tax return and would be subject to tax at graduated rates on its distributive share of net income from the Fund that was "effectively connected" with such trade or business. In addition, if the Fund has "effectively connected" income that is allocable to a non-U.S. investor, then the Fund must pay a federal withholding tax, presently equal to 30%, and any applicable state withholding of the adjusted "effectively connected" taxable income that is allocable to that non-U.S. investor.

In determining the investor's United States taxable income, the investor would be permitted the same deductions allowed a United States resident individual or corporation to the extent the deductions are effectively connected with a United States trade or business. However, a prerequisite to receiving the benefit of deductions is the filing of a true and accurate United States income tax return. Any Fund losses that are not effectively connected with a United States trade or business would not be deductible from the investor's United States source income. Additionally, non-U.S. investors may be subject to federal and state estate, inheritance or gift taxes, state, and local income taxes and to the alternative minimum tax.

If a non-U.S. investor is subject to United States income tax on its distributive share of Fund income at regular United States rates and is required to file United States income tax returns, such non-U.S. investor's share of Fund taxable income is not subject to the 30% withholding tax discussed above, provided the non-U.S. investor completes and files in duplicate with the Fund Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States). This form must be filed with the Fund annually for each year in which the non-U.S. investor is a Limited Partner.

If a non-U.S. Limited Partner has filed a Form W-8ECI to claim exemption from the 30% withholding, that Limited Partner is deemed to have "effectively connected" income subject to withholding. The Fund must make installment payments of withholding tax based on the amount of effectively connected income allocable to its non-U.S. Limited Partners, without regard to whether distributions are made during the Fund's taxable year and the non-U.S. Limited Partners' distributive share of the Fund's tax credits. The non-U.S. Limited Partner's share of any withholding tax paid by the Fund will be treated as distributed to that Limited Partner and will be offset against the non-U.S. Limited Partner's share of cash distributions. Withholding is not required on any amount subject to the 30% withholding discussed earlier. The amount withheld attributable to a non-U.S. Limited Partner is creditable against the United States income tax liability of that non-U.S. Limited Partner subject to

certain limitations. Withholding is not required with respect to a particular Limited Partner if that Limited Partner provides a valid Form W-9, "Request for Taxpayer Identification Number and Certification."

For tax treaty purposes, a non-U.S. Limited Partner may be deemed to have a "permanent establishment" in the United States for any year in which the Fund is engaged in a United States trade or business.

Withholding on Dispositions of United States Real Property Interests

The Fund may own real property as the result of foreclosure on a Term Loan. Under the Foreign Investment in Real Property Tax Act ("*FIRPTA*"), nonresident aliens are subject to withholding on dispositions of United States real property interests (a "*USRPI*"). For this purpose, United States real property owned by the Fund will be treated as held proportionately by its Limited Partners. Therefore, a non-U.S. Limited Partner may be subject to withholding when such Limited Partner sells or exchanges his or her Interests to a United States person. The Fund is required to deduct and withhold from any cash distribution an amount presently equal to 35% for United States tax purposes and any state applicable state withholding to the extent the cash distribution is attributable to gain from the sale of a United States real property interest that is allocable to a non-U.S. Limited Partner. If the gain is effectively connected with a United States trade or business and the Fund makes installment payments of withholding tax, the Fund is not required to withhold tax on cash distributions. See "*Tax Consequences to Non-U.S. Investors if the Fund is Engaged in a United States Trade or Business*" above.

In addition, to the extent attributable to USRPIs owned by the Fund, the amount realized on a sale or exchange by a non-U.S. Limited Partner of its Interest would be treated as received in exchange for a USRPI. Gain or loss to the extent so attributable would therefore be subject to federal net income tax and the gross proceeds from such sale or exchange may become subject to a 10% withholding tax. However, if 50% or more of the value of the gross assets of the Partnership consists of USRPIs and 90% or more of the value of the gross assets of the Partnership consists of USRPIs plus cash or equivalents, then each Interest will be treated in its entirety as a USRPI for purposes of such withholding tax. As a result, the entire proceeds of such sale generally would be subject to a 10% withholding tax. The 10% withholding tax imposed on the transferee of a USRPI is refundable to the transferor of such USRPI if the withheld tax is greater than the tax incurred by the transferor on the disposition of the USRPI. However, to claim such refund, the transferor must file a U.S. income tax return.

Miscellaneous Considerations

In determining the advisability of an investment in the Fund, foreign investors should consult their own tax advisors concerning (i) whether they will be treated as being engaged in a United States trade or business or having a permanent establishment in the United States, (ii) whether gain from the sale of Interests is effectively connected with their conduct of a United States trade or business or a permanent establishment in the United States, (iii) the income tax consequences relating to the ownership of Interests in their own particular circumstances, and (iv) the tax consequences of owning Interests under the internal tax laws of the non-U.S. investor's home country.

Future Tax Legislation; Necessity of Obtaining Professional Advice

Future amendments to the Code, other legislation, new or amended Treasury Regulations, administrative rulings or decisions by the Service or judicial decisions may adversely affect the U.S. federal

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income tax aspects of an investment in the Fund, with or without advance notice, retroactively or prospectively. The foregoing analysis is not intended as a substitute for careful tax planning. The tax matters relating to the Fund are complex and are subject to varying interpretations. There can be no assurance that the Service will agree with each position taken by the Fund with respect to the tax treatment of Fund items and transactions. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Limited Partners will vary with the particular circumstances of each Limited Partner and, in reviewing this Memorandum and any exhibits hereto, these matters should be considered.

Accordingly, each prospective investor must consult with and rely solely on its professional tax advisers with respect to the tax results of its investment in the Fund. In no event will the Fund, the General Partner, the Manager, or their affiliates, counsel or other professional advisers be liable to any Limited Partner for any U.S. federal, state, local or foreign tax consequences of an investment in the Fund, whether or not such consequences are as described above.

The foregoing is a summary of some of the important tax rules and considerations affecting the Limited Partners, the Fund and the Fund's proposed operations. This summary does not purport to be a complete analysis of all relevant tax rules and considerations, which will vary with the particular circumstances of each Limited Partner, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding an Interest. The foregoing does not fully address tax considerations affecting investors that are not U.S. persons. Each prospective investor in the Fund is urged to consult its own tax advisor in order to understand fully the U.S. federal, state, local and any foreign tax consequences of such an investment in its particular situation.

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X. ANTI-MONEY LAUNDERING COMPLIANCE

In response to increased regulatory concerns with respect to the identification of sources of funds used to make an investment in the Fund, the General Partner and/or its affiliates have implemented policies and procedures ("*AML Program*") designed to guard against and identify money laundering activities. Pursuant to the Fund's AML Program, the General Partner and/or its affiliates will request prospective investors and, in some instances, existing Limited Partners to provide additional documentation verifying, among other things, such person's identity and the source of funds used to purchase its Interest in the Fund. The General Partner may decline to accept a subscription based upon this information, or if this information is not provided.

Pursuant to the Fund's AML Program, the General Partner and/or its affiliates will undertake enhanced due diligence procedures prior to accepting investors the General Partner believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a "non-cooperative jurisdiction" or other jurisdictions designated by the Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Fund's AML Program prohibits the acceptance of subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- the Annex to Executive Order 13224;
- such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction they are domiciled in or which have no physical presence.

Governmental regulators are continuing to consider appropriate measures to implement anti-money laundering laws as they apply to private investment funds such as the Fund. The General Partner and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by governmental regulators. The specific policies and procedures that the Fund may be required to implement remain unclear, although such steps may include additional measures to confirm the identity of each investor, including the principal beneficial owners of the investor, if applicable, and/or reporting suspicious transactions to governmental regulators.

The requirements for the General Partner to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the General Partner has in deciding whether to accept subscriptions.

Appendix A

Summary of EB-5 Program Immigration Procedures

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Appendix B

CDRC Approval Letter

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Appendix C

Evans Carroll Economic Study

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Appendix D

Evans Carroll TEA Study

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CIVITAS ENCORE FUND, LP

A Texas Limited Partnership

Limited Partnership Agreement

Dated as of [_____, 2010]

NOTICE

NEITHER CIVITAS ENCORE FUND, LP NOR THE LIMITED PARTNER INTERESTS THEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY FOREIGN JURISDICTION. THE OFFERING OF SUCH LIMITED PARTNER INTERESTS IS BEING MADE IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING, AND ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS.

THE DELIVERY OF THIS LIMITED PARTNERSHIP AGREEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY OFFER, SOLICITATION OR SALE OF INTERESTS IN CIVITAS ENCORE FUND, LP IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE OR FOREIGN SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS SET FORTH IN THIS LIMITED PARTNERSHIP AGREEMENT.

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**LIMITED PARTNERSHIP AGREEMENT
OF
CIVITAS ENCORE FUND, LP**

This LIMITED PARTNERSHIP AGREEMENT (this "*Agreement*"), dated and effective as of [_____] , 2010 (the "*Effective Date*"), is by and among Civitas Encore Fund GP, LP, a Texas limited partnership (the "*General Partner*"), Daniel J. Healy, as Organizational Limited Partner, and those Persons who are hereafter admitted as additional limited partners in accordance with this Agreement.

Preliminary Statements

A. The City of Dallas Regional Center ("*CDRC*") is a "regional center," as such term is defined at 8 CFR 204.6(e), and was approved by the United States Citizenship and Immigration Service ("*USCIS*") on September 9, 2009.

B. The CDRC is the official EB-5 regional center affiliated with the City of Dallas, Texas (the "*City of Dallas*").

C. The Manager is the exclusive manager of the CDRC pursuant to that certain CDRC Management Contract dated [_____] August 10, 2009 (the "*CDRC Management Contract*").

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D. Pursuant to the CDRC Management Contract, the Manager identifies, evaluates and manages investments for the CDRC which comply with the laws, rules and regulations governing the EB-5 Program, and makes such investments available to qualified EB-5 investors through private partnerships such as the Partnership.

E. The Limited Partners desire to participate in the EB-5 Program through the CDRC by investing in the Partnership, and the General Partner and Manager desire to facilitate such participation.

In consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. The following capitalized terms shall have the following meanings when used in this Agreement: "*Administrative Fee*" means the amount indicated in an applicable Limited Partner's Subscription Agreement, which is payable directly to the Manager.

"*Advisers Act*" means the Investment Advisers Act of 1940, as amended from time to time.

"*Affiliate*" of any Person means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person, and the term "Affiliated" has a correlative meaning. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Agreement*" means this Limited Partnership Agreement, as amended from time to time.

"*Authorized Representative*" has the meaning set forth in Section 3.9(a).

"**Borrower**" means [____], a [____] that is ~~an affiliate~~ a wholly-owned subsidiary of the Parent.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in Dallas, Texas are authorized by law to close.

"**Capital Account**" has the meaning set forth in Section 7.4(a)

"**Capital Contribution**" means, with respect to any Partner, a cash contribution made by such Partner pursuant to Article VI.

"**Carried Interest**" has the meaning set forth in Section 7.1(d)

"**Cash Equivalents**" means securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof).

"**CDRC**" has the meaning set forth in the ~~recitals~~ Preliminary Statements.

"**CDRC Management Contract**" has the meaning set forth in the Preliminary Statements.

"**Certificate**" means the certificate of formation of the Partnership.

"**City of Dallas**" has the meaning set forth in the Preliminary Statements.

"**Closing Date**" means the date a Limited Partner, other than the Organizational Limited Partner, is admitted to the Partnership.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**EB-5 Program**" means that certain program designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a "regional center," as such term is defined at 8 CFR 204.6(e), approved under the USCIS' ~~Foreign Trader, Investor and Regional Center~~ Immigrant Investor Pilot Program as provided in 8 CFR 204.6(em).

"**Fiscal Quarter**" means each three month period ending on the last day of March, June, September and December; provided that (i) the first Fiscal Quarter commences on the Closing Date and continues until the next following last day of March, June, September or December, whichever is earliest, and (ii) upon termination of the Partnership, "**Fiscal Quarter**" means the period from the most recent of the last day of March, June, September or December to the date of termination.

"**Fiscal Year**" has the meaning set forth in Section 2.7.

"**General Partner**" has the meaning set forth in the preamble.

"**General Partner Expenses**" means all administrative and overhead expenses associated with the operation of the General Partner and/or the Manager for the services provided by the General Partner or the Manager to the Partnership.

"**Indemnified Party**" has the meaning set forth in Section 9.1(a).

"Interest" means the entire ownership interest of a Partner in the Partnership at the relevant time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement.

"Investment Company Act" means the Investment Company Act of 1940, as amended from time to time.

"Investment Percentage" of any Partner means the percentage derived by (i) dividing the Capital Contribution of such Partner by the aggregate Capital Contributions of all Partners (except as otherwise provided herein), and (ii) multiplying such quotient by 100.

"Limited Partner" means, at any time, any Person who is at such time a limited partner of the Partnership and shown as such on the books and records of the Partnership in its capacity as a limited partner of the Partnership. For purposes of the TBOC, the Limited Partners constitute a single class or group of limited partners.

"Majority in Interest" means Limited Partners representing over 50% of the aggregate Investment Percentages of the Limited Partners, without regard to the number of such Limited Partners holding such Investment Percentage.

"Management Fee" means an amount calculated at an annual rate of two percent (2.0%) of the aggregate Capital Contributions of the Limited Partners, which amount shall be based on the Capital Contributions of Limited Partners as of the beginning of such Fiscal Quarter (or on the Closing Date in the case of the Partnership's first Fiscal Quarter). The Management Fee for Limited Partners admitted after the Closing Date will be calculated as though such Limited Partner was admitted at the Closing Date.

"Manager" means Civitas Capital Management, LLC, a Texas limited liability company.

"Management Agreement" means the Management Agreement by and among the Partnership, the General Partner and the Manager, pursuant to which the General Partner has delegated certain of the General Partner's authority for the making and monitoring of performance of the Term Loan Agreement and other matters set forth in such agreement.

"Marketable Securities" means Securities that are (A) traded on a securities exchange or listed on either the National Market or the SmallCap Market of the National Association of Securities Dealers Automated Quotation System, and (B) not subject to material legal or contractual restrictions on transferability.

"Net Cash Flow" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Partnership from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from the Term Loan(s) or any other Fund investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of the Borrower or other Fund investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, and (ii) the sum of (a) all Partnership Expenses then due and owing, (b) the Management Fee then due and owing, and (c) to fund any reserves as may be determined by the General Partner in accordance with this Agreement.

"Operating Expenses" means all cash expenditures of every kind and nature which the Partnership shall pay, including, without limitation, debt service, audit and legal expenses.

"Organizational Expenses" means all costs and expenses incurred in connection with the organization of the Partnership and the offering of Interests, including legal and accounting fees, printing and production costs, travel and out-of-pocket expenses and all allocated expenses incurred by the General Partner or the Partnership in connection with the private placement of the Interests in the Partnership.

"Organizational Limited Partner" means ~~丹尼·希利~~ Daniel J. Healy, in his capacity as organizational limited partner.

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"Other Agreement" has the meaning set forth in Section 13.11.

"Parent" means Encore Enterprises, Inc., a Mississippi corporation.

"Partners" means the General Partner and the Limited Partners, where no distinction is required by the context in which the term is used herein.

"Partnership" means Civitas Encore Fund, LP, as such partnership may from time to time be constituted.

"Partnership Expenses" has the meaning set forth in Section 4.1(a).

"Person" means any individual, partnership, corporation, limited liability company, trust or other entity.

"Reserves" means the amounts used to pay or establish reserves for future Operating Expenses, including debt payments, repayment of loans to Partners, capital improvements, replacements and contingencies, if any, all as reasonably determined by the General Partner.

"Substituted Limited Partner" has the meaning set forth in Section 12.2.

"Tax Matters Partner" has the meaning set forth in Section 3.1(c).

"TBOC" means the Texas Business Organizations Code, as amended from time to time (or any corresponding provisions of succeeding law).

"Term Loan Agreement" means that certain Term Loan Agreement by and between the Partnership and [____], a [____] entity, dated as of [____, 2010], as amended from time to time.

"Term Loan(s)" shall mean each loan made by the Partnership to the Borrower under the terms of the Term Loan Agreement.

"Transfer" has the meaning set forth in Section 11.1(a).

"Treasury Bill Rate" means, with respect to any calendar month, a rate of interest, determined and adjusted monthly by the General Partner as of the fifth Business Day of each month, equal to the annual coupon equivalent yield on 13-week U.S. Treasury bills resulting from the most recent auction of such instruments prior to the monthly determination date.

"USCIS" has the meaning set forth in the Preliminary Statements.

"Visa Process" means the Consular Interview Process or the USCIS adjustment of status process with respect to the EB-5 Program.

ARTICLE II FORMATION, NAME, PURPOSES AND OFFICES

Section 2.1 Formation of Limited Partnership.

(a) The parties hereto hereby agree to form the Partnership as a limited partnership under and pursuant to the TBOC and the provisions of this Agreement and agree that the rights and liabilities of the Partners are to be as provided in the TBOC except as provided herein. Except in connection with a dissolution hereunder, the General Partner must attempt to cause the Partnership to maintain its status as a limited partnership under Texas law.

(b) The General Partner has executed, acknowledged and filed with the Secretary of State of the State of Texas a Certificate and will execute, acknowledge and file any amendments thereto as may be required by the TBOC and any other instruments, documents and certificates which, in the opinion of the Partnership's legal counsel, may from time to time be required by the laws of the United States of America, the State of Texas or any other jurisdiction in which the Partnership determines to do business, or any political subdivision or agency thereof, or which such legal counsel may deem necessary or appropriate to effectuate, implement and continue the valid and subsisting existence and business of the Partnership.

(c) The parties hereto acknowledge that they intend that the Partnership be taxed as a partnership and not as an association taxable as a corporation for federal income tax purposes. No election may be made to treat the Partnership as other than a partnership for federal income tax purposes.

Section 2.2 Partnership Name. The name of the Partnership is Civitas Encore Fund, LP. The Partnership may have such other name as the General Partner may at any time determine. No value is to be placed upon the Partnership's name or the goodwill attached to it for the purpose of determining the value of any Partner's Capital Account or Interest. **Office; Registered Agent.** The street address of the registered office of the Partnership is 900 Jackson Street, Suite 150, Dallas, Texas 75202, and the name of its registered agent at such address is [] Daniel J. Healy. The General Partner may change the registered office or registered agent of the Partnership at any time in its sole discretion. **Purposes of the Partnership.** The Partnership is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Partnership is (i) providing the Term Loan(s) to the Borrower, and (ii) engaging in any lawful act or activity for which limited partnerships may be formed under the TBOC and engaging in any and all activities necessary or incidental to the foregoing. **Liability of the Partners Generally.**

(a) Except as otherwise provided in the TBOC, the General Partner has the liabilities of a partner in a partnership without limited partners to Persons other than the Partnership and the Limited Partners. Except as otherwise provided in this Agreement or the TBOC, the General Partner has the liabilities of a partner in a partnership without limited partners to the Partnership and the Limited Partners.

(b) Except as expressly provided in this Agreement and the TBOC, no Limited Partner (or former Limited Partner) is obligated to make any Capital Contribution or has any liability for the debts and obligations of the Partnership.

Section 2.6 Term. The Partnership will have an initial term of five (5) years from the final funding of the Term Loan pursuant to the Term Loan Agreement, subject to an option permitting the General Partner to extend the term for up to two (2) additional one-year periods for purposes of liquidating the Loan(s). **Fiscal Year.** The fiscal year ("*Fiscal Year*") of the Partnership for financial statement and federal income tax purposes begins on January 1st and ends on December 31st of each year, except for short taxable years in the years of the Partnership's formation and termination and as otherwise required by the Code, unless the General Partner elects another Fiscal Year for the Partnership which is a permissible tax year under the Code. **Admission of Limited Partners.**

(a) Upon the admission of Persons subscribing for Interests as Limited Partners to the Partnership, the Organizational Limited Partner will withdraw from the Partnership and will be entitled to receive the return of its Capital Contribution without interest or deduction.

(b) Each person subscribing for an Interest must deliver its subscription amount (*i.e.*, an amount equal to the minimum capital contribution), as payment for its Interest, directly to an escrow account of the Fund as provided in the Partnership's subscription application materials. The subscription amount will be held in escrow until the USCIS approves the subscriber's I-526 Petition for participation in the EB-5 Program. If the subscriber's petition is approved and the subscriber's subscription for an Interest has been accepted by the General Partner, then at such time the subscription amount shall be distributed to the Partnership, the subscription amount shall be booked as a Capital Contribution and the subscriber formally admitted as a Limited Partner of the Partnership. In the event that a subscriber's I-526 Petition is not approved or the subscriber's subscription otherwise rejected by the General Partner, the subscription amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Partnership. No Person will be admitted as a Limited Partner unless the Administrative Fee applicable to such Person has been received by the Manager.

Section 2.9 Actions by the Partnership. The Partnership may execute, deliver, and perform all contracts, agreements and other undertakings and engage in all activities and transactions as may in the opinion of the General Partner be necessary or advisable to carry out its objects.

ARTICLE III MANAGEMENT AND OPERATION OF THE PARTNERSHIP

Section 3.1 Management Generally.

(a) Subject to the terms and conditions of this Agreement, the General Partner has complete and exclusive power and responsibility, to the fullest extent permitted by the TBOC (i) for all investment and investment management decisions to be undertaken on behalf of the Partnership and (ii) for managing and administering the affairs of the Partnership, and has the power and authority to do all things that the General Partner considers necessary or desirable to carry out its duties hereunder and to achieve the purposes of the Partnership.

(b) Without limiting the generality of the General Partner's duties and obligations hereunder and notwithstanding anything to the contrary contained herein, the General Partner has full power and authority to execute, deliver and perform such contracts, agreements and other undertakings on behalf of the Partnership, without the consent or approval of any other Partner, and to engage in all activities and transactions, as it may deem necessary or advisable for, or as may be incidental to, the conduct of the business and affairs of the Partnership, including, without in any manner limiting the generality of the foregoing, (i) contracts, agreements, undertakings and transactions with any Partner or with any other Person having any business, financial or other relationship with any Partner or Partners, (ii) agreements with each Limited Partner in connection with its purchase of a Limited Partner Interest, including a

subscription agreement wherein such Limited Partner agrees to be bound by the terms of this Agreement, (iii) any agreements to induce any Person to purchase a Limited Partner Interest, and (iv) the Management Agreement delegating to the Manager certain of the powers and authority vested by this Agreement in the General Partner as the General Partner and the Manager may agree from time to time, each without any further act, approval or vote of any Person.

(c) The General Partner is the "*Tax Matters Partner*" for purposes of Section 6231(a)(7) of the Code. The Tax Matters Partner has the exclusive authority and discretion to make any elections required or permitted to be made by the Partnership under any provisions of the Code or any other applicable laws. The General Partner is specifically directed and authorized to take whatever steps the General Partner, in its sole discretion, deems necessary or desirable to perfect such designation, including filing any forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under Treasury regulations. Expenses of all administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Tax Matters Partner are Partnership Expenses. The cost of any resulting audits or adjustments of a Limited Partner's tax return will be borne solely by the affected Limited Partner.

Section 3.2 Authority of the General Partner

(a) Subject to Section 3.1, the General Partner may delegate to any Person or Persons (including Affiliates of the General Partner) all or any of the powers, rights, privileges, duties and discretion vested in it in this Article III and such delegation may be made upon such terms and conditions as the General Partner may determine in its sole discretion; except that the General Partner must remain responsible for making decisions with respect to the Borrower; and except that no such delegation may modify the obligations or liabilities of the General Partner as general partner of the Partnership under the TBOC and under this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, may enter into and perform any subscription agreements with potential limited partners and any Other Agreements, as determined by the General Partner, in its sole discretion, all without any further act, vote, or approval of any other Partner or other Person.

Section 3.3 Regulatory and Tax Matters. The General Partner agrees to use commercially reasonable efforts to operate the Partnership in such a way that the Partnership would not be required to register as an investment company under the Investment Company Act. The General Partner is hereby authorized to take any action it has determined in good faith to be necessary or desirable in order for the Partnership not to be in violation of the Investment Company Act or for the General Partner not to be in violation of the Advisers Act, including making structural, operating or other changes in the Partnership, assisting in or requiring the sale in whole or in part of any Limited Partner's Interest, or dissolving the Partnership (pursuant to Section 10.1(b)). Borrowings Except as set forth in this Section 3.4, the Partnership must not incur any indebtedness for borrowed money.

(b) The Partnership may borrow funds if the General Partner determines, in its sole discretion, that funds are necessary to make or otherwise facilitate the Term Loan(s) or to pay a Partnership Expense prior to the time all such funds are otherwise to be made available by the Partners in accordance with Article VI.

(c) The General Partner must cause the Partnership to repay any borrowings made under Section 3.4(b) as promptly as practicable (but in any event within five Business Days) after funds for such repayment become available to the Partnership.

(d) The Partnership may borrow funds as contemplated in this Section 3.4 from any source selected by, and upon terms satisfactory to, the General Partner in its sole discretion, including from any Limited Partner.

Section 3.5 Other Activities of the Partners and their Affiliates.

(a) The General Partner is not required to devote its full time to the affairs of the Partnership, but must devote such of its time to the business and affairs of the Partnership as it, in its discretion exercised in good faith, determines to be necessary to conduct the affairs of the Partnership for the benefit of the Partnership and the Partners.

(b) The General Partner, the Manager, their Affiliates, and the respective members, managers, partners, officers, and employees of each of them may act as director, consultant, advisor, investment banker or in any other capacity to the Borrower.

(c) Each Partner agrees that any other Partner and any partner, manager, director, officer, shareholder, member, Affiliate or employee of any Partner, may engage in or possess an interest in other business ventures or commercial dealings of every kind and description, independently or with others, including management of other accounts, investment in, or financing, acquisition and disposition of Securities, investment and management counseling, brokerage services, serving as directors, officers, advisers or agents of other companies, partners of any partnership, or trustee of any trust, or entering into any other commercial arrangements, whether or not any such activities may conflict with any interest of the parties hereto with respect to the Partnership.

Section 3.6 Books and Records: Accounting Method.

(a) The General Partner must keep or cause to be kept at the address of the General Partner (or at such other place as the General Partner must advise the other Partners in writing) full and accurate books and records of the Partnership. Such books and records must be available, upon reasonable notice to the General Partner, for inspection at reasonable times during business hours by each Limited Partner or its duly authorized agents or representatives for a purpose reasonably related to such Limited Partner's interest in the Partnership.

(b) The Partnership's books of account, for purposes of the reports to be given to Limited Partners pursuant to Section 8.1, must be kept in accordance with the accounting method used by the Partnership for United States federal income tax purposes.

Section 3.7 Partnership Tax Returns. The General Partner must cause to be prepared and timely filed all tax returns required to be filed for the Partnership. The General Partner may, in its sole discretion, make, or refrain from making, any income or other tax elections for the Partnership that it deems necessary or advisable, including any election pursuant to Section 754 of the Code, and must take such action and make any election as may be required to ensure that the Partnership is classified as a partnership for Federal income tax purposes.

Section 3.8 Reliance by Third Parties. Persons dealing with the Partnership are entitled to rely conclusively upon the power and authority of the General Partner as herein set forth. Confidentiality. Each Limited Partner agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its interest in the Partnership or for purposes of filing such Limited Partner's tax returns) or disclose to any Person, any information or matter relating to the Partnership and its affairs and any information or matter related to the Borrower (other than disclosure to such Limited Partner's directors, employees, agents, advisors, or representatives responsible for matters

relating to the Partnership or to any other Person approved in writing by the General Partner (each such Person being hereinafter referred to as an "*Authorized Representative*"); provided that (i) such Limited Partner and its Authorized Representatives may make such disclosure to the extent that (x) the information to be disclosed is publicly known at the time of proposed disclosure by such Limited Partner or Authorized Representative, (y) the information otherwise is or becomes legally known to such Limited Partner other than through disclosure by the Partnership, any General Partner, the Borrower, or any Affiliate of, or other party that is subject to (and the Limited Partner is aware is subject to) a confidentiality agreement with, any of the foregoing entities, or (z) such Limited Partner is required by law or in response to any governmental agency request or in connection with an examination by regulatory authorities, provided that such agency, regulatory authorities or association is aware of the confidential nature of the information disclosed, (ii) each Limited Partner will be permitted, after written notice to the General Partner, to correct any false or misleading information that becomes public concerning such Limited Partner's relationship to the Partnership, the General Partner, or the Borrower, and (iii) such Limited Partner (and each employee, representative, or other agent of the Limited Partner) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Partnership and all material of any kind (including opinions or other tax analyses that are provided to the Limited Partner relating to such tax treatment and tax structure). Prior to making any disclosure required by law, each Limited Partner must use its reasonable best efforts to notify the General Partner of such disclosure. Prior to any disclosure to any Authorized Representative, each Limited Partner must use its reasonable best efforts to advise such Authorized Representative of the obligations set forth in this Section 3.9(a).

(b) Except as provided in Section 3.9(a)(iii) above, the General Partner may, to the maximum extent permitted by applicable law or this Agreement, keep confidential from any Limited Partner any information the disclosure of which (i) the Partnership or the General Partner is required by law, agreement, or otherwise to keep confidential, (ii) the General Partner reasonably believes may have an adverse effect on the Partnership, any General Partner, or any Affiliate of any General Partner, or (iii) the General Partner otherwise in good faith believes is not in the best interest of the Partnership or could damage the Partnership or its business; provided that, in the event of any litigation between the Partnership or the General Partner on the one hand and any Limited Partner on the other, no Limited Partner will be deemed to have waived any right to discovery of such information solely on the basis of this Section 3.9(b).

ARTICLE IV FEES AND EXPENSES

Section 4.1 Partnership Expenses.

(a) The Partnership is responsible for all "*Partnership Expenses*," which include the following:

- (i) Organizational Expenses;
- (ii) all out-of-pocket costs of the administration of the Partnership, including accounting, audit, tax return preparation and legal expenses, costs of holding any meetings of Partners, costs of any liability insurance obtained on behalf of the Partnership and/or the General Partner with respect to any Indemnified Party, costs associated with the maintenance of books and records of the Partnership, and costs associated with the preparation and dispatch to the Partners of checks, financial reports and notices and providing other information to existing and prospective Limited Partners;

(iii) all expenses incurred in connection with the registration, qualification or exemption of the Partnership under any applicable laws;

(iv) all expenses incurred in connection with the preparation of alterations and amendments to this Agreement or the Certificate;

(v) subject to any applicable provisions of Article IX, all expenses incurred in connection with any litigation involving the Partnership (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(vi) all expenses for indemnity or contribution payable by the Partnership to any Person, whether payable under this Agreement or otherwise (including any insurance coverage therefore) and whether payable in connection with any litigation involving the Partnership or otherwise;

(vii) all expenses incurred in connection with administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Tax Matters Partner, all expenses incurred by the Tax Matters Partner, and any audit with respect to taxes;

(viii) all expenses incurred in connection with the dissolution and liquidation of the Partnership;

(ix) all expenses incurred on account of taxes, fees or other governmental charges of the Partnership; and

(x) all expenses that are not normal Operating Expenses or not General Partner Expenses.

(b) Partnership Expenses do not include General Partner Expenses which will be borne by the General Partner and/or the Manager as provided in Section 4.2.

(c) The General Partner has the discretion to pay Partnership Expenses from Capital Contributions, Net Cash Flow, or any other funds or other assets of the Partnership determined by the General Partner in its sole discretion to be available for such purpose. The General Partner is entitled to reimbursement from the Partnership for any Partnership Expenses paid by it or its Affiliates on behalf of the Partnership.

(d) Partnership Expenses are allocated among the Partners as provided in Section 7.4(b).

Section 4.2 General Partner Expenses.

(a) The General Partner and/or the Manager are responsible for and must pay all General Partner Expenses.

(b) General Partner Expenses paid by the General Partner and/or the Manager are not accounted for as contributions to or income of the Partnership and in no way affect the Capital Account of the General Partner or any Limited Partner hereunder, and any such payments do not constitute Capital Contributions for purposes of this Agreement.

Section 4.3 Administrative Fee. Each Limited Partner (other than the Organizational Limited Partner) must pay the applicable Administrative Fee directly to the Manager at the time of subscription

for an Interest. Allocation of Management Fee. The Manager is entitled to receive from the Partnership as compensation for its services to the Partnership the Management Fee payable as of the beginning of each Fiscal Quarter. As of the first day of each Fiscal Quarter, each Limited Partner's Management Fee for each Fiscal Quarter shall be debited against the Capital Account of each such Limited Partner. Reserves; Adjustments for Certain Future Events.

(a) Appropriate Reserves may be created, accrued, and charged against the Capital Accounts of the Partners for contingent liabilities, such Reserves to be in the amounts that the General Partner, in its sole discretion, deems necessary or appropriate. The General Partner may increase or reduce any such reserve from time to time by such amounts as the General Partner in its discretion deems necessary or appropriate. At the sole discretion of the General Partner, the amount of any such reserve, or any increase or decrease therein, may be charged or credited, as appropriate, to the Capital Accounts of those parties who are Partners at the time when such reserve is created, increased, or decreased, as the case may be, or alternatively may be charged or credited to those parties who were Partners at the time of the act or omission giving rise to the contingent liability for which the reserve was established.

(b) If the General Partner in its sole discretion determines that it is equitable to treat an amount to be paid or received as being applicable to one or more prior periods, then such amount may be proportionately charged or credited, as appropriate, to those parties who were Partners during such prior period or periods.

(c) If any amount is to be charged or credited to a party who is no longer a Partner, such amount must be paid by or to such party, as the case may be, in cash, with interest at the Treasury Bill Rate in effect at that time from the date on which the General Partner determines that such charge or credit is required. In the case of a charge, the former Partner is obligated to pay the amount of the charge, plus interest as provided above, to the Partnership on demand, provided that (i) in no event is a former Partner obligated to make a payment exceeding the amount of its Capital Account at the time to which the charge relates, and (ii) no such demand may be made if the applicable limitation period under the TBOC, if any, has expired. To the extent the Partnership fails to collect, in full, any amount required to be charged to such former Partner pursuant to paragraph (a) or (b) of this Section 4.5, whether due to the expiration of the applicable limitation period, if any, or for any other reason whatsoever, the deficiency may be charged proportionately to the Capital Accounts of the current Partners.

ARTICLE V INVESTMENTS AND INVESTMENT OPPORTUNITIES

Section 5.1 Investments Generally. The assets of the Partnership are, to the extent not required for the payment of Partnership Expenses (as determined by the General Partner in its sole discretion), and subject to Section 3.3, to be used to fund the Term Loan(s) as the General Partner determines in its sole discretion, provided that the General Partner shall not exercise its discretion in such a manner that would result in any Limited Partner's violation of the rules or regulations governing the EB-5 Program. For further clarification, the Partners agree that the Partnership will invest substantially all of its assets in the Term Loan(s), other than Partnership assets used to pay Partnership Expenses.

Section 5.2 Temporary Investment of Funds. Subject to a determination by the General Partner in its sole discretion as to the amount of cash required in connection with the conduct of the Partnership's business, the General Partner must invest all cash held by the Partnership, including all amounts being held by the Partnership for funding the Term Loan(s), payment of Partnership Expenses, or distribution to the Partners, in Cash Equivalents (other than amounts of cash necessary to meet day-to-day expenses). Subsequent Investment Opportunities. Nothing in this Agreement is intended to prevent the General Partner, the Manager, or their Affiliates from soliciting participation from investors in, or

participating in the organization and management of, any other investment vehicle.

CAPITAL CONTRIBUTIONS

Section 6.1 Capital Contributions.

(a) The required contribution of each Limited Partner (other than the Organizational Limited Partner) to the capital of the Partnership is \$500,000, or such lesser amount as the General Partner, in its discretion, may permit.

(b) The Partners may make additional contributions to the capital of the Partnership at such times and in such amounts as the General Partner, in its sole discretion, may permit. Subject to any contrary provision of the TBOC or as may be required pursuant to the rules and regulations of the EB-5 Program, no Limited Partner shall be obligated to make any additional contribution to the capital of the Partnership.

(c) The General Partner has the right at any time to make additional contributions to the capital of the Partnership as a Limited Partner or General Partner and is required to make additional capital contributions from time to time to the extent necessary to maintain the balance of its Capital Account at an amount that (i) results in the General Partner's Partnership Percentage being not less than one percent (1%) or (ii) is equal to \$250,000, whichever is less. Except as provided above or in the TBOC, the General Partner is not required or obligated to make any additional contributions to the capital of the Partnership.

(d) Except as otherwise permitted by the General Partner, in its sole discretion, Capital Contributions are payable (i) in cash, and (ii) in one installment that is due as of the date of admission of such Person as a Limited Partner of the Partnership.

Section 6.2 Rights of Partners in Capital.

(a) No Partner is entitled to interest on Capital Contributions.

(b) No Partner has the right to the return of any Capital Contributions except (i) upon withdrawal of such Partner pursuant to Section 10.4 or (ii) upon the dissolution of the Partnership pursuant to Section 10.1. The entitlement to any such return at such time is limited to the value of the Capital Account of the Partner. The General Partner is not liable for the return of any such amounts.

(c) Each Limited Partner acknowledges and agrees that it shall have no recourse against the Partnership, the General Partner, the Manager, the Borrower or the Parent (or any of their respective affiliates) in the event that the Borrower defaults on the Term Loan pursuant to the Term Loan Agreement, and that only the General Partner, on behalf of the Partnership, may pursue any available remedies under the Term Loan Agreement and applicable law.

ARTICLE VII DISTRIBUTIONS; CAPITAL ACCOUNTS; ALLOCATIONS

Section 7.1 Distributions to Partners. Subject to Section 7.2 and Section 7.3, the General Partner shall make distributions to Limited Partners at such times and in such amounts as the General Partner determines. Distributions shall be allocated among all Partners in proportion to their Investment Percentages. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

(a)(b) First, 100% to the applicable Limited Partner until the excess of (A) the cumulative distributions to such Limited Partner of Net Cash Flow over (B) such Limited Partner's aggregate Capital Contributions equals a 2% per annum cumulative non-compounded return on such Limited Partner's aggregate Capital Contributions;

(b)(c) Second, 100% to the applicable Limited Partner until such Limited Partner has received distributions of Net Cash Flow equal to such Limited Partner's aggregate unreturned Capital Contributions;

(c)(d) Third, 100% to the General Partner to the extent necessary so that the General Partner has received an amount equal to 25% of the cumulative distributions of Net Cash Flow with respect to such Limited Partner; and

(d)(e) Thereafter, 80% to such Limited Partner and 20% to the General Partner (the amounts distributed to the General Partner under Section 7.1(c) and (d) shall be collectively referred to as, "*Carried Interest*").

Section 7.2 In-Kind Distributions. At the discretion of the General Partner, certain Marketable Securities may be distributed to the Partners prior to the liquidation of the Partnership. Upon liquidation of the Partnership pursuant to Section 10.2, distributions may be made in-kind on a pro rata basis.

Section 7.3 Other General Principles of Distribution.

(a) Notwithstanding anything in this Agreement to the contrary, in no event will distributions be made to a Limited Partner if the result would, in the sole discretion of the General Partner, cause a violation of EB-5 Program rules, or otherwise jeopardize the Visa Process.

(b) The General Partner may retain all or such portion of the Net Cash Flow as it determines to be necessary or appropriate for the Partnership to meet its anticipated obligations (including in respect of any indemnity provisions).

(c) Notwithstanding anything else contained in this Agreement, the General Partner may, in its sole discretion, withhold from any distribution of cash or property in-kind to any Partner pursuant to this Agreement, the following amounts:

(i) any amounts due from such Partner to the Partnership or the General Partner pursuant to this Agreement to the extent not otherwise paid; and

(ii) any amounts required to pay or reimburse the Partnership or the General Partner for the payment of any taxes properly attributable to such Partner (including withholding taxes).

(d) Notwithstanding anything else in this Agreement, all amounts withheld by the General Partner pursuant to Section 7.3(c) and all amounts that the General Partner determines in good faith to be properly attributable to any Limited Partner that are withheld or otherwise paid by any Person pursuant to the Code or any provision of any state, local or foreign tax law, are treated as if such amounts were realized and recognized by the Partnership and distributed to such Limited Partner and do not constitute Partnership Expenses for any purposes under this Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, the Partnership must not make any distributions, including distributions after dissolution, except to the extent permitted under the TBOC.

Section 7.4 Capital Accounts; Allocations.

(a) There is for each Partner on the books and records of the Partnership a capital account (a "*Capital Account*"), which is initially zero. The Capital Account of each Partner is:

- (i) credited with any Capital Contributions to the Partnership by such Partner;
- (ii) credited with any allocations of income, profit or gain made to such Partner;
- (iii) debited by the amount of cash (or the fair value of other property as determined by the General Partner pursuant to Section 7.2) distributed to such Partner; and
- (iv) debited by any allocation of expense, deduction or loss made to such Partner.

(b) Subject to the provisions of Section 4.1 and this Section 7.4, the amount of any Partnership Expenses borne by the Partnership is allocated to each Partner, pro rata in accordance with such Partner's Investment Percentage; provided that, the General Partner may allocate any such Partnership Expense on a basis other than stated in this Section 7.4(b) if the General Partner determines in its sole discretion that such allocation is clearly more equitable in light of the purposes for which such Partnership Expenses were incurred.

(c) In the Fiscal Year prior to dissolution of the Partnership, the Partnership's remaining net income or net loss (after giving effect to paragraphs (a) and (b) above) and each item of income, gain, loss, deduction or expense included in the determination is allocated among the Partners in a manner consistent with the corresponding distributions made or to be made pursuant to this Article VII. Without limiting the generality of the foregoing, the following principles are applied:

(i) Allocations as between the General Partner and Limited Partners are determined separately for each Limited Partner.

(ii) Allocations of income, profit, gain or loss are made between Limited Partners and the General Partner in such a manner that, if the Partnership were wound up and its assets distributed in accordance with the Partners' positive Capital Account balances immediately after such allocation, such distributions would, as nearly as possible, be equal to the distributions that would be made pursuant to this Article VII.

(d) Upon the dissolution of the Partnership, the realized gains and losses of the Partnership attributable to the Borrower shall be allocated among the Partners in a manner consistent with the provisions of this Article VII.

Section 7.5 Tax Allocations. For federal, state, and local income tax purposes, each item of income, gain, loss, deduction and credit of the Partnership are allocated among the Partners as nearly as possible in the same manner as the corresponding item of income, expense, gain or loss is allocated pursuant to the other provisions of this Article VII. It is intended that the Capital Accounts will be maintained at all times in accordance with Section 704 of the Code and applicable Treasury regulations thereunder, and that the provisions hereof relating to the Capital Accounts be interpreted in a manner consistent therewith. The General Partner is authorized to make appropriate amendments to the

allocations of items pursuant to this Section 7.5 in its sole discretion to comply with Section 704 of the Code or applicable Treasury regulations thereunder; provided that, no such change has an adverse effect upon the amount distributable to any Partner hereunder.

(b) Notwithstanding anything else contained in this Article VII, if any Partner has a deficit Capital Account for any fiscal period as a result of any adjustment of the type described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4) through (6), then the Partnership's income and gain will be specially allocated to such Partner in an amount and manner sufficient to eliminate such deficit as quickly as possible. Any special allocation of items of income or gain pursuant to this paragraph is taken into account in computing subsequent allocations pursuant to this Article VII so that the cumulative net amount of all items allocated to each Partner is, to the extent possible, equal to the amount that would have been allocated to such Partner if there had never been any allocation pursuant to this paragraph (b).

(c) The Partners intend that the Partnership be taxed as a "partnership" for federal income tax purposes. The General Partner must not cause the Partnership to elect to be taxable as an "association" or "corporation" or permit activities within its control that would result in the Partnership being a "publicly traded partnership" under the tax rules.

ARTICLE VIII REPORTS TO LIMITED PARTNERS

Section 8.1 Reports; Method of Delivery. All financial reports provided to the Limited Partners pursuant to this Section 8.1 shall be prepared in accordance with U.S. generally accepted accounting principles. The General Partner may elect to provide any reports pursuant to this Article VIII via electronic mail, posting on a secure website, or other electronic means; provided that, upon any Partner's written request, the General Partner shall mail a hard copy of any report required to be provided hereunder to such Partner.

Section 8.2 Audited Reports. The General Partner, in its sole discretion, may (but is not required to) cause the books of account and records of the Partnership to be audited as of the end of any Fiscal Year by the Partnership's independent certified public accountants. The independent public accountant selected by the General Partner may also provide services to the General Partner or its Affiliates.

Section 8.3 Schedule K-1. The General Partner must use commercially reasonable efforts to prepare or cause to be prepared and transmit, as soon as practicable after the end of each Fiscal Year, a United States federal income tax Form K-1 for each Partner. The General Partner must provide such materials to (i) each Partner and (ii) each former Partner (or its successors, assigns, heirs or personal representatives) who may require such information in preparing its Federal income tax return.

Section 8.4 Quarterly Financial Statements. Within forty five (45) days following the end of each Fiscal Quarter, the General Partner shall provide: (a) unaudited, consolidated financial statements of the Partnership; and (b) a brief narrative description of any material events affecting the Partnership or the Interests. For the avoidance of doubt, if a hard copy is requested pursuant to Section 8.1, the General Partner will satisfy the forty five (45) day period if such report is postmarked by the forty fifth (45th) day following the end of the relevant Fiscal Quarter.

Section 8.5 Copies. Each Limited Partner acknowledges and agrees that the General Partner may provide copies of the reports described this Article VIII to the City of Dallas and its representatives and attorneys pursuant to that certain CDRC Management Contract. The parties also acknowledge that

any information provided to the City of Dallas under this Section 8.5 may be subject to open records or similar laws and therefore may become available to the public.

ARTICLE IX EXCULPATION AND INDEMNIFICATION

Section 9.1 Exculation and Indemnification.

(a) None of the General Partner, the Manager, the Tax Matters Partner, the liquidator (as described in Section 10.2), or any Affiliate of any of the foregoing (including each officer, director, member, partner, principal, manager, employee, independent contractor, representative, or agent of any of the foregoing; or any person who controls, directly or indirectly, the General Partner, the Tax Matters Partner, or the liquidator; and the executors, heirs, assigns, successors or other legal representatives of any of the foregoing) (individually, an "*Indemnified Party*" and collectively, the "*Indemnified Parties*") is liable to the Partnership or to the Partners for any losses, claims, damages or liabilities arising (i) by reason of being or having been an Indemnified Party or (ii) from any act or omission performed or omitted by it in connection with this Agreement or the Partnership's business or affairs (including any error in judgment in making any investment decisions), including losses due to the negligence of agents of the Partnership, except for any losses, claims, damages or liabilities primarily attributable to such Indemnified Party's fraud, gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. The foregoing provision does not affect the General Partner's obligation to correct any allocations to the Capital Accounts of the Partners or distributions to the Partners pursuant to Article VII if such allocations or distributions were not made in accordance with this Agreement. The General Partner is not personally liable to any Limited Partner for the repayment of any positive balance in such Limited Partner's Capital Account or for contributions by such Limited Partner to the capital of the Partnership or by reason of any change in the Federal or state income tax laws applicable to the Partnership or its investors.

(b) The Partnership, to the fullest extent permitted by applicable law, indemnifies and holds harmless each Indemnified Party against any losses, claims, damages, liabilities, costs or expenses (including legal fees, judgments and amounts paid in settlement) to which such Indemnified Party may become subject (i) by reason of being or having been an Indemnified Party or (ii) in connection with any matter arising out of or in connection with this Agreement or the Partnership's business or affairs, unless a court of competent jurisdiction, in a judgment that has become final and that is no longer subject to appeal or review, determines that any such loss, claim, damage, liability, cost or expense is primarily attributable to such Indemnified Party's fraud, gross negligence or willful misconduct. If any Indemnified Party becomes involved in any capacity in any action, proceeding or investigation by reason of being or having been an Indemnified Party or in connection with any matter arising out of or in connection with this Agreement or the Partnership's business or affairs, the Partnership will periodically reimburse the Indemnified Party for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided that such Indemnified Party promptly repays to the Partnership the amount of any such reimbursed expenses paid to it to the extent that it is ultimately determined that such Indemnified Party is not entitled to be indemnified by the Partnership in connection with such action, proceeding or investigation as provided in the exception contained in the immediately preceding sentence. If for any reason (other than the fraud, gross negligence or willful misconduct of such Indemnified Party) the foregoing indemnification is unavailable to such Indemnified Party, or insufficient to hold it harmless, then the Partnership must, to the fullest extent permitted by law, contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Partnership, on the one hand, and the Indemnified Party on the other hand or, if such allocation is not

permitted by applicable law, to reflect not only the relative benefits referred to above but also any other relevant equitable considerations.

(c) Each Partner agrees to pay on demand to or for the order of the Partnership or the General Partner any taxes (including withholding taxes) imposed upon the income of or distributions to such Partner, as well as interest, penalties or additions to tax with respect thereto and additional losses, claims, damages or liabilities arising therefrom or incident thereto. Each Partner hereby further agrees to reimburse the Partnership on demand for the amount of any property distributed to such Partner in excess of the amounts distributable to such Partner under the provisions of Article VII.

(d) The indemnity, reimbursement, and contribution obligations of the Partnership under Section 9.1(b):

- (i) are in addition to any liability which the Partnership may otherwise have;
- (ii) extend upon the same terms and conditions to the officers, directors, stockholders, managers, partners, members, employees, personnel, Affiliates, independent contractors, representatives and agents of each Indemnified Party;
- (iii) are binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of such Indemnified Party and any such Persons; and
- (iv) are limited to the sum of assets of the Partnership.

(e) Subject to the provisions of the TBOC, nothing in this Article IX (other than Section 9.1(c)) requires any Limited Partner to make any payment to any Person on account of (i) any litigation involving the Partnership (including any amount upon judgment or settlement) or (ii) any indemnity, contribution or similar expense.

(f) The foregoing provisions of this Section 9.1 survive for a period of three years from the date of dissolution of the Partnership; provided that if at the end of such period, there are any actions, proceedings or investigations then pending, the General Partner will so notify the Limited Partners at such time (which notice will include a brief description of each such action, proceeding or investigation and of the liabilities asserted therein) and the foregoing provisions of this Section 9.1 will survive with respect to each such action, proceeding or investigation set forth in such notice (or any related action, proceeding or investigation based upon the same or similar claim) until such date that such action, proceeding or investigation is ultimately resolved; and provided further that the provisions of this Section 9.1 do not affect the obligations of the Limited Partners under the TBOC.

Section 9.2 Jurisdiction. To the fullest extent permitted by applicable law, the General Partner and each Limited Partner hereby agree that any claim, action or proceeding by any Limited Partner seeking any relief whatsoever against any Indemnified Party based on, arising out of or in connection with this Agreement or the Partnership's affairs must be brought only in district court located in Dallas County, Texas (or other appropriate state court located in Dallas County, Texas) or the federal courts located in Dallas County, Texas, and not in any other state or federal court in the United States of America or any court in any other country. EACH PARTNER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. The General Partner and each Limited Partner acknowledge that, in the event of any breach of this provision, such Indemnified Parties have no adequate remedy at law and are entitled to injunctive relief to

enforce the terms of this Article IX.
DURATION AND DISSOLUTION OF THE PARTNERSHIP

Section 10.1 Dissolution. Subject to the TBOC, the Partnership is dissolved and its affairs are wound up upon the earliest of: the expiration of the term of the Partnership provided in Section 2.6;

(b) the written election of the General Partner, in its sole discretion, to dissolve the Partnership;

(c) the occurrence of any event which results in the General Partner ceasing to be the general partner of the Partnership under the TBOC, provided that the Partnership is not dissolved and required to be wound up in connection with any such event if (i) at the time of the occurrence of such event there is at least one remaining general partner of the Partnership who is hereby authorized to and does carry on the business of the Partnership, or (ii) within 90 days after the occurrence of such event, a Majority in Interest agree in writing or vote to continue the business of the Partnership and to the appointment, effective as of the date of such event, if required, of one or more additional general partners of the Partnership;

(d) at any time that there are no limited partners, unless the business of the Partnership is continued in accordance with the TBOC; and

(e) the entry of a decree of judicial dissolution pursuant to the TBOC.

Section 10.2 Liquidation of Partnership Interest. Upon dissolution of the Partnership (unless the Partnership is continued in accordance with this Agreement or the provisions of the TBOC), the affairs of the Partnership are wound up and the Partnership is liquidated in an orderly manner. The General Partner is the liquidator and winds up the Partnership's affairs pursuant to this Agreement. If there is no General Partner, or if the General Partner is unable to act as liquidator, a Majority in Interest approves one or more liquidators to act as the liquidator in carrying out such liquidation. In performing its duties, the liquidator is authorized to sell, distribute, exchange or otherwise dispose of the assets of the Partnership in any reasonable manner that the liquidator determines in its sole discretion to be in the best interest of the Partners. During the winding up and liquidation of the Partnership, the Partnership will bear all Partnership Expenses, and the liquidator is entitled to reimbursement from the Partnership for any such costs and expenses paid by it or its Affiliates on behalf of the Partnership. Distribution Upon Dissolution of the Partnership. Upon dissolution of the Partnership, the liquidator winding up the affairs of the Partnership determines in its sole discretion which assets of the Partnership are sold and which assets of the Partnership are retained for distribution in-kind to the Partners. The value of assets to be distributed in kind is reasonably determined by the liquidator in good faith. Subject to the TBOC, after all liabilities of the Partnership have been satisfied or duly provided for, the remaining assets of the Partnership are distributed in accordance with Article VII (which generally has the effect of making final distributions in accordance with the positive balances of the Partners' Capital Accounts). Withdrawal of a Limited Partner: Termination of Commitments.

(a) Except as otherwise provided in Article XII, a Limited Partner may not withdraw from the Partnership prior to its termination.

(b) Upon the death or incompetency of an individual Limited Partner, such Limited Partner's executor, administrator, guardian, conservator or other legal representative may exercise all of such Limited Partner's rights for the purpose of settling such Limited Partner's estate or administering such Limited Partner's property.

(c) Except as expressly provided in this Agreement or required by the TBOC, no event affecting a Limited Partner (including bankruptcy or insolvency) affects the Partnership.

ARTICLE XI TRANSFERABILITY OF GENERAL PARTNER'S INTEREST

Section 11.1 Transferability of General Partner's Interest.

(a) Except as otherwise provided herein, the General Partner may not sell, exchange, transfer, assign, or otherwise dispose of all or any portion of its Interest (any sale, exchange, transfer, assignment, or other disposition of an Interest being herein collectively called "*Transfers*") to any Person without the prior approval of a Majority in Interest. If the General Partner so determines in its sole discretion, and such prior approval of a Majority in Interest so provides (if such approval is required for such Transfer), the General Partner may admit any Person to whom the General Partner proposes to make such a Transfer as an additional or substituted general partner of the Partnership to carry on the business of the Partnership. Any transferee of all of the Interest of the General Partner is admitted as a general partner of the Partnership effective immediately prior to the withdrawal of the transferor general partner.

(b) It is understood and agreed that, in its sole discretion, without the prior approval of a Majority in Interest, (i) the General Partner may admit as members of the General Partner Persons who are employed or engaged by the General Partner and that such Persons may share in the Carried Interest of the General Partner hereunder, and (ii) the General Partner may pledge or hypothecate its Interest at any time.

ARTICLE XII TRANSFERABILITY OF A LIMITED PARTNER'S INTEREST

Section 12.1 Restrictions on Transfer.

(a) No Transfer of all or any part of a Limited Partner's Interest in the Partnership may be made without the prior written consent of the General Partner which may be withheld in the General Partner's sole discretion, or granted on such terms as the General Partner determines in its sole discretion. No Limited Partner may pledge or hypothecate its Interest without the prior written consent of the General Partner which may be withheld in the General Partner's sole discretion, or granted on such terms as the General Partner determines in its sole discretion.

(b) Notwithstanding the provisions of Section 12.1(a), a Limited Partner may assign to an Affiliate all or a portion of the economic interests associated with its Interest in the Partnership provided that any such assignee or other transferee will not become a Substituted Limited Partner and provided further that the General Partner is satisfied in its sole discretion that (i) the Limited Partner would not thereby be relieved of any portion of its obligations to the Partnership; (ii) the Partnership would not be required to treat any person other than the Limited Partner as a beneficial owner of its securities for purposes of Section 3(c)(1) of the Investment Company Act; and (iii) there would be no other adverse effect on the Partnership from such Transfer. In connection with any such Transfer, the transferring Limited Partner does not cease to be a limited partner of the Partnership. Any such Transfer is also subject to the provisions of Section 12.2.

Section 12.2 Expenses of Transfer; Indemnification. All expenses, including attorneys' fees and expenses, incurred by the General Partner or the Partnership in connection with any Transfer are borne by the transferring Limited Partner or such Limited Partner's transferee (any such transferee, when admitted and shown as such on the books and records of the Partnership, being hereinafter called a

"Substituted Limited Partner"). In addition, the transferring Limited Partner or such transferee must indemnify the Partnership and the General Partner in a manner satisfactory to the General Partner against any losses, claims, damages or liabilities to which the Partnership or the General Partner may become subject arising out of or based upon any false representation or warranty made by, or breach or failure to comply with any covenant or agreement of, such transferring Limited Partner or such transferee in connection with such Transfer. Recognition of Transfer; Substituted Limited Partners.

(a) The Partnership does not recognize for any purpose any purported Transfer of all or any part of a Limited Partner's Interest in the Partnership and no purchaser, assignee, transferee or other recipient of all or any part of such interest becomes a Substituted Limited Partner hereunder unless:

(i) the conditions of Sections Section 12.1, Section 12.2 and Section 12.3(b) have been satisfied;

(ii) the General Partner has been furnished with the documents effecting such Transfer, in form reasonably satisfactory to the General Partner, executed and acknowledged by both the seller, assignor or transferor and the purchaser, assignee, transferee or other recipient;

(iii) such purchaser, assignee, transferee or other recipient has represented that such Transfer was made in accordance with all applicable laws and regulations;

(iv) all necessary governmental consents have been obtained in respect of such Transfer; and

(v) all necessary instruments reflecting such admission have been filed in each jurisdiction in which such filing is necessary in order to qualify the Partnership to conduct business or to preserve the limited liability of the Limited Partners.

(b) Each Substituted Limited Partner, as a condition to its admission as a Limited Partner, must execute and deliver such documents, in form and substance satisfactory to the General Partner, as the General Partner reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such Substituted Limited Partner to be bound by all the terms and provisions of this Agreement with respect to the interest in the Partnership acquired by such Substituted Limited Partner. The admission of a Substituted Limited Partner does not require the approval of any Limited Partner. Such transferee is admitted as a Substituted Limited Partner when each of the foregoing requirements of this Section 12.3 have been complied with, and as promptly as practicable thereafter the books and records of the Partnership will be changed to reflect the admission of such Substitute Limited Partner. Any Limited Partner who sells, assigns or transfers its entire Interest in accordance with this Section 12.3 thereafter ceases to be a partner of the Partnership.

Section 12.4 Transfers During a Fiscal Year. If any Transfer (other than a pledge or hypothecation) of a Partner's interest in the Partnership occurs at any time other than the end of the Partnership's Fiscal Year, the distributive shares of the various items of Partnership income, gain, loss, and expense as computed for tax purposes and the related cash distributions are to be allocated between the transferor and the transferee on a basis consistent with applicable requirements under Section 706 of the Code; provided that no such allocation is effective unless (i) the transferor and the transferee have given the Partnership written notice, prior to the effective date of such Transfer, stating their agreement that such allocation be made on such proper basis, (ii) the General Partner has consented to such allocation, and (iii) the transferor and the transferee have agreed to reimburse the General Partner and/or the Partnership, as the case may be, for any incremental accounting fees and other expenses incurred by

the General Partner and/or the Partnership, as the case may be, in making such allocation.

MISCELLANEOUS

Section 13.1 Amendments to the Partnership Agreement.

(a) Except as otherwise provided in Section 13.1(b), this Agreement may be amended, or provisions hereof waived, only by a written instrument signed by the General Partner with the approval of a Majority in Interest; provided that, except as otherwise provided in Section 13.1(b), no amendment of this Agreement:

(i) without the approval of all Limited Partners, amends this Section 13.1;

(ii) without the approval of each affected Limited Partner (in addition to the approval of a Majority in Interest), (A) increases the liability of a Limited Partner beyond the liability of such Limited Partner expressly set forth in this Agreement or otherwise adversely modifies or affects the limited liability of such Partner, (B) decreases the interest in the Partnership of any Limited Partner (other than as provided in this Agreement), (C) changes the Investment Percentage of any Limited Partner (other than as provided in this Agreement), (D) changes the method of distributions or allocations made under Article VII to any Limited Partner or (E) reduces the Capital Account of any Limited Partner other than as contemplated in this Agreement; or

(iii) without the approval of Limited Partners having Investment Percentages representing the percentage of Investment Percentages specified in any provision of this Agreement required for any action or approval of the Partners, amends such provision.

(b) The General Partner may at any time without the consent of the other Partners:

(i) add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner under this Agreement, for the benefit of the Limited Partners;

(ii) cure any ambiguity or correct or supplement any conflicting provisions of this Agreement, or make other changes that would not, in the reasonable opinion of the General Partner, be materially adverse to the Limited Partners;

(iii) make any changes required by any governmental body or agency which is deemed to be for the benefit or protection of the Limited Partners, including, without limitation, in connection with the EB-5 Program and/or the Visa Process; provided, that no such amendment referred to in this clause (iii) may be made unless it is for the benefit of, or not materially adverse to, the interests of the Limited Partners, such change does not affect the right of the General Partner to manage and control the Partnership's business, does not affect the allocation of profits and losses among the Partners and does not adversely affect the limited liability of the Limited Partners;

(iv) amend this Agreement to reflect a change in the identity of the General Partner following a transfer of a General Partner's partnership interest in accordance with the terms of this Agreement;

(v) amend this Agreement to effect compliance with any applicable law or regulation (including the Investment Advisers Act of 1940, as amended, in the event that the General Partner determines to become a registered investment adviser in the future); and

(vi) restate this Agreement together with any amendments hereto which have been duly adopted in accordance herewith to incorporate such amendments in a single, integrated document.

Section 13.2 Approvals. Each Limited Partner agrees that, except as otherwise specifically provided herein and to the extent permitted by applicable law, for purposes of granting the approval of the Limited Partners with respect to any proposed action of the Partnership (including any such approval as would be required under the Advisers Act), the written approval of a Majority in Interest binds the Partnership and each Limited Partner and has the same legal effect as the written approval of each Partner. **Investment Representation.** Each Partner, by executing this Agreement, represents and warrants that its interest in the Partnership has been acquired by it for its own account, or for the account of a commingled pension trust or other institutional investor previously specified in writing to the Partnership with respect to whom it has full investment discretion, for investment and not with a view to resale or distribution thereof and that it is fully aware that in agreeing to admit it as a Partner, the General Partner and the Partnership are relying upon the truth and accuracy of this representation and warranty. **Successors; Counterparts.** This Agreement (i) is binding as to the executors, administrators, estates, heirs and legal successors of the Partners and (ii) may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart. **Governing Law; Severability.** This Agreement is governed by and construed under the laws of the State of Texas as applied to agreements among the residents of such state made and to be performed entirely within such state, without regard to the principles of conflicts of laws of Texas or any other jurisdiction. In particular, it is construed to the maximum extent possible to comply with all of the terms and conditions of the TBOC. If, nevertheless, it is determined by a court of competent jurisdiction that any provision or wording of this Agreement is invalid or unenforceable under the TBOC or other applicable law, such invalidity or unenforceability does not invalidate the entire Agreement. In that case, this Agreement is construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provision cannot be so limited, this Agreement is construed to omit such invalid or unenforceable provisions. **Filings.** The General Partner must promptly prepare, following the execution and delivery of this Agreement, any documents required to be filed and recorded, or, in the General Partner's view, appropriate for filing and recording, under the TBOC, and the General Partner must promptly cause each such document to be filed and recorded in accordance with the TBOC and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each state in which the Partnership may hereafter establish a place of business. The General Partner must also promptly cause to be filed, recorded and published such statements of fictitious business name and other notices, certificates, statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction which governs the conduct of its business from time to time. **Power of Attorney.** Each Limited Partner does hereby constitute and appoint the General Partner, its general partner, and its managers and officers, as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign and file a Certificate, any amendment thereof required because of an amendment to this Agreement or in order to effectuate any change in the membership of the Partnership, any amendments to this Agreement pursuant to Section 13.1 and all such other instruments, documents and certificates which may from time to time be required by the laws of the United States of America, the State of Texas or any other state, or any political subdivision or agency thereof, to effectuate, implement and continue the valid and subsisting existence of the Partnership or to terminate the Partnership. Such representatives and attorneys-in-fact do not have any right, power or authority to amend or modify this Agreement when acting in such capacities, other than as specifically provided

herein. The power of attorney granted hereby is coupled with an interest, is irrevocable, and (i) survives and is not affected by the subsequent dissolution, termination or bankruptcy of the Limited Partner (or, if such Limited Partner is an individual, by the subsequent disability or incapacity thereof) granting the same or the transfer of all or any portion of such Limited Partner's interest in the Partnership, and (ii) extends to such Limited Partner's successors, assigns and legal representatives. Notices. All notices, requests and other communications to any party hereunder must be in writing (including a teletype or similar writing) and must be given to such party at its address or teletype number set forth in a schedule filed with the records of the Partnership or such other address or teletype number as such party may hereafter specify for the purpose by notice to the General Partner (if such party is a Limited Partner) or to all the Limited Partners (if such party is a General Partner). Each such notice, request or other communication is effective (i) if given by teletype, when such teletype is transmitted to the teletype number specified pursuant to this Section 13.8, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified pursuant to this Section 13.8, provided that notices to the General Partner under Article VI are not effective until received. Discretion.

(a) To the fullest extent permitted by law, unless otherwise expressly provided for herein, (i) whenever a conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, or a Limited Partner on the other hand, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that the General Partner act in a manner which is, or provides terms which are, fair and reasonable to the Partnership, or any Limited Partner, the General Partner may resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party, including its own interest, to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner do not constitute a breach of this Agreement or any other agreement contemplated herein or by any duty or obligation of the General Partner at law or in equity or otherwise.

(b) To the fullest extent permitted by law, whenever in this Agreement, a Person is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, such Person is entitled to consider only such interests and factors as it desires, including its own interests, and has no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or the Limited Partners, or (ii) in its "good faith" or under another express standard, then such person acts under such express standard and is not subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise.

Section 13.10. Duties and Liabilities. To the extent that at law or in equity an Indemnified Party has duties (including fiduciary duties) and liabilities relating to the Partnership or to a Partner, such Indemnified Party acting under this Agreement is not liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of the Indemnified Parties otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the Indemnified Parties. Should any Indemnified Party breach any of its duties or covenants under this Agreement, each of the Indemnified Parties has 30 days to cure such breach from the date of its receipt of a Partner's written notice regarding such breach, and upon effecting such cure, such breach will be deemed to have not occurred. Each Limited Partner must cooperate at all times with respect to any Indemnified Party's efforts to cure a breach, and must execute such consents, releases, amendments of this Agreement, and other documents as may be reasonably requested for the purpose of curing a breach by any Indemnified Party. Entire Agreement. This Agreement, together with the related subscription agreements between the

Partnership and the Limited Partners, constitutes the full, complete and final agreement and understanding of the Partners and supersedes all prior written or oral agreements between the Partners with respect to the Partnership. Each Partner acknowledges that the General Partner, on its own behalf or on behalf of the Partnership, may agree in letters or other writings with individual Limited Partners (each, an "Other Agreement"), and may from time to time hereafter agree in Other Agreements entered into with individual Limited Partners to be admitted to the Partnership, in its sole discretion, to exceptions or departures from the provisions of this Agreement or any subscription agreements at the request of individual Limited Partners (provided that such Other Agreements do not adversely affect any other Limited Partners). Each Other Agreement, as in effect from time to time, is incorporated herein by reference. The parties hereto agree that any such exceptions or departures contained in an Other Agreement with a Limited Partner govern with respect to such Limited Partner notwithstanding the provisions of this Agreement or any subscription agreements. Construction. The titles and subtitles used in this Agreement are used for convenience only and must not be considered in the interpretation of this Agreement. The Partners have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, the Partners intend that this Agreement be construed as if drafted jointly by the Partners and that no presumption or burden of proof arise favoring or disfavoring any Partner by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law is deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" means including without limitation. The word "or" is not exclusive. The Partners intend that each representation, warranty, and covenant contained herein has independent significance. If any Partner has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) that such Person has not breached does not detract from or mitigate the fact that such Person is in breach of the first representation, warranty, or covenant. Merger and Division. The Partnership may merge with, or consolidate into, another Texas limited partnership or other business entity (as defined in Section 2.11(a) of the TBOC) upon the approval by the General Partner and a Majority in Interest. In accordance with Section 2.11 of the TBOC, notwithstanding anything to the contrary contained in this Agreement, an agreement of merger or consolidation approved by the General Partner and a Majority in Interest, may (i) effect any amendment to this Agreement, or (ii) effect the adoption of a new partnership agreement for the Partnership if it is the surviving or resulting limited partnership of the merger or consolidation. Any amendment to this Agreement or adoption of a new partnership agreement made pursuant to the foregoing sentence is effective at the effective time or date of the merger or consolidation. For purposes of any vote required by the Limited Partners in connection with any merger or consolidation, the Limited Partners are treated for purposes of voting as a single class of limited partners. The provisions of this Section 13.13 are not to be construed to limit the accomplishment of a merger or of any of the matters referred to herein by any other means otherwise permitted by law. Not for Benefit of Creditors. The provisions of this Agreement (including this Section 13.14) are intended only for the regulation of relations among Partners and between Partners and former or prospective Partners and the Partnership. Subject to the provisions of Section 9.1 as they apply to an Indemnified Party, this Agreement is not intended for the benefit of non-Partner creditors and no rights are granted to non-Partner creditors under this Agreement. [Remainder of Page Intentionally Left Blank]

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The parties hereto have executed this Agreement as of the day and year first-above written.

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP
By: Civitas Partners, LLC

By: _____
Name: _____
Title: Manager

LIMITED PARTNERS:

By: Civitas Encore Fund GP, LLC,
Attorney-in-fact for the Limited Partners

By: Civitas Partners, LLC

By: _____
Name: _____
Title: Manager

ORGANIZATIONAL LIMITED PARTNER:

Daniel J. Healy

Signature Page
Civitas Encore Fund, LP



CIVITAS ENCORE FUND, LP

SUBSCRIPTION DOCUMENTS

CIVITAS ENCORE FUND, LP

SUBSCRIPTION INSTRUCTIONS

Any person subscribing (a "**Subscriber**") to invest in a limited partner interest (an "**Interest**") of Civitas Encore Fund, LP, a Texas limited partnership (the "**Fund**") may do so only by means of the completion, delivery and acceptance of the subscription documents in this package (the "**Subscription Documents**") as follows:

- Completion of the Subscription Documents, which include:
 - Subscriber Information Form: Complete all requested information;
 - Subscription Agreement: Date and sign **two copies** of the signature page;
 - Power of Attorney: Subscribers who are individuals (*i.e.* natural persons) located in New York at the time of execution (regardless of place of residence) must complete and sign the "Power of Attorney for Individuals in New York." All other Subscribers will be subject to the power of attorney otherwise included in the Subscription Agreement.
 - IRS Form W-9: Complete and sign IRS Form W-9 to certify your tax identification number. If you are not a U.S. person, you must instead complete the appropriate IRS Form W-8. Attached hereto as Appendix B is the Form W-9 (Rev. October 2007) from the Department of the Treasury Internal Revenue Service. For the appropriate Form W-8 and an updated Form W-9, please go to www.irs.gov.
- Delivery of the completed Subscription Documents (including duplicate signature pages); and
- Payment of the Subscription Amount;
- Payment of the Administrative Fee (as described herein) to Civitas Capital Management, LLC (the "**Manager**"); and
- Acceptance of the Subscription by Civitas Encore Fund GP, LP, the Fund's general partner (the "**General Partner**").

Additional information regarding these Subscription Documents and the subscription process is set out below. All references herein to "dollars" or "\$" are to U.S. dollars. Capitalized terms not otherwise defined herein shall have the meaning given such terms in the Fund's limited partnership agreement.

DELIVERY INSTRUCTIONS. Subscription Documents should be delivered to the General Partner at the following address:

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Tel: (214) 572-2300
Fax: (214) 572-2398
Attention: Attention: Tina Hou, Managing Director – Investor Relations
Email: tina.hou@civitascapital.com

All Subscription Documents will be returned to the Subscriber if this subscription is not accepted.

EVIDENCE OF AUTHORIZATION. Subscribers (other than natural persons subscribing for their own account) may be required to submit the following evidence of authorization:

- (1) *Corporation:* certified corporate resolutions authorizing the subscription and identifying the corporate officer(s) empowered to sign the Subscription Documents.
- (2) *Partnership:* partnership certificate (in the case of limited partnerships) or partnership agreement identifying the general partners.
- (3) *Trust:* trust agreement or relevant portions thereof showing appointment and authority of trustee(s).

Entities may be requested to furnish other or additional documentation evidencing their authority to invest in the Fund.

SUBSCRIPTION PAYMENTS; CLOSING DATE. Payments for the amounts subscribed (the "*Subscription Amount*"), not less than \$500,000 unless otherwise agreed in advance by the General Partner, must be made by wire transfer to the following escrow account:

To: JPMorgan Chase Bank, National Association, as escrow agent
ABA No.: [_____]
F/C/T: **Civitas Encore Fund, LP**
Account No.: [_____]
Reference: [*Subscriber Name*]

The General Partner will notify each Subscriber as to the Subscription Amount and due date of its capital contribution. Unless otherwise agreed to by the General Partner, the initial capital contribution is payable by wire transfer at least one business day prior to the proposed date of subscription.

The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription

Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a Subscriber's I-526 Petition is not approved, or the General Partner rejects a subscription for any reason whatsoever, the Subscription Amount will be returned to the Subscriber without interest thereon and the Subscriber will not be admitted as a limited partner to the Fund.

PAYMENT OF ADMINISTRATIVE FEE.

The General Partner will not accept a subscription for an Interest unless the Subscriber has paid in full the Administrative Fee to the Manager in the amount set forth on the signature page of the Subscriber's subscription agreement. The Administrative Fee must be made by wire transfer to the following account of the Manager:

To:	Texas Capital Bank, National Association
ABA No.:	[_____]
F/C/T:	Civitas Capital Management, LLC
Account No.:	[_____]
Reference:	[<i>Subscriber Name</i>]

ACCEPTANCE OF SUBSCRIPTIONS. The acceptance of subscriptions is within the absolute discretion of the General Partner, which may require additional information prior to making a determination. The General Partner will seek to notify the Subscriber of its acceptance or rejection of the subscription prior to the date of subscription. If the subscription is rejected, the Fund will, unless restricted by law, promptly refund (without interest) to the Subscriber any subscription payments received by the Fund. As noted above, the General Partner will not accept any subscription unless the Administrative Fee has been paid to the Manager.

ADDITIONAL INFORMATION. For additional information concerning subscriptions, prospective investors should contact Tina R. Hou, Managing Director – Investor Relations (telephone: (214) 572-2302) at the office of the General Partner.

CIVITAS ENCORE FUND, LP

PRIVACY POLICY

The Fund takes precautions to maintain the privacy of personal information concerning the Fund's current and prospective individual Subscribers. These precautions include the adoption of certain procedures designed to maintain and secure such Subscribers' nonpublic personal information from inappropriate disclosure to third parties. Federal regulations require the Fund to inform Subscribers of this privacy policy.

The Fund collects nonpublic personal information about its Subscribers from the following sources:

- Information the Fund receives from a Subscriber in these Subscription Documents or other related documents or forms;
- Information about a Subscriber's transactions with the Fund, its affiliates, or others; and
- Information the Fund may receive from a consumer reporting agency.

The Fund does not disclose any nonpublic personal information about its prospective, existing or former Subscribers to anyone, except as permitted or required by law and regulation.

The Fund restricts access to nonpublic personal information about its Subscribers to those employees and agents of the Fund who have been advised as to the proper handling of such information and who need to know that information in order to provide services to its Subscribers. The Fund may also disclose such information to its affiliates and to service providers and financial institutions that provide services to the Fund. The Fund will require such third party service providers and financial institutions to protect the confidentiality of the Subscribers' nonpublic personal information and to use the information only for purposes for which it is disclosed to them. The Fund may also disclose nonpublic personal information to regulatory authorities as required or permitted by applicable law. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to safeguard the Subscribers' nonpublic personal information and which the Fund believes are adequate to prevent unauthorized disclosure of such information.

The Fund does not otherwise provide information about current, former and prospective individual Subscribers to outside firms, organizations or individuals except at the Subscriber's request or to attorneys, accountants and auditors of any current, former and prospective individual Subscriber.

If you have any questions concerning this privacy policy, please contact Tina R. Hou (telephone: (214) 572-2302) at the office of the General Partner.

CIVITAS ENCORE FUND, LP

SUBSCRIBER INFORMATION FORM

PART A OF THIS SUBSCRIBER INFORMATION FORM IS DIVIDED INTO THREE SECTIONS. ALL SUBSCRIBERS ARE REQUIRED TO COMPLETE SECTION I. SUBSCRIBERS WHO ARE NATURAL PERSONS, OR GRANTOR TRUSTS MUST COMPLETE SECTION II. ALL OTHER SUBSCRIBERS MUST COMPLETE SECTION III.

ALL SUBSCRIBERS MUST COMPLETE THE SUBSCRIBER QUALIFICATION QUESTIONS IN **PART B**.

SUBSCRIBERS SUBSCRIBING AS A CUSTODIAN OR AN AGENT ON BEHALF OF A BENEFICIAL OWNER SHOULD COMPLETE THE QUESTIONS BELOW WITH REFERENCE TO THE BENEFICIAL OWNER OF THE INTEREST.

PART A - SUBSCRIBER INFORMATION

SECTION I. TO BE COMPLETED BY ALL SUBSCRIBERS

1. Identity of Subscriber

Name(s): _____ Country of
Citizenship _____

Please check *all* of the boxes that describe the beneficial owner(s) for whose account an Interest is being acquired.

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Family partnership or LLC |
| <input type="checkbox"/> Joint (spouses) | <input type="checkbox"/> Joint (other) |
| <input type="checkbox"/> Personal trust (taxable to grantor) | <input type="checkbox"/> Personal trust (other) |
| <input type="checkbox"/> Charitable trust | <input type="checkbox"/> Business entity (other) |
| <input type="checkbox"/> Other | <input type="checkbox"/> |

If "Other" or "Business entity (other)" was checked, please describe the entity or beneficial owner: _____

2. U.S. Person Status

Is the Subscriber a "U.S. Person"?

Yes No

For purposes of this Subscriber Information Form, the term "*U.S. Person*" means:

- (1) a resident or citizen of the U.S.;
- (2) a partnership or corporation organized under the laws of the U.S.;
- (3) any entity not organized under the laws of the U.S.:
 - (a) that is organized principally for passive investment (such as an investment company, a commodity pool or other similar vehicle); and
 - (b)
 - (i) in which the amount of units of participation held by U.S. Persons (other than "qualified eligible persons" as defined in Rule 4.7 under the U.S. Commodity Exchange Act) represents in the aggregate 10 percent or more of the beneficial interest in the entity;
 - (ii) that was formed for the purpose of facilitating investment by U.S. Persons in the Fund, or in any other commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the U.S. Commodity Futures Trading Commission by virtue of its participants being non-U.S. Persons; or
 - (iii) that was formed by U.S. Persons principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933, as amended (the "*Securities Act*"), unless it is formed and owned by "accredited investors" (as defined in Rule 501 (a) under the Securities Act) who are not individuals, estates or trusts;
- (4) an estate or trust:
 - (a) of which an executor, administrator or trustee is a U.S. Person, unless;
 - (i) an executor, administrator or trustee who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate or trust; and
 - (ii)
 - (A) in the case of an estate, it is governed by non-U.S. law; or
 - (B) in the case of a trust, no beneficiary (and no settlor if the trust is revocable) is a U.S. Person; or
 - (b) the income of which is subject to U.S. income tax regardless of source;
- (5) any agency or branch of a foreign entity located in the U.S.;
- (6) any non-discretionary account or similar account (other than an estate or trust) held for the benefit or account of one or more U.S. Persons; and
- (7) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the U.S., unless it is held by a dealer or other professional fiduciary exclusively for the benefit or account of one or more non-U.S. Persons.

For purposes of the foregoing, the term "*U.S.*" means the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.

3. Contact Information

Primary Contact for Notices and Communications

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Secondary Contact for Notices and Communications (optional)

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Send copy of Financial Statements and Tax Information Returns to (optional)

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Please set forth below the names of persons authorized by the Subscriber to give and receive instructions between the Fund and the Subscriber together with their respective signatures. Such persons are the only persons so authorized until further written notice to the General Partner signed by one or more of such persons.

<u>Name</u>	<u>Signature</u>
_____	_____
_____	_____
_____	_____
_____	_____

4. Remitting Bank or Financial Institution

All subscriptions are payable in full by wire transfer of readily available U.S. dollars to the account of the Fund on or before the business day prior to the proposed date of subscription. Please identify the bank or other financial institution (the "**Wiring Institution**") from which the Subscriber's funds will be wired. Note that any amounts paid to the Subscriber will be paid to the same account from which its subscription funds were originally remitted, unless the General Partner agrees otherwise.

A. Name of Wiring Institution: _____

Address¹: _____

ABA, Chips or SWIFT Number: _____

Account Name: _____

Account Number: _____

For Benefit of: [Subscriber Name]

Account Representative: _____

Telephone: _____

¹ If the Wiring Institution is not located in a jurisdiction that is a member of the Financial Action Task Force on Money Laundering (the "FATF"), the General Partner may require additional information. For a current list of FATF members see: www.fatf-gafi.org.

B. Is the Subscriber a customer of the Wiring Institution?

Yes No

If you responded "No," please contact the General Partner for additional information that may be required.

5. Electronic Delivery of Reports and Other Communications

The Fund may make reports and other communications available in electronic form, such as E-mail or by posting on a web site (with notification of the posting by E-mail). Do you consent to receive deliveries of reports and other communications from the Fund (including annual and other updates of our consumer privacy policies and procedures) exclusively in electronic form without separate mailing of paper copies?

Yes No

6. Information Regarding Actual Ownership of the Interest

Is the Subscriber subscribing for an Interest with the intent to sell, distribute or transfer the Interest to any other person or persons?

Yes No

Is the Subscriber subscribing for an Interest as agent, nominee, trustee, partner, or otherwise on behalf of, for the account of, or jointly with any other person or entity?

Yes No

Will any other person or persons have a beneficial interest in the Interest acquired (other than as a shareholder, partner or other beneficial owner of equity interests in the Subscriber)?

Yes No

Does the Subscriber control, or is the Subscriber controlled by or under common control with, any other existing or prospective investor in the Fund?

Yes No

Note: If any of the above questions were answered "Yes," please provide identifying information or contact the General Partner:

7. Private Investment Fund Experience

Has the Subscriber previously made an investment in a private investment fund such as a hedge fund, private equity or venture capital fund, commodity pool, real estate or energy partnership or fund of funds?

Yes No

8. Net Worth

Is the Subscriber's net worth more than 10 times the amount of the subscription commitment?

Yes No

9. Ability to Bear Risk

Does the Subscriber have the financial ability to bear the economic risk of this investment and have adequate means to provide for its current needs and contingencies?

Yes No

SECTION II. ADDITIONAL QUESTIONS FOR NATURAL PERSONS OR GRANTOR TRUSTS

1. Please indicate desired type of ownership interest

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Grantor Trust |
| <input type="checkbox"/> Joint | <input type="checkbox"/> [Delete this box] |

2. Place of Residence

(a) Indicate the state where Subscriber has his or her principal residence:

Note: If you are married and live in a community property state, both you and your spouse must sign the signature page of the Subscription Agreement. Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington and Wisconsin. Property held by married persons resident in Alaska may also be subject to community property law if the married persons opted into the community property regime.

(b) Is the Subscriber or trust grantor a United States citizen or permanent resident of the United States?

- Yes No

3. Social Security Number: _____

4. Joint Subscriptions

If you are subscribing with another person, please answer the following questions:

(a) Please indicate type of ownership interest:

- Joint Tenants (rights of survivorship)
 Tenants in common (no rights of survivorship)

(b) If you are subscribing for an Interest jointly with another person, please answer the following questions:

(i) Is the other person a United States citizen or permanent resident of the United States?

- Yes No

(ii) If the answer to the above question is yes, please provide such other person's U.S. Social Security number: _____

5. Grantor Trust Investors

- (a) Please indicate whether the Subscriber, for federal income tax purposes, files now or has ever filed a tax or information return, as a partnership, as a "grantor" trust or (if the Subscriber is a U.S. corporation) as an "S corporation" under Sections 1361-1379 of the Internal Revenue Code of 1986, as amended (the "*Code*").

Yes No

- (b) If the answer is "Yes," will the investment in the Fund represent more than 75% of the assets of the Subscriber?

Yes No

SECTION III. ADDITIONAL QUESTIONS FOR ENTITIES AND NON-GRANTOR TRUSTS

1. Organizational Data

(a) Legal form of entity: _____

(b) Jurisdiction of organization: _____

(c) Year of organization: _____

(d) Briefly identify the Subscriber's primary business: _____

(e) Identify the Subscriber's principal place of business:

(f) Total number of shareholders, partners or other holders of equity or beneficial interests or other securities (including any debt securities other than short term paper of the Subscriber) (If the number is more than 100, it is sufficient to respond "more than 100."):

(g) Is the Subscriber a wholly owned or majority-owned subsidiary of another entity?

Yes No

(h) Is the direct parent of the Subscriber a wholly owned or majority-owned subsidiary of another entity?

Yes No

(i) Was the Subscriber organized for the specific purpose of acquiring an Interest?

Yes No

- (j) Have shareholders, partners or other holders of equity or beneficial interests in the Subscriber been provided the opportunity to decide individually whether or not to participate, or the extent of their participation, in the Subscriber's investment in the Fund (*i.e.*, have investors in the Subscriber been permitted to determine whether their capital will form part of the specific capital invested by the Subscriber in the Fund)?

Yes No

- (k) Is the Subscriber an entity engaged primarily in investing or trading securities?

Yes No

If the answer is "Yes," please answer the following questions. If the answer is "No," skip to question 2.

Does the current amount of the Subscriber's subscription to the Fund exceed forty percent (40%) of the value of the Subscriber's total assets?

Yes No

2. Tax Information

- (a) Employer identification number:

- (b) Indicate the annual date on which the Subscriber's taxable year ends for purposes of reporting federal income tax or filing information returns:

- (c) Please indicate whether the Subscriber, for federal income tax purposes, files now or has ever filed a tax or information return, as a partnership, as a "grantor" trust or (if the Subscriber is a U.S. corporation) as an "S corporation" under Sections 1361-1379 of the Code.

Yes No

If the answer is "Yes," will the investment in the Fund represent more than 75% of the assets of the Subscriber?

Yes No

- (d) Is the Subscriber exempt from federal income tax (e.g., a qualified employee benefit plan or trust, retirement account, charitable remainder trust, or a charitable foundation or other tax-exempt organization described in Section 501(c)(3) of the Code)?

Yes No

PART B – SUBSCRIBER QUALIFICATION

SUBSCRIPTIONS WILL BE ACCEPTED ONLY FROM PERSONS WHO QUALIFY AS ELIGIBLE INVESTORS WITHIN THE MEANING OF APPLICABLE FEDERAL AND STATE SECURITIES REGULATIONS. UNLESS OTHERWISE INDICATED, RESPONSES SHOULD BE GIVEN BY REFERENCE TO THE SPECIFIC PERSON FOR WHOSE ACCOUNT THE INTEREST IS BEING ACQUIRED. THE SUBSCRIBER MAY BE REQUIRED TO PROVIDE SUCH FURTHER INFORMATION AND EXECUTE AND DELIVER SUCH DOCUMENTS AS THE GENERAL PARTNER MAY REASONABLY REQUEST TO VERIFY THAT THE SUBSCRIBER QUALIFIES AS AN ELIGIBLE INVESTOR.

SECTION I. ACCREDITED INVESTOR STATUS

Each Subscriber must indicate whether the intended beneficial owner of the Interest qualifies as an “accredited investor” pursuant to *at least one* of the following tests. (Please check *all* that apply, or, if none applies, consult the General Partner.)

FOR NATURAL PERSONS:

- The Subscriber is a *natural person* whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase exceeds \$1,000,000.
- The Subscriber is a *natural person* with individual income (without including any income of the Subscriber’s spouse) in excess of \$200,000 or joint income with that person’s spouse of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year.
- Subscriber is a grantor trust and the grantor of the grantor trust is a *natural person* that meets the requirements described above.²

FOR ENTITIES:

- The Subscriber is an *entity* with total assets in excess of \$5,000,000 that was not formed for the purpose of investing in the Fund and is one of the following:
 - a corporation;
 - a partnership;
 - a limited liability company;
 - a business trust; or
 - a tax-exempt organization described in Section 501(c)(3) of the Code.

² Additional information may be required in connection with a grantor trust’s investment.

- The Subscriber is a personal (non-business) trust, other than an employee benefit trust, with total assets in excess of \$5,000,000 that was not formed for the purpose of investing in the Fund and whose decision to invest in the Fund has been directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the investment.

- The Subscriber is an entity in which *all* of the equity owners are persons described above.

SECTION II. QUALIFIED CLIENT STATUS

Each subscriber must indicate whether the intended beneficial owner of the Interest qualifies as a "qualified client." IRAs and revocable grantor trusts should complete the questions for natural persons.

FOR NATURAL PERSONS:

- The Subscriber (or the grantor, in the case of a grantor trust) is a natural person whose net worth (together, in the case of a natural person, with assets held jointly with that person's spouse), at the time of subscription exceeds \$1,500,000.

FOR ENTITIES:

- The Subscriber is an entity that has a net worth at the time of subscription in excess of \$1,500,000

If the entity is an entity engaged primarily in investing or trading in securities, state whether each of the shareholders, partners or other holders of equity or beneficial interests in the Subscriber (please answer both (A) and (B)):

- (A) has a net worth of at least \$1,500,000:

Yes No

- (B) is either an entity which is not engaged primarily in investing or trading in securities or a natural person:

Yes No

CIVITAS ENCORE FUND, LP

SUBSCRIPTION AGREEMENT

Civitas Encore Fund, LP
c/o Civitas Encore Fund GP, LP
900 Jackson Street, Ste 150
Dallas, TX 75202

Ladies and Gentlemen:

1. Documents Received

(a) The undersigned (the "**Subscriber**") hereby acknowledges having (i) received and read the current Confidential Private Placement Memorandum, as supplemented (the "**Private Placement Memorandum**"), of Civitas Encore Fund, LP, a limited partnership organized under the laws of the State of Texas (the "**Fund**"), and the Limited Partnership Agreement of the Fund, as amended to date (the "**Partnership Agreement**") and (ii) been given the opportunity to (A) ask questions of, and receive answers from, Civitas Encore Fund GP, LP (the "**General Partner**") or one of its affiliates, including Civitas Capital Management, LLC (the "**Manager**"), the Fund's manager, concerning the terms and conditions of the offering and other matters pertaining to an investment in the Fund and (B) obtain any additional information that the General Partner can acquire without unreasonable effort or expense that is necessary to evaluate the merits and risks of an investment in the Fund.

(b) Appendix A hereto contains the definitions of certain capitalized terms used but not otherwise defined herein and should be read by the Subscriber prior to entering into this Subscription Agreement.

2. Subscription Commitment

(a) The Subscriber hereby irrevocably subscribes for a limited partner interest in the Fund (the "**Interest**") and agrees to contribute in cash to the capital of the Fund, the amount set forth on the Signature Page of this Subscription Agreement (the "**Subscription Amount**"). Such amount shall be payable in full in readily available U.S. dollars by wire transfer to the escrow account of the Fund at least one business day prior to the proposed date of subscription.

(b) The Subscriber understands that this subscription is not binding on the Fund until accepted by the General Partner, and it may be rejected, in whole or in part, by the General Partner in its absolute discretion. If and to the extent rejected, the Fund shall, to the extent permitted by law, direct the escrow agent to return to the Subscriber, without interest or deduction, any payment tendered by the Subscriber, and the Fund and the Subscriber shall have no further obligation to each other hereunder.

(c) The Subscription Amount shall be held in escrow until the Subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked

as a capital contribution to the Fund and the Subscriber formally admitted as a Limited Partner of the Fund. In the event Subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the Subscriber without interest thereon and the Subscriber shall not be admitted as a Limited Partner to the Fund.

3. Representations, Warranties and Covenants – All Subscribers

To induce the Fund to accept this subscription, the Subscriber hereby makes the following representations, warranties and covenants to the Fund's general and limited partners:

(a) The Subscriber acknowledges that the subscription for an Interest does not guarantee conditional or unconditional permanent residency in the United States and that none of the Fund, the General Partner, the Manager nor their respective affiliates have given any assurances or advice with respect to U.S. immigration matters or that the Subscriber will obtain conditional or unconditional permanent resident status under U.S. law.

(b) The information set forth in the subscriber information form attached hereto, which shall be considered an integral part of this Subscription Agreement (the "**Subscriber Information Form**"), is true, correct, accurate and complete as of the date hereof, and the Subscriber will promptly notify the Fund of any change in such information. The Subscriber consents to the disclosure of any such information, and any other information furnished to the Fund, to any governmental authority, self-regulatory organization or, to the extent required by law or deemed (subject to applicable law) by the General Partner to be in the best interest of the Fund, to any other person.

(c) Except as disclosed in the accompanying Subscriber Information Form, the Subscriber is acquiring the Interest for the Subscriber's own account; does not have any contract, undertaking or arrangement with any person or entity to sell, transfer or grant a participation with respect to any of the Interest; and is not acquiring the Interest with a view to or for sale in connection with any distribution of the Interest.

(d) The Subscriber or an advisor or consultant relied upon by the Subscriber in reaching a decision to subscribe has such knowledge and experience in financial, tax and business matters as to enable the Subscriber or such advisor or consultant to evaluate the merits and risks of an investment in the Interest (including the risks set forth in the Private Placement Memorandum) and to make an informed investment decision with respect thereto.

(e) The Subscriber understands that the Interests have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any state law, and that the Fund is not registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Subscriber agrees to notify the Fund in writing prior to any proposed sale, transfer, distribution or other disposition of the Interest or any beneficial interest therein, and will not sell, transfer, distribute or otherwise dispose of the Interest without the prior written consent of the General Partner, which may be granted or withheld in its sole discretion, and unless the Interests are registered or such sale, transfer, distribution or other disposition is exempt from registration. The Subscriber understands that the General Partner has no intention to register the Fund or the Interests with the Securities and Exchange Commission or any state and is under no obligation to assist the Subscriber in obtaining or complying with any exemption

from registration. The Fund may require that a proposed transferee meet appropriate financial and other suitability standards and that the transferor, at its expense, furnish a legal opinion satisfactory to the Fund and its counsel that the proposed transfer complies with applicable federal, state and any other applicable securities laws. An appropriate legend evidencing such restrictions may be placed on any certificates issued representing the Interests and appropriate stop-transfer instructions may be placed with respect to the Interests.

(f) In formulating a decision to invest in the Fund, the Subscriber has not relied or acted on the basis of any representations or other information purported to be given on behalf of the Fund or the General Partner, except as set forth in the Private Placement Memorandum or the Partnership Agreement (it being understood that no person has been authorized by the Fund or the General Partner to furnish any such representations or other information).

(g) The Subscriber recognizes that there is not now any secondary market for Interests and that such a market is highly unlikely to develop. Accordingly, it will not be possible for the Subscriber readily to liquidate the Subscriber's investment in the Fund.

(h) If the Subscriber is a natural person, the Subscriber is qualified to become a limited partner in the Fund and has the legal capacity to execute, deliver and perform this Subscription Agreement and the Partnership Agreement.

(i) If the Subscriber is a corporation, partnership, limited liability company, trust or other entity, it is authorized and qualified to become a limited partner in, and authorized to make its capital contribution to, the Fund and otherwise to comply with its obligations under the Partnership Agreement; the person signing this Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so; and this Subscription Agreement has been duly executed and delivered on behalf of the Subscriber and is the valid and binding agreement of the Subscriber, enforceable against the Subscriber in accordance with its terms. In addition, such Subscriber will, upon request of the General Partner, deliver any documents, including an opinion of counsel to the Subscriber, evidencing the existence of the Subscriber, the legality of an investment in the Fund and the authority of the person executing this Subscription Agreement on behalf of the Subscriber which may be requested by the General Partner.

(j) The purchase of the Interest hereunder and the compliance by such Subscriber with all of the provisions of this Subscription Agreement and the Partnership Agreement applicable to such Subscriber and the consummation by such Subscriber of the transactions herein and therein contemplated will not (a) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Subscriber is a party or by which such Subscriber is bound or to which any of the property or assets of such Subscriber is subject, nor (b) will such action result in (i), if such Subscriber is an entity, any violation of the provisions of the organizational documents of such Subscriber or (ii) any statute applicable to such Subscriber or any order, rule or regulation of any court or governmental agency or body having jurisdiction over such Subscriber or the property of such Subscriber.

(k) Upon the request of the General Partner, the Subscriber shall provide such information and execute such documents as may be required (a) in connection with any borrowing by the Fund in accordance with the Partnership Agreement and (b) to allow the

General Partner or the Manager to make further investigation concerning the Subscriber's source of funds and the personal and business background of the Subscriber and his or her family members.

(l) The Subscriber has carefully reviewed and understands the various risks of an investment in the Fund, as well as the fees and conflicts of interest to which the Fund is subject, as set forth in the Private Placement Memorandum. The Subscriber hereby consents and agrees to the payment of the fees so described to the parties identified as the recipients thereof, and to such conflicts of interest.

(m) The Subscriber believes that the compensation terms of the Partnership Agreement represent an "arm's-length" arrangement and the Subscriber is satisfied that it has received adequate disclosure from the General Partner to enable it to understand and evaluate the compensation and other terms of the Partnership Agreement and the risks associated therewith.

(n) The Subscriber represents and warrants that no holder of any beneficial interest in the Interest (each a "**Beneficial Interest Holder**") and, in the case of a Subscriber which is an entity, no Related Person is:

- (1) A person or entity whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Asset Control from time to time;
- (2) A Foreign Shell Bank; or
- (3) A person or entity resident in or whose subscription funds are transferred from or through an account in a Non-Cooperative Jurisdiction.

The Subscriber agrees promptly to notify the General Partner or the person appointed by the General Partner to administer the Fund's anti-money laundering program, if applicable, of any change in information affecting this representation and covenant.

(o) The Subscriber represents that (except as otherwise disclosed to the General Partner in writing):

- (1) none of it, any Beneficial Interest Holder nor any Related Person (in the case of a Subscriber that is an entity) is a Senior Foreign Political Figure, any member of a Senior Foreign Political Figure's Immediate Family or any Close Associate of a Senior Foreign Political Figure;
- (2) none of it, any Beneficial Interest Holder nor any Related Person (in the case of a Subscriber that is an entity) is resident in, or organized or chartered under the laws of, a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT

Act as warranting special measures due to money laundering concerns;³
and

- (3) its subscription funds do not originate from, nor will they be routed through, an account maintained at a Foreign Shell Bank, an "offshore bank," or a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction.

(p) The Subscriber acknowledges and agrees that any amounts paid to it will be paid to the same account from which its subscription funds were originally remitted, unless the General Partner agrees otherwise.

(q) If the Subscriber is purchasing the Interest as agent, representative or intermediary/nominee, or in any similar capacity for any other person, or is otherwise requested to do so by the General Partner, it shall provide a copy of its anti-money laundering policies ("**AML Policies**") to the General Partner. The Subscriber represents that (i) it is in compliance with its AML Policies, (ii) its AML Policies have been approved by counsel or internal compliance personnel who have been reasonably informed of the legal requirements and best practices for anti-money laundering policies and their implementation, and (iii) it has not received a deficiency letter, negative report or any similar determination regarding its AML Policies from independent accountants, internal auditors or some other person responsible for reviewing compliance with its AML Policies.

(r) The Subscriber represents and warrants that as a result of its acquisition and holding of an Interest: (i) the assets of the Fund will not constitute the assets of any employee benefit plan subject to any federal, state, local or non-U.S. law, rule or regulations ("**Similar Law**") that is similar to (A) the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or (B) Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"); (ii) neither the General Partner nor the Manager will be considered to be a fiduciary of the Subscriber under any Similar Law; and (iii) no activity of the Fund contemplated in the Private Placement Memorandum or the Partnership Agreement will violate any Similar Law.

4. Indemnification

The Subscriber understands the meaning and legal consequences of the representations, warranties, agreements, covenants and confirmations set out above and agrees that the subscription made hereby, if accepted by the General Partner, will be accepted in reliance thereon. The Subscriber agrees to indemnify and hold harmless the Fund, the General Partner, the Manager, and their affiliates, and the partners, members, managers, stockholders, other beneficial owners, officers, directors and employees of any of the foregoing (the "**Indemnified Persons**") from and against any and all loss, damage, liability or expense, including reasonable costs and attorneys' fees and disbursements, which an Indemnified Person may incur by reason of, or in connection with, any representation or warranty made herein (or in the accompanying Subscriber Information Form) not having been true, correct and complete when made, any

³ The Treasury Department's Financial Crimes Enforcement Network ("FinCEN") issues advisories regarding countries of primary money laundering concern. FinCEN's advisories are posted at http://www.fincen.gov/pub_main.html.

misrepresentation made by the Subscriber or any failure by the Subscriber to fulfill any of the covenants or agreements set forth herein, in the Subscriber Information Form or in any other document provided by the Subscriber to the Fund.

5. Miscellaneous

(a) The Subscriber agrees that neither this Subscription Agreement, nor any of the Subscriber's rights, interest or obligations hereunder, is transferable or assignable by the Subscriber, and further agrees that the transfer or assignment of any Interest acquired pursuant hereto shall be made only in accordance with the provisions hereof, the Partnership Agreement and all applicable laws. Any assignment in violation of this Section 5(a) shall be null and void.

(b) The Subscriber agrees that, except as permitted by applicable law, it may not cancel, terminate or revoke this Subscription Agreement or any agreement of the Subscriber made hereunder, and that this Subscription Agreement shall survive the death or legal disability of the Subscriber and shall be binding upon the Subscriber's heirs, executors, administrators, successors and assigns.

(c) All of the representations, warranties, covenants, agreements, indemnities and confirmations set out above and in the Subscriber Information Form shall survive the acceptance of the subscription made herein and the issuance of any Interest.

(d) This Subscription Agreement, together with the Subscriber Information Form, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior understandings, agreements or representations among the parties, written or oral, as they relate to the subject matter hereof.

(e) This Subscription Agreement may be amended or modified only by a writing executed by both parties.

(f) Within ten (10) days after receipt of a written request therefor from the Fund, the Subscriber agrees to provide such information and to execute and deliver such documents as the Fund may deem reasonably necessary to comply with any and all laws, rules, regulations, orders and ordinances to which the Fund is or may be subject.

(g) The Subscriber agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its investment in the Fund) or disclose to any person, any information or matter relating to the Fund and its affairs and any information or matter related to any investment of the Fund (other than disclosure to the Subscriber's authorized representatives); provided that (i) the Subscriber may make such disclosure to the extent that (x) the information to be disclosed is publicly known at the time of proposed disclosure by the Subscriber through no fault of the Subscriber, (y) the information otherwise is or becomes legally known to the Subscriber other than through disclosure by the Fund, or (z) such disclosure is required by law or in response to any governmental agency request or in connection with an examination by any regulatory authority; provided that such agency, regulatory authority or association is aware of the confidential nature of the information disclosed; (ii) the Subscriber may make such disclosure to its Beneficial Interest Holders to the extent required under the terms of its arrangements with such persons; and (iii) the Subscriber will be permitted, after written notice to

the General Partner, to correct any false or misleading information that becomes public concerning the Subscriber's relationship to the Fund. Prior to making any disclosure required by law, the Subscriber shall use its best efforts to notify the General Partner of such disclosure. Prior to any disclosure to any authorized representative or Beneficial Interest Holder, the Subscriber shall advise such persons of the confidentiality obligations set forth herein and each such person shall agree to be bound by such obligations. Notwithstanding the foregoing, the Subscriber may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Fund and all materials of any kind (including opinions or other tax analyses) that are provided in connection with this Subscription Agreement to the Subscriber relating to such tax treatment or tax structure. The Subscriber acknowledges and agrees that the Fund and the General Partner would be damaged irreparably and would not have an adequate remedy at law if this Section (g) is not performed in accordance with its specific terms or is otherwise breached. Accordingly, in addition to any other remedy to which it may be entitled at law or in equity, each party will be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Section 5(g) and to enforce specifically this Section 5(g), without bond or other security being required. The rights and remedies in this Section 5(g) are cumulative and in addition to any other rights and remedies otherwise available at law or in equity. Nothing will be considered an election of remedies or a waiver of the right to pursue any other right or remedy to which party may be entitled.

6. Agreement to be a Limited Partner

Subject only to the acceptance of this Subscription Agreement by the General Partner, the Subscriber hereby joins in and agrees to be bound by the Partnership Agreement as a limited partner.

7. Power of Attorney

The following shall not be applicable to individuals executing this Subscription Agreement while physically present in the State of New York, regardless of such individuals' state of residence. Such individuals must execute the separate "Power of Attorney for Individuals in New York." This provision shall automatically not be applicable to any individuals signing such power of attorney. By not executing the "Power of Attorney for Individuals in New York," the Subscriber represents that such Subscriber is not a natural person that is present in the State of New York at the time of execution and delivery of this Subscription Agreement.

(a) Subject only to the acceptance of this Subscription Agreement by the General Partner, the Subscriber does hereby appoint the General Partner, acting through any of its authorized partners, members or officers, as the Subscriber's true and lawful attorney-in-fact with full power of substitution and re-substitution, to have full power and authority to act in the Subscriber's name, place and stead and on the Subscriber's behalf to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish all such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, may from time to time be required by the laws of the United States of America, the State of Texas, or any other jurisdiction in which the Fund determines to do business, or any political subdivision or agency thereof.

(b) The Subscriber acknowledges receipt of the Partnership Agreement. The Subscriber is aware that the terms of the Partnership Agreement permit certain amendments to

the Partnership Agreement to be effected and certain other actions to be taken or omitted by or with respect to the Fund without the Subscriber's consent, including the formation of any alternative investment vehicle by the General Partner in furtherance of the business of the Fund and the transfer of the Subscriber and his or her Interest or capital account in the Fund to such new investment vehicle by any means permitted by law.

(c) If an amendment of the Certificate of Limited Partnership of the Fund or the Partnership Agreement or any action by or with respect to the Fund is taken by the General Partner in the manner contemplated by the Partnership Agreement, the Subscriber agrees that, notwithstanding any objection that the Subscriber may assert with respect to such action, the General Partner in its sole discretion is authorized and empowered, with full power of substitution, to exercise the authority granted above in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. The Subscriber is fully aware that each other partner of the Fund relies on the effectiveness of this special power-of-attorney with a view to the orderly administration of the affairs of the Fund. This power-of-attorney is a special power-of-attorney and is coupled with an interest in favor of the General Partner and as such:

- (i) is irrevocable and continues in full force and effect notwithstanding the subsequent death or incapacity of any party granting this power-of-attorney, regardless of whether the Fund or the General Partner has had notice thereof; and;
- (ii) survives the delivery of an assignment by the Subscriber of the whole or any portion of the Subscriber's Interest, except that where the assignee thereof has been approved by the General Partner for admission to the Fund as a substituted limited partner, this power-of-attorney given by such assignor survives the delivery of such assignment for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

(d) If the undersigned is executing on behalf of an entity, the undersigned has been duly authorized by such entity to execute this Subscription Agreement, which includes this Power of Attorney, and this Subscription Agreement, together with this Power of Attorney, has been duly executed and delivered on behalf of such entity and is the valid and binding agreement of the Subscriber, enforceable against the Subscriber in accordance with its terms. If the Subscriber is an individual, the Subscriber has the legal capacity to execute, deliver and perform the obligations contained in this Subscription Agreement, including this Power of Attorney.

(e) The undersigned agrees to hold the General Partner harmless from any liability, damages or loss that the undersigned sustains from the General Partner's action or failure to act except to the extent such losses, liability or damages are directly caused by the gross negligence or willful misconduct of the General Partner.

8. Notices

Any notice required or permitted to be given to the Subscriber in relation to the Fund shall be sent to the address specified in Part A, Section I of the Subscriber Information Form or to such other address as the Subscriber designates by written notice received by the General Partner.

9. Governing Law

This Subscription Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to any conflict of law principles that would result in the application of the laws of any other jurisdiction.

[Signature Page Follows]

CIVITAS ENCORE FUND, LP
SIGNATURE PAGE

(Complete and sign)

By signing below, the Subscriber (1) confirms that the information contained in the Subscriber Information Form is accurate and complete, (2) agrees to the terms of the Subscription Agreement and the Partnership Agreement (3) requests that the records of the Fund reflect the Subscriber's admission as a limited partner and (4) agrees to pay an administrative fee to the Manager in an amount equal to \$_____ (the "*Administrative Fee*").

Dated: _____, 2010

AMOUNT OF SUBSCRIPTION

U.S.\$ _____

Name of Subscriber's Spouse
(if a natural person and purchasing jointly
or if Subscriber is in a community property
jurisdiction)

Name of Subscriber

Signature of Spouse
(if a natural person and purchasing jointly
Or if Subscriber is in a community property
jurisdiction)

Subscriber's Signature

Name and title or representative
capacity, if applicable

The Subscriber's subscription is accepted, subject to the provisions of the Subscription Agreement and the Partnership Agreement and receipt by the Manager of the Administrative Fee.

Civitas Encore Fund GP, LP, General Partner
By: Civitas Partners, LLC

By: _____

Name: _____

Title: Manager

Dated: _____, 2010

**CIVITAS ENCORE FUND, LP
SIGNATURE PAGE**

(Complete and sign)

By signing below, the Subscriber (1) confirms that the information contained in the Subscriber Information Form is accurate and complete, (2) agrees to the terms of the Subscription Agreement and the Partnership Agreement (3) requests that the records of the Fund reflect the Subscriber's admission as a limited partner and (4) agrees to pay an administrative fee to the Manager in an amount equal to \$_____ (the "*Administrative Fee*").

Dated: _____, 2010

AMOUNT OF SUBSCRIPTION

U.S.\$ _____

Name of Subscriber's Spouse
*(if a natural person and purchasing jointly
or if Subscriber is in a community property
jurisdiction)*

Name of Subscriber

Signature of Spouse
*(if a natural person and purchasing jointly
Or if Subscriber is in a community property
jurisdiction)*

Subscriber's Signature

Name and title or representative
capacity, if applicable

The Subscriber's subscription is accepted, subject to the provisions of the Subscription Agreement and the Partnership Agreement and receipt by the Manager of the Administrative Fee.

Civitas Encore Fund GP, LP, General Partner
By: Civitas Partners, LLC

By: _____
Name: _____
Title: Manager

Dated: _____, 2010

Execute the below power of attorney if the Subscriber is an individual (i.e. natural person) present in the State of New York at the time of execution (regardless of place of residence)

POWER OF ATTORNEY
FOR INDIVIDUALS IN NEW YORK

I, _____, do hereby appoint Civitas Encore Fund GP, LP (the "**General Partner**"), acting through any of its authorized partners, members or officers, as my true and lawful attorney-in-fact with full power of substitution and re-substitution, to have full power and authority to act in my name, place and stead and on my behalf to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish all such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, may from time to time be required by the laws of the United States of America, the State of **Texas**, or any other jurisdiction in which the Fund determines to do business, or any political subdivision or agency thereof.

I acknowledge receipt of the Partnership Agreement. I am aware that the terms of the Partnership Agreement permit certain amendments to the Partnership Agreement to be effected and certain other actions to be taken or omitted by or with respect to the Fund without my consent, including the formation of any alternative investment vehicle by the General Partner in furtherance of the business of the Fund and the transfer of the Subscriber and his or her Interest or capital account in the Fund to such new investment vehicle by any means permitted by law:

If an amendment of the Certificate of Limited Partnership of the Fund or the Partnership Agreement or any action by or with respect to the Fund is taken by the General Partner in the manner contemplated by the Partnership Agreement, I agree that, notwithstanding any objection that I may assert with respect to such action, the General Partner in its sole discretion is authorized and empowered, with full power of substitution, to exercise the authority granted above in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. I am fully aware that each other partner of the Fund relies on the effectiveness of this special power-of-attorney with a view to the orderly administration of the affairs of the Fund. This power-of-attorney is a special power-of-attorney and is coupled with an interest in favor of the General Partner and as such:

- (1) is irrevocable and continues in full force and effect notwithstanding the subsequent death or incapacity of any party granting this power-of-attorney, regardless of whether the Fund or the General Partner has had notice thereof; and;
- (2) survives the delivery of an assignment by me of the whole or any portion of my Interest, except that where the assignee thereof has been approved by the General Partner for admission to the Fund as a substituted limited partner, this power-of-attorney given by such assignor survives the delivery of such assignment for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

This Power of Attorney shall not revoke any powers of attorney granted to any attorney-in-fact prior to this Power of Attorney, nor shall this Power of Attorney be revoked by future powers of attorney I grant. I understand that the General Partner is not receiving any compensation in its capacity as an attorney-in-fact in this Power of Attorney, but I understand and agree that the General Partner and/or any investment adviser appointed by the General Partner shall be entitled to the compensation provided in the Partnership Agreement or investment management

to the compensation provided in the Partnership Agreement or investment management agreement as now in effect or as amended in the future. I have the legal capacity to execute, deliver and perform this Power of Attorney.

I agree to hold the General Partner harmless from any liability, damages or loss that I sustain from the General Partner's action or failure to act as my agent except to the extent such losses, liability or damages are directly caused by the General Partner's gross negligence or willful misconduct. To the extent permitted by law, I hereby waive any standard of care expressly prescribed by statute.

I acknowledge receipt of the following language required by the State of New York:

CAUTION TO THE PRINCIPAL: *Your Power of Attorney is an important document. As the "principal," you give the person whom you choose (your "agent") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.*

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

IMPORTANT INFORMATION FOR THE AGENT: *When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:*

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent: The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

[Signature Page Follows]

IN WITNESS WHEREOF, I have executed this Power of Attorney on _____, 20__.

Name of Subscriber

Signature

STATE OF NEW YORK §
 §
COUNTY OF _____ §

On the ____ day of _____ in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Print Name: _____

My Commission Expires: _____

The undersigned executed this Power of Attorney on _____, 20__.

Civitas Encore Fund GP, LP
General Partner

By: Civitas Partners, LLC,
its General Partner

By: _____
Name: _____
Title: _____

STATE OF _____ §
 §
COUNTY OF _____ §

On the ___ day of _____ in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ___ day of _____, 20__.

Notary Public in and for the State of

Print Name:

My Commission Expires:

APPENDIX A

DEFINITIONS

Beneficial Interest Holder: A holder of any beneficial interest in an Interest.

Close Associate: With respect to a Senior Foreign Political Figure, a person who is widely and publicly known internationally to maintain an unusually close relationship with the Senior Foreign Political Figure; includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the Senior Foreign Political Figure.

EB-5 Program: The Regional Center Program of the USCIS pursuant to Section 204 of the Immigration & Nationality Act, as amended.

FATF: The Financial Action Task Force on Money Laundering.

FATF Country: A country that is a member of FATF. For a current list of FATF members, see: www.fatf-gafi.org.

Foreign Bank: An organization that (a) is organized under the laws of a country outside the United States; (b) engages in the business of banking; (c) is recognized as a bank by the bank supervisory or monetary authority of the country of its organization or principal banking operations; (d) receives deposits to a substantial extent in the regular course of its business; and (e) has the power to accept demand deposits, but does not include the U.S. branches or agencies of a foreign bank.

Foreign Shell Bank: A Foreign Bank without a Physical Presence in any country; does not include a Regulated Affiliate.

Government Entity: Any government or any state, department or other political subdivision thereof, or any governmental body, agency, authority or instrumentality in any jurisdiction exercising executive, legislative, regulatory or administrative functions of or pertaining to government.

I-526 Petition: the application for participation in the EB-5 Program.

Immediate Family: With respect to a Senior Foreign Political Figure, typically includes the political figure's parents, siblings, spouse, children and in-laws.

Non-Cooperative Jurisdiction: Any foreign country or territory that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as FATF, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur. For FATF's list of non-cooperative countries and territories See http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236992_1_1_1_1_1,00.html.

Physical Presence: A place of business that is maintained by a Foreign Bank and is located at a fixed address, other than solely a post office box or an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location

the Foreign Bank: (a) employs one or more individuals on a full-time basis, (b) maintains operating records related to its banking activities and (c) is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities.

Publicly Traded Company: An entity whose securities are listed on a recognized securities exchange or quoted on an automated quotation system in the U.S. or a country other than a Non-Cooperative Jurisdiction, or a wholly-owned subsidiary of such an entity.

Qualified Plan: A tax qualified pension or retirement plan in which at least 100 employees participate that is maintained by an employer that is organized in the U.S. or is a U.S. Government Entity.

Regulated Affiliate: A Foreign Shell Bank that: (a) is an affiliate of a depository institution, credit union, or Foreign Bank that maintains a Physical Presence in the U.S. or a foreign country, as applicable; and (b) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or Foreign Bank.

Related Person: With respect to any entity, interest holder, director, senior officer, trustee, beneficiary or grantor of such entity; provided that, in the case of an entity that is a Publicly Traded Company or a Qualified Plan, the term "*Related Person*" shall exclude any interest holder holding less than 5% of any class of securities of such Publicly Traded Company and beneficiaries of such Qualified Plan.

Senior Foreign Political Figure: A senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a Senior Foreign Political Figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a Senior Foreign Political Figure.

USA PATRIOT Act: The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 (Pub. L. No. 107-56).

USCIS: United States Citizenship and Immigration Service, an agency of the U.S. Department of Homeland Security. See www.uscis.gov.

APPENDIX B

W-9

(See Attached)

Request for Taxpayer Identification Number and Certification

Give form to the
 requester. Do not
 send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ _____ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
or
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if he or she stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 25% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).
 2. The United States or any of its agencies or instrumentalities.
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation.
 7. A foreign central bank of issue.
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
 9. A futures commission merchant registered with the Commodity Futures Trading Commission.
 10. A real estate investment trust.
 11. An entity registered at all times during the tax year under the Investment Company Act of 1940.
 12. A common trust fund operated by a bank under section 584(a).
 13. A financial institution.
 14. A middleman known in the investment community as a nominee or custodian, or
 15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

If the payment is for ...	THEN the payment is exempt for ...
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7

¹See Form 1099-MISC, Miscellaneous Income, and its Instructions.

²However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3876).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. *Other payments* include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell EBA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN.
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-368-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

What Name and Number to Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee
b. So-called trust account that is not a legal or valid trust under state law	The actual owner
5. Sole proprietorship or disregarded entity owned by an individual	The owner
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

*List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

†Circle the minor's name and furnish the minor's SSN.

‡You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

§List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see Special rules for partnerships on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.



Appendix F

Subscription Escrow Agreement

ESCROW AGREEMENT
(SUBSCRIPTION ESCROW AGREEMENT)

THIS SUBSCRIPTION ESCROW AGREEMENT (as the same may be amended or modified from time to time pursuant hereto, this "**Agreement**") is made and entered into as of [June __], 2010, by and among Civitas Encore Fund, LP, a Texas limited partnership ("**Issuer**"), Civitas Encore Fund GP, LP, a Texas limited partnership ("**General Partner**"), and together with Issuer, sometimes referred to individually as "**Party**" or collectively as the "**Parties**", and JPMorgan Chase Bank, National Association (the "**Escrow Agent**").

WHEREAS, pursuant to the terms of the Confidential Private Placement Memorandum, the Issuer is offering subscriptions ("**Subscriptions**") to individual investors for its limited partnership interests (the "**Securities**"), in exchange for \$500,000 per individual investor (the "**Proceeds**") until a minimum aggregate amount of \$10,000,000 (the "**Minimum Target Proceeds**"), and a maximum of \$15,000,000 (the "**Target Proceeds**"), is received and accepted by the General Partner;

WHEREAS, the Securities are being offered by the Issuer (the "**Offering**") pursuant to an exemption from the Securities Act of 1933 under Rule 506 of Regulation D on a "best efforts" basis as to the total Proceeds;

WHEREAS, the Offering is commencing on [June __], 2010, and shall terminate upon the receipt of Target Proceeds but no later than June 30, 2011 (the "**Termination Date**");

WHEREAS, the General Partner is an affiliate of Civitas Capital Management, LLC, a Texas limited liability company ("**Civitas**");

WHEREAS, Civitas is the exclusive manager of the City of Dallas Regional Center (the "**CDRC**"), which was approved on September 8, 2009, as a "**Regional Center**" under the Immigrant Investor Pilot Program, as defined at 8 CFR 204.6(m) and more commonly known as the EB-5 Regional Center Program (the "**EB-5 Program**") administered by the U.S. Citizenship and Immigration Service (the "**USCIS**");

WHEREAS, the General Partner has organized the Issuer, and the Issuer is conducting the Offering, in a manner that provides individual subscribers (each, an "**Investor**") with the ability to qualify to receive an employment-based fifth preference visa ("**EB-5 Visa**") under Section 203(b)(5) of the U.S. Immigration and Nationality Act, and otherwise participate in the EB-5 Program;

WHEREAS, in order for an Investor to subscribe for Securities, or participate in the EB-5 Program, it must deliver an executed Subscription Agreement evidencing its Subscription, together with a capital contribution in the amount of \$500,000, to an escrow agent designated by the Issuer;

WHEREAS, in order for an Investor's Subscription to be accepted by the General Partner, the Investor must have (a) submitted a completed Form I-526 to the USCIS, and (b) had its Form I-526 approved by the USCIS and, in the event that such Form I-526 is not submitted by the Investor, or is denied by the USCIS, the Investor's capital contribution must be returned and its Subscription terminated;

WHEREAS, if an Investor's Form I-526 is approved by the USCIS, then the Investor's Subscription shall automatically be accepted by the General Partner (subject to the terms of the applicable Subscription Agreement), and its capital contribution distributed to the Issuer;

WHEREAS, the Issuer and General Partner desire to establish an escrow relationship with Escrow Agent pursuant to which (a) each Investor will deliver via wire transfer to the Escrow Agent for deposit in an account administered by the Escrow Agent (the "**Escrow Account**"), in U.S. Dollars, the Investor's required capital contribution to the Issuer pursuant to its Subscription Agreement, and (b) with respect to each Investor, the Escrow Agent shall either (i) return the Investor's funds on deposit in the Escrow Account to the Investor in the event of a denial of, or failure to file, its Form I-526, or (ii) release such Investor's funds on deposit in the Escrow Account to the Issuer;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Appointment.** The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein. The Issuer represents, warrants and covenants that at all times during the term of this Agreement less than twenty-five percent (25%) of the Investors will be benefit plan investors as defined in 29 CFR 2510.3-101.

2. **Escrowed Funds.** Each Investor must subscribe for not less than \$500,000 in Securities, and is required pursuant to the terms of its Subscription Agreement to deposit all such funds in the Escrow Account via the wire transfer of U.S. Dollars (such funds, the "*Escrow Deposits*").

3. **Disposition and Termination.** The Escrow Agent shall hold all Escrow Deposits in a non-interest bearing account until such funds are required to be disbursed as follows:

(a) If for any reason, on or prior to the Termination Date, the Escrow Agent has not received the Minimum Target Proceeds, then the Escrow Agent, with respect to each Investor, the Escrow Deposits of which have not otherwise been disbursed to such Investor or to the Issuer under this *Section 3* (each, a "*Pending Investor*"), shall disburse to each such Pending Investor by check or wire transfer upon written instruction by Issuer in form of Exhibit A attached hereto, such Pending Investor's Escrow Deposits without any further action of such Pending Investor.

(b) If the Escrow Agent receives a written notice from the Issuer or General Partner indicating that an Investor's Form I-526 was either not filed by such Investor or denied by the USCIS (a "*Visa Failure Notice*"), then the Escrow Agent shall promptly, and in any event within three (3) business days, disburse to such Investor, by check or wire transfer upon written instruction by Issuer in form of Exhibit A attached hereto, such Investor's Escrow Deposits without any further action of such Investor.

(c) If the balance in the Escrow Account reaches an aggregate amount of \$10,000,000, Issuer or General Partner may provide Escrow Agent written notice indicating that each Investor's Form I-526 was accepted by the USCIS (a "*Visa Acceptance Notice*") and Escrow Agent shall promptly, and in any event within three (3) Business Days, disburse the entire balance to the Issuer in the account designated in *Section 10(b)*. Any additional deposit thereafter shall be disbursed on a monthly basis to Issuer without any further action by the Parties.

(d) Upon delivery of the final Escrow Deposits to by the Escrow Agent pursuant to this *Section 3*, this Agreement shall terminate, subject to the provisions of *Section 7(b)*.

4. **Escrow Agent.**

(a) The Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Registration Statement or the Underwriting Agreement (collectively, the "*Underlying Agreements*"), nor shall the Escrow Agent be required to determine if any person or entity has complied with the Underlying Agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of the Underlying Agreements, even though reference thereto may be made in this Agreement. In the event of any conflict between the terms and provisions of this Agreement and those of any of the Underlying Agreements or any other agreement among the Parties, the terms and conditions of this Agreement shall control. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, document, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper Party or Parties without inquiry and without requiring substantiating evidence of any kind. The Escrow Agent shall not be liable to any Party, any beneficiary, any subscriber or other person for refraining from acting upon any instruction setting forth, claiming, containing, objecting to, or related to the transfer or distribution of the Fund, or any portion thereof, unless such instruction shall have been delivered to the Escrow

Agent in accordance with **Section 10** below and the Escrow Agent has been able to satisfy any applicable security procedures as may be required thereunder. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Fund, including, without limitation, the Escrow Deposit nor shall the Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with it hereunder.

(b) The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that a final adjudication of a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of any loss to either Party. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates and agents. The Escrow Agent may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with, or in reliance upon, the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain or believe there is some ambiguity as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be given a direction in writing by the Parties which eliminates such ambiguity or uncertainty to the satisfaction of Escrow Agent or by a final and non-appealable order or judgment of a court of competent jurisdiction. The Parties agree to pursue any redress or recourse in connection with any dispute without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, incidental, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

5. Succession.

(a) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty (30) days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect. If the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) days following receipt of the notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the Parties hereto. Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Escrow Deposits (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time of delivery Escrow Agent's obligations hereunder shall cease and terminate, subject to the provisions of **Section 7(b)** below. In accordance with **Section 7(b)** below, the Escrow Agent shall have the right to withhold an amount equal to any amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the termination of this Agreement.

(b) Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business may be transferred, shall be the Escrow Agent under this Agreement without further act.

6. **Compensation and Reimbursement.** The Parties agree, jointly and severally, (a) to pay the Escrow Agent upon the execution of this Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, along with any fees or charges for accounts, including those levied by any governmental authority which the Escrow Agent may impose, charge or pass-through which, unless otherwise agreed in writing shall be as described in **Schedule 2** attached hereto, and (b) to pay or reimburse the Escrow Agent upon request for all expenses, disbursements and advances, including, without limitation reasonable attorney's fees and expenses, incurred or made by it in connection with the performance of this Agreement. The obligations contained in this **Section 6** shall survive the termination of this Agreement and the resignation, replacement or removal of the Escrow Agent.

7. **Indemnity.**

(a) The Parties shall jointly and severally indemnify, defend and save harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, costs or expenses (including, without limitation, the fees and expenses of outside counsel) (collectively "Losses") arising out of or in connection with (i) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except in the case of any Indemnitee to the extent that such Losses are finally adjudicated by a court of competent jurisdiction to have been primarily caused by the gross negligence or willful misconduct of such Indemnitee, or (ii) its following any instructions or other directions, whether joint or singular, from the Parties, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The indemnity obligations set forth in this **Section 7(a)** shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

(b) The Parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in, the [Escrow Deposits] for the payment of any claim for indemnification, fees, expenses and amounts due to the Escrow Agent or an Indemnitee. In furtherance of the foregoing, the Escrow Agent is expressly authorized and directed, but shall not be obligated, to charge against and withdraw from the [Escrow Deposits] for its own account or for the account of an Indemnitee any amounts due to the Escrow Agent or to an Indemnitee under either **Sections 5(a), 6 or 7(a)**.

8. **Patriot Act Disclosure/Taxpayer Identification Numbers/Tax Reporting.**

(a) **Patriot Act Disclosure.** Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("**USA PATRIOT Act**") requires the Escrow Agent to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the Parties acknowledge that Section 326 of the USA PATRIOT Act and the Escrow Agent's identity verification procedures require the Escrow Agent to obtain information which may be used to confirm each Party's identity, including without limitation its name, address and organizational documents ("**Identifying Information**"). The Parties agree to provide the Escrow Agent with and consents to the Escrow Agent obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Escrow Agent.

(b) **Certification and Tax Reporting.** The Parties have provided the Escrow Agent with their respective fully executed Internal Revenue Service ("**IRS**") Form W-8, or W-9 and/or other required documentation. All interest or other income earned under this Agreement shall be allocated to Issuer and reported, as and to the extent required by law, by the Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow Deposits by Issuer, whether or not said income has been distributed during such year. Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

9. **Notices.** All communications hereunder shall be in writing and except for communications from the Parties setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to funds transfer instructions (all of which shall be specifically governed by **Section 10** below), shall be deemed to be duly given after it has been received and the receiving party has had a reasonable time to act upon such communication if it is sent or served:

- (a) by facsimile;
- (b) by overnight courier; or
- (c) by prepaid registered mail, return receipt requested;

to the appropriate notice address set forth below or at such other address as any party hereto may have furnished to the other parties in writing by registered mail, return receipt requested.

If to Issuer: Civitas Encore Fund, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
Attention: Daniel J. Healy
Tel No.: (214) 572-2300
Fax No.: (214) 572-2398

If to General Partner Civitas Encore Fund GP, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
Attention: Daniel J. Healy
Tel No.: (214) 572-2300
Fax No.: (214) 572-2398

If to the Escrow Agent: JPMorgan Chase Bank, N.A.
Escrow Department
712 Main Street 5th Fl South
Houston, TX 77002
Attention: Paul Gilliam
Fax No.: (713) 216-6927

Notwithstanding the above, in the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by an officer of the Escrow Agent or any employee of the Escrow Agent who reports directly to any such officer at the above-referenced office. For purposes of this Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth above is authorized or required by law or executive order to remain closed.

10. **Security Procedures.** Notwithstanding anything to the contrary as set forth in *Section 9*, any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to any such funds transfer instructions that may otherwise be set forth in a written instruction permitted pursuant to *Section 3* of this Agreement, may be given to the Escrow Agent only by confirmed facsimile and no instruction for or related to the transfer or distribution of the Fund, or any portion thereof, shall be deemed delivered and effective unless the Escrow Agent actually shall have received such instruction by facsimile at the number provided to the Parties by the Escrow Agent in accordance with *Section 9* and as further evidenced by a confirmed transmittal to that number.

(a) In the event funds transfer instructions are so received by the Escrow Agent by facsimile, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on *Schedule 1* hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. Each funds transfer instruction shall be executed by an authorized signatory, a list of such authorized signatories is set forth on *Schedule 1*. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. If the Escrow Agent is unable to contact any of the authorized representatives identified in *Schedule 1*, the Escrow Agent is hereby authorized both to receive written instructions from and seek confirmation of such instructions by telephone call-back to any one or more of Issuer or General Partner's executive officers ("*Executive Officers*"), as the case may be, which shall include the titles of Managing Partner or Managing Director, as the Escrow Agent may select. Such "*Executive Officer*" shall deliver to the Escrow Agent a fully executed incumbency certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Issuer or General Partner to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the [Escrow Deposits] for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid,

or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The Parties acknowledge that these security procedures are commercially reasonable.

(b) The Parties acknowledges that the Escrow Agent is authorized to use the following funds transfer instructions to disburse any funds due to Issuer under this Agreement without a verifying call-back as set forth in *Section 10(a)* above:

Issuer's Bank account information:	Bank name:	Texas Capital Bank, NA
	Bank Address:	2000 McKinney Ave., Suite 700, Dallas, TX 75201
	ABA number:	111017979
	Account name:	Civitas Encore Fund, LP
	Account number:	1113036188

(c) Issuer acknowledges that repetitive funds transfer instructions may be given to the Escrow Agent for one or more beneficiaries where only the date of the requested transfer, the amount of funds to be transferred, and/or the description of the payment shall change within the repetitive instructions ("*Standing Settlement Instructions*"). Accordingly, Issuer shall deliver to Escrow Agent such specific Standing Settlement Instructions only for each respective beneficiary as set forth in *Schedule I*, by facsimile or other written instruction. Escrow Agent may rely solely upon such Standing Settlement Instructions and all identifying information set forth therein for each beneficiary. Escrow Agent and Issuer agree that such Standing Settlement Instructions shall be effective as the funds transfer instructions of Issuer, without requiring a verifying callback, whether or not authorized, if such Standing Settlement Instructions are consistent with previously authenticated Standing Settlement Instructions for that beneficiary.

(d) The Parties and Escrow Agent acknowledge that such Standing Settlement Instructions are a security procedure and are commercially reasonable.

11. **Compliance with Court Orders.** In the event that any of the Escrow Deposits shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, entity, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

12. **Miscellaneous.** Except for changes to funds transfer instructions as provided in *Section 10*, the provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by the Escrow Agent and the Parties. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by the Escrow Agent or any Party, except as provided in *Section 5*, without the prior consent of the Escrow Agent and the other Parties. This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to the principles of conflicts of laws of Texas or any other jurisdiction. Each Party and the Escrow Agent irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Texas. To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution attachment (before or after judgment), or other legal process, such Party shall not claim, and it hereby irrevocably waives, such immunity. **THE PARTIES AND THE ESCROW AGENT FURTHER HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LAWSUIT OR JUDICIAL PROCEEDING ARISING OR RELATING TO THIS AGREEMENT.** No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this

Agreement may be transmitted by facsimile or other electronic transmission, and such facsimile or electronic transmission will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. A person who is not a party to this Agreement shall have no right to enforce any term of this Agreement. The Parties represent, warrant and covenant that each document, notice, instruction or request provided by such Party to Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in **Section 8** above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

ISSUER:

CIVITAS ENCORE FUND, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LP,
a Texas limited partnership,
its general partner

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: _____

Title: _____

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP,
a Texas limited partnership

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: _____

Title: _____

ESCROW AGENT:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

SCHEDULE 1

**Telephone Number(s) and authorized signature(s) for
Person(s) Designated to give Funds Transfer Instructions**

If from Issuer:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840	_____
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593	_____
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039	_____
4. Tina R. Hou	(214) 572-2302; (214) 603-5088	_____

If from General Partner:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840	_____
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593	_____
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039	_____
4. Tina R. Hou	(214) 572-2302; (214) 603-5088	_____

**Telephone Number(s) for Call-Backs and
Person(s) Designated to Confirm Funds Transfer Instructions**

If from Issuer:

<u>Name</u>	<u>Telephone Number</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039
4. Tina R. Hou	(214) 572-2302; (214) 603-5088

If from General Partner:

<u>Name</u>	<u>Telephone Number</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039
4. Tina R. Hou	(214) 572-2302; (214) 603-5088

All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer.

Exhibit A
Release Letter

[Insert Date]

VIA FACSIMILE NO. 713-216-6927

JPMorgan Chase Bank, N.A.
712 Main Street, 5th Floor South
Houston, Texas 77002
Attention: Paul Gilliam, Escrow Services

Ref: Civitas Encore Fund, LP / Civitas Encore Fund GP, LP Escrow No. _____

Dear Sir or Madam:

Reference is made to the Escrow Agreement dated June __, 2010 (the "**Agreement**"), by and among Civitas Encore Fund, LP, a Texas limited partnership ("**Issuer**"), Civitas Encore Fund GP, LP, a Texas limited partnership ("**General Partner**"), and together with Issuer, sometimes referred to individually as "**Party**" or collectively as the "**Parties**", and JPMorgan Chase Bank, National Association (the "**Escrow Agent**").

Issuer or General Partner instructs Escrow Agent to return {Name of Investor} Escrow Deposit due to the following reason:

- ___ Investor's Form I-526 was denied by the U.S. Citizenship and Immigration Service ("**USCIS**")
- ___ Investor's Form I-526 was not filed with USCIS
- ___ The balance representing the aggregate amount greater than or equal to the Minimum Target Proceeds prior to the Termination Date was not met

Escrow Deposit in the amount of \$ _____ is to be disbursed in the following manner:

[Check:]

Client name /address / attention

[Wire:]

Bank Name
Bank address
Routing number
Account name
Account number

If you have any questions , please contact _____.

Remainder of Page Intentionally Left Blank; Signature Page Follows

ISSUER:

CIVITAS ENCORE FUND, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LP,
a Texas limited partnership,
its general partner

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP,
a Texas limited partnership

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

SCHEDULE 2

J.P.Morgan

Schedule of Fees for Escrow Agent Services

Based upon our current understanding of your proposed transaction, our fee proposal is as follows:

Account Acceptance Fee\$

Encompassing review, negotiation and execution of governing documentation, opening of the account, and completion of all due diligence documentation. Payable upon closing.

Annual Administration Fee \$

The Administration Fee covers our usual and customary ministerial duties, including record keeping, distributions, document compliance and such other duties and responsibilities expressly set forth in the governing documents for each transaction. Payable upon closing and annually in advance thereafter, without pro-ration for partial years.

Extraordinary Services and Out-of-Pocket Expenses

Any additional services beyond our standard services as specified above, and all reasonable out-of-pocket expenses including attorney's or accountant's fees and expenses will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at the Bank's then standard rate. Disbursements, receipts, investments or tax reporting exceeding 25 items per year may be treated as extraordinary services thereby incurring additional charges. The Escrow Agent may impose, charge, pass-through and modify fees and/or charges for any account established and services provided by the Escrow Agent, including but not limited to, transaction, maintenance, balance-deficiency, and service fees and other charges, including those levied by any governmental authority.

Disclosure & Assumptions

- Please note that the fees quoted are based on a review of the transaction documents provided and an internal due diligence review. JPMorgan reserves the right to revise, modify, change and supplement the fees quoted herein if the assumptions underlying the activity in the account, level of balances, market volatility or conditions or other factors change from those used to set our fees.
- The escrow deposit shall be continuously invested in a JPMorgan Chase Bank money market deposit account ("MMDA") or a JPMorgan Chase Bank Cash Compensation account. MMDA and Cash Compensation Accounts have rates of compensation that may vary from time to time based upon market conditions. The Annual Administration Fee would include a supplemental charge up to 25 basis points on the escrow deposit amount if another investment option were to be chosen.
- The Parties acknowledge and agree that they are permitted by U.S. law to make up to six (6) pre-authorized withdrawals or telephonic transfers from an MMDA per calendar month or statement cycle or similar period. If the MMDA can be accessed by checks, drafts, bills of exchange, notes and other financial instruments ("Items"), then no more than three (3) of these six (6) transfers may be made by an Item. The Escrow Agent is required by U.S. law to reserve the right to require at least seven (7) days notice prior to a withdrawal from a money market deposit account.
- Payment of the invoice is due upon receipt.

Compliance

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account. We may ask for information that will enable us to meet the requirements of the Act.

Appendix G

**Encore Enterprises, Inc. Existing Portfolio Properties and
Executive Management Team**



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CONSTRUCTION [Learn More](#)

Our construction division offers construction services to other divisions within the Encore family and/or third parties.

- CONSTRUCTION
- RETAIL
- MULTI-FAMILY
- HOSPITALITY GROUP

ENCORE ENTERPRISES, Inc.
IS A VISIONARY LEADER IN THE REAL ESTATE INDUSTRY.

Born in 1999, Encore Enterprises, Inc. is a diversified commercial real estate firm founded on the belief that by staying ahead of the market curve, the company can maximize opportunities and identify unique real estate investments. Encore develops and redevelops mixed-use complexes, limited and full-service hotels, multi-family and retail projects. In addition, Encore manages hotel and luxury vacation condominium resort properties and homeowner associations.

[Learn More](#)



RECENT PROJECTS

Gulfport Plaza
Gulfport, Mississippi

Spanish Fort Courtyard
Spanish Fort, Alabama

Spanish Fort FFI & Suites
Spanish Fort, Alabama

RECENT NEWS

03/19/2010
Michael Nelson Named Vice President and Director of Leasing for Encore Retail, LLC

01/14/2010
Jay Graham Named VP of Encore Construction



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- Spanish Fort Courtyard
- Spanish Fort FFI & Suites
- D'Iberville Courtyard
- Memphis Radisson Inn
- San Antonio Hampton Inn
- Bayou Reserve
- Oceanaire
- Darlington Square
- Lakeview Village
- Gulfport Plaza
- Seaway Center
- Camellia Pointe
- Washington Plaza
- Governor's Pointe

PORTFOLIO



Spanish Fort Courtyard
Spanish Fort, Alabama
91 Room Hotel

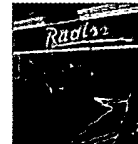


Spanish Fort FFI & Suites
Spanish Fort, Alabama
83 Room Hotel

D'Iberville Courtyard
D'Iberville, Mississippi
Hotel with 101 guest rooms



Memphis Radisson Inn
Memphis, Tennessee
Hotel with 211 guest rooms



San Antonio Hampton Inn
San Antonio, Texas 78230
120 Rooms, 6 Suites



Bayou Reserve
Thibodaux, Louisiana
240 Units

Oceanaire
Biloxi (St.Martin), Mississippi
196 units



Darlington Square
Darlington, South Carolina
80,950 SF



Lakeview Village
D'Iberville, Mississippi
910,000 SF



Gulfport Plaza
Gulfport, Mississippi
34,036 SF

Seaway Center
Gulfport, Mississippi
37,200 square feet



Camellia Pointe
Ocean Springs, Mississippi
39 Condominiums



Washington Plaza
Washington, Georgia
93,842 SF



Governor's Pointe
Cincinnati, OH 45040
360,000 SF



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ENCORE RETAIL

Encore Retail, LLC is a leading real estate development firm in the retail neighborhood and community shopping center sectors. We acquire and develop high-grade properties from the ground up in primary and growing primary and secondary markets, adding value to each individual property and the community in which it is located.

Our management team consists of proven leaders with more than 70 years of experience in acquiring, developing, financing, leasing and managing retail assets. Our position as a subsidiary of Encore Enterprises, Inc. allows us to provide efficient and effective leadership throughout every phase of development, ensuring the success of each and every retail project.

[Learn more about Encore Retail](#)

RECENT PROJECTS

Darlington Square
Darlington, South Carolina

Gulfport Plaza
Gulfport, Mississippi

Washington Plaza
Washington, Georgia

Lakeview Village
D'Iberville, Mississippi

Governor's Pointe
Cincinnati, OH 45040



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ENCORE MULTI-FAMILY

Encore Multi-Family, LLC is a full scale multi-family developer with a concentration on the southeastern quadrant of the United States. We are involved in all areas of multi-family developments and acquisitions, including ground up developments, acquisitions, joint ventures, mixed use, turnkey developments, HUD 221(d4) financing and conventional financing. We have one of the most seasoned management teams in the industry, with more than 70 years of collective experience. We work diligently to uphold Encore's core values of honesty, integrity and fairness while delivering quality work that is on time, on budget and nothing but the best.

[Learn more about Encore Multi-Family](#)

RECENT PROJECTS

Bayou Reserve
Thibodaux, Louisiana

Ocanaire
Biloxi (St.Martin),
Mississippi

Burleson Commons
Burleson, Texas



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 - [MULTI-FAMILY](#)
 - [HOSPITALITY GROUP](#)
 - [CORPORATE](#)
- [Encore Hospitality](#)
 [Pineapple Management Services](#)
 [Sterling Resorts](#)
 [Sterling Realty](#)



Pineapple Management Services, Inc.

Pineapple Management Services, Inc. is a nationally recognized, award-winning hotel management company with properties throughout the southeastern United States. Our portfolio includes national brands such as Marriott, Holiday Inn®, Wingate Inn, and Hawthorne Suites. As hotel operators, we understand what it takes to maximize asset value and bring operating profits to the bottom line. [Read More](#)

Encore Hospitality

Encore Hospitality is a private real estate acquisition, development and asset management company focusing on the upper mid-priced, branded select service and full-service hotel sector. Since our founding in 1999, we have significantly grown our portfolio from seven hotels to include as many as 38, with acquisitions of Pineapple Management Services, Inc. and Sterling Resorts along the way. [Read More](#)

Sterling Resorts

Sterling Resorts is one of the southeast United States' leading vacation rental management companies with properties throughout the Gulf Coast. [Read More](#)

Sterling Realty

Sterling Realty oversees the sales of commercial, residential and investment properties with a group of experienced and knowledgeable agents. [Read More](#)



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- Bharat Sangani**
- Patrick Barber**
- Mahesh Shetty**
- Alan Murray**
- Smita Sangani**
- Lawrence Jones**
- Dwayne Rash**
- Nicholas K. Barber**
- Bradley Miller**
- Donna Arp**
- Glenn Pedersen**
- Tracy Kunday**
- Mark Cypert**
- Yatin Gandhi**
- Kumar Shah**

MANAGEMENT TEAM

Our management team offers more than 200 years of collective experience in the real estate industry, with expertise in development, acquisitions, due diligence, marketing, construction and more. Select a name below to learn more about each individual's experience.



**Bharat Sangani
Chairman
Encore Enterprises, Inc.**
Bharat Sangani is the founder of Encore Enterprises, Inc. and has a proven record of real estate development projects throughout the Southern United States.



**Patrick Barber
President and CEO
Encore Enterprises, Inc.**
Patrick Barber is a results-oriented professional who has developed and financed over \$4 billion in real estate over the past 27 years

**Mahesh Shetty
Chief Operating Officer & Chief
Financial Officer
Encore Enterprises, Inc.**
Mahesh Shetty is the chief operating officer and chief financial officer for all the companies operating under Encore Enterprises, Inc.



**Alan Murray
General Counsel
Encore Enterprises, Inc.**
Alan Murray has over 35 years of experience in managing the legal and administrative aspects of commercial real estate and business affairs.



**Smita Sangani
Vice President
Encore Enterprises, Inc.**
Smita Sangani has first-hand experience in most every area of hotel operations, from general management to housekeeping and groundskeeping.



**Lawrence Jones
Managing Director
Encore Enterprises, Inc.**
Lawrence Jones has over 35 years of experience in the financial services industry, with an emphasis on publicly held real estate and hospitality companies.

**Dwayne Rash
President
Encore Construction Group**
Dwayne Rash is the president of Encore Construction Group, where he supervises and oversees all aspects of each construction project.



**Nicholas K. Barber
President
Encore Retail**
Nic Barber is focused on leading Encore's dynamic portfolio growth strategy of developing and acquiring profitable retail properties.



**Bradley Miller
President
Encore Multi-Family, LLC**
Mr. Miller has over 25 years of multi-family development and investment experience. He is a senior executive with a distinguished career in building relationships.



**Donna Arp
President
Encore Equities**
Donna Arp is the President of Encore Equities, LLC. Ms. Arp brings over 28 years of management and finance experience to Encore Enterprises, Inc.

**Glenn Pedersen
President
Encore Hospitality**
As president of Encore Hospitality, Glenn Pedersen oversees all aspects of hotel development, construction, design and management.



**Tracy Kunday
President
Pineapple Management Services**



**Mark Cypert
President of Institutional
Investments**
Mark Cypert is focusing on raising institutional investor equity and managing the Company's research and underwriting program to help identify projects meeting Encore's.



**Yatin Gandhi
Controller
Encore Enterprises, Inc.**
Yatin Gandhi oversees all aspects of monthly financial statements and management analysis, development of audit systems and more.

**Kumar Shah
Vice President of Technology
Encore Enterprises, Inc.**
Kumar Shah oversees Encore's

information technology needs,
including support, data center,
website administration and system
development.



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**U.S. Citizenship
and Immigration
Services**

September 8, 2009

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

File No. W09000080

Application: Request for Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on December 3, 2008 Karl Zavitkovsky submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the City of Dallas Regional Center.

Based on its review and analysis of your proposal, and of your response to the USCIS Request For Evidence, USCIS hereby designates City of Dallas Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following 12 target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations

4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area.

The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Placement Memorandum;
 - b. Operating Agreement
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement; and
 - f. Escrow Instructions

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

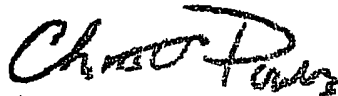
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority ; MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Christina Poulos
Director
California Service Center

cc: Elise A. Healy, Esq.

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



J1629100899225

Ship Date: 23AUG10
ActWgt: 1.0 LB
CAD: 4876583/NET3060

Delivery Address Bar Code



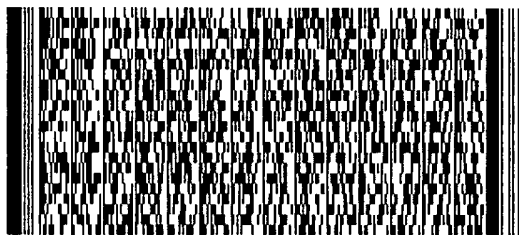
Ref # 277-008
Invoice #
PO #
Dept #

STAMP
AUG 24 2010
CSC
#110

SHIP TO: (000) 000-0000 BILL SENDER
ATTN: EB 5 RC Proposal
USCIS
24000 AVILA RD FL 2
2ND FLOOR
LAGUNA NIGUEL, CA 92677

TRK# 7989 7672 9955
0201

TUE - 24 AUG A2
PRIORITY OVERNIGHT



92677
CA-US
SNA

A7 JORA



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1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
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Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

Spencer Crain Cabbage Healy & McNamara pllc

July 1, 2010

USCIS California Service Center
ATTN: EB-5 UNIT
24000 Avila Road
2nd Floor, Room 2312
Laguna Niguel, CA 92677

REF: Amendment to City of Dallas Regional Center Approved Proposal
I-526 EXEMPLAR PETITION AND SUPPORTING DOCUMENTS
CDRC PROJECT: **CIVITAS ENCORE FUND, LP INVESTMENT IN ENCORE
INTERNATIONAL INVESTMENTS, LLC**
Our File No.:277-008

Dear Adjudication Officer:

I represent the City of Dallas Regional Center (CDRC), whose proposal was approved by your office on September 8, 2009. In addition, I represent the company with which the City of Dallas has contracted to manage and operate the CDRC, Civitas Capital Management, LLC (Civitas), as described in its approved regional center proposal. Forms G-28 executed by both CDRC and Civitas are on file with your office; for your convenience, I enclose copies of both.

This letter and the attached documentation are submitted pursuant to the "exemplar petition" procedure set forth by your office at the December 14, 2009 stakeholders' meeting, and memorialized in the published minutes of that meeting as well as the Adjudicators' Field Manual.

Specifically, I enclose Form I-526 as an exemplar of I-526 petitions that will be filed by foreign nationals seeking EB-5 visas pursuant to the Immigration & Nationality Act, as amended. The CDRC anticipates that 30 such foreign investors will subscribe \$500,000 each to the initial offering by Civitas, i.e., the Civitas Encore Fund, LP.

As described in the attached business plan, Civitas Encore Fund, LP intends to make a senior secured loan of \$15 million to a new commercial enterprise located in Dallas, Texas, as required by the CDRC regional center proposal. The new commercial enterprise, Encore International Investment Funds, LLC, (EIIF) will apply the funds to develop a customer service and reservations call center in Dallas that will support the company's current and future portfolio of hotels and resort condominiums, and to acquire, develop and manage additional such assets.

1201 Elm Street, Suite 4100
Dallas, Texas 75270
214.290.0000
214.290.0099 (Fax)

www.spencercrain.com

1330 Post Oak, Suite 1600
Houston, Texas 77056
713.963.3669
713.963.4663 (Fax)

20100701 14:49:59 1432

In support of the exemplar I-526, I have attached for your review the following supporting documents:

- Tab 1 CDRC Approval Letter
- Tab 2 CDRC Civitas Encore Fund, LP Comprehensive Business Plan with Job Creation Forecast and Timeline
- Tab 3 Certificate of Formation for the new commercial enterprise, Encore International Investment Funds, LLC, a Delaware Limited Liability Company (authorization to do business in Texas pending).
- Tab 4 Evans Carroll Economic Study supporting Dallas Call Center and Job Creation Forecast
- Tab 5 Evans Carroll TEA Study providing methodology supporting Dallas Mayor Tom Leppert's designation of certain Dallas census tracts as a TEA
- Tab 6 Subscription Documents, Civitas Encore Fund, LP (draft)
- Tab 7 Private Offering Memorandum, Civitas Encore Fund, LP (draft)
- Tab 8 Limited Partnership Agreement, Civitas Encore Fund, LP (draft)
- Tab 9 Subscription Escrow Agreement and Escrow Instructions (final)

Introduction

The documents submitted herewith are substantially identical to those that each EB-5 investor will submit in support of his or her Immigrant Petition by Alien Entrepreneur, Form I-526, in connection with such individuals' investments in the CDRC's Civitas Encore Fund, LP. This exemplar petition is submitted in accordance with the Service's expressed preference to consider such exemplar petitions and supporting documents in advance of individual investors' petitions, to conserve administrative resources where the investment and job creation documents are identical.

The Investment Vehicle: Civitas Encore Fund, LP

As described in the Comprehensive Business Plan attached at Tab 2, Civitas has created Civitas Encore Fund, LP, which will be the vehicle through which thirty (30) EB-5 investors will provide \$15 million in contributed capital, for the purpose of making a senior secured corporate loan to Encore International Investment Funds, LLC (EIIIF), a new commercial enterprise formed on June 23, 2010. EIIIF's authorization to do business in Texas is pending and will be supplied to individual petitioners.

As set forth in the Civitas Encore Fund, LP Limited Partnership Agreement, the EB-5 investors will have the rights, powers and duties of limited partners under the Texas Business Organizations Code. These are substantially the same as those normally granted under the Uniform Limited Partnership Act. Civitas Capital Management, LLC will function as the General Partner of the Fund, with responsibility for day to day management and monitoring of the

Fund's business, i.e., the investment in EEIF and the performance of the Borrower under the terms of the loan. (See Limited Partnership Agreement, Tab 8).

The New Commercial Enterprise, Encore International Investment Funds, LLC, to be Capitalized by Civitas Encore Fund, LP

Within 18 months of loan closing, the Borrower, Encore International Investment Funds, LLC (EIF), will use the EB5 capital to create and operate a reservations and customer service call center in Dallas, Texas, requiring a minimum of 250 direct full time jobs as well as a forecasted 183 indirect jobs in the CDRC, as described in the attached Comprehensive Business Plan (Tab 2) and the supporting economic study (Tab 4). EIF will also use the funds for working capital and the acquisition and development of additional hotel and condominium properties, for which the Dallas call center will provide reservations and customer service support. (See Comprehensive Business Plan, Tab 2, at 4).

EIF is a wholly-owned subsidiary of Encore Enterprises, Inc., a private Mississippi corporation engaged since 1999 in the creation of a vertically integrated hospitality and commercial real estate business. Encore Enterprises, Inc. acquires, re-positions or develops select assets in favorable markets that offer the potential for significant improvement in performance. The company focuses on development and re-development of mixed use complexes, limited and full service hotels, multi-family and retail projects. The parent company currently has nine operating subsidiaries and divisions, focused on the following businesses: hospitality investment and portfolio management; hotel management of brand name properties it owns, including Marriott, Hilton, Wyndham, Hampton Inn, Best Western and Radisson; condominium rental management; resort real estate; general contracting; retail center development and management; multi-family development; real estate investment funds; and asset services focused on acquisition of debt secured by real estate assets. See Business Plan, Tab 2, at 3-4. Encore International Investment Funds, LLC is the company's tenth operating subsidiary.

The new call center headquartered within Dallas city limits will support Encore Enterprise's core business of hospitality operations, as it rebuilds its hotel, condominium and resort portfolio. As such, EIF is an enterprise within the CDRC's Headquarters, Management and Administrative Operations industry cluster, as set forth in the approved regional center proposal. (Tab 1)

Key Points in Private Offering Memorandum, Limited Partnership Agreement, and Escrow Agreement and Instructions

As set forth in the Civitas Encore Fund, LP Private Offering Memorandum (Tab 7), the Fund will make a \$15 million senior corporate term loan to the borrower, Encore International Investment Funds, LLC, an affiliate of Encore Enterprises, Inc. The minimum investment amount for each investor is \$500,000. In addition, and separate from the \$500,000 subscription amount, each investor will pay a partially refundable administrative fee to the Fund or its Manager to cover certain administrative and legal expenses. Investors will also pay Civitas, as Manager of the Fund, a management fee. This fee will be paid out of the net cash flow of the new commercial enterprise, Encore International Investment Funds, LLC., and will

equal 2% of the aggregate capital contribution of each limited partner. The Management Fee will accumulate until sufficient cash flows exist to pay it.

As is noted in the Limited Partnership Agreement (Tab 8), Civitas Encore Fund, LP was formed for the purpose of making an EB-5 investment that qualifies for the lower minimum capital amount of \$500,000. The Agreement therefore provides investors with the documentation establishing that certain contiguous census tracts within the City of Dallas have been certified as a high unemployment area as defined in the regulations at 8 CFR 204.6(e), as well as the supporting documentation describing the data and methodology on which this determination was based.

As set forth in the Escrow Agreement (Tab 9), Civitas has designated JP Morgan Chase Bank, N.A. as the Escrow Agent for EB-5 investors' funds. Each EB-5 investor will wire transfer his/her investment funds to the Escrow Agent at the time he or she submits the subscription agreement and related partnership documents to Civitas, and files Form I-526 with USCIS. The investment funds will be held in escrow until USCIS approves the I-526 petition, at which time the General Partner of Civitas Encore Fund, LP will accept the investor as a limited partner, and the investment funds will be distributed to the Fund. In the event USCIS denies an investor's I-526 petition, the Escrow Agent will return the investment funds to the investor. The Escrow Agent will also return the investor's funds in the event he or she fails to file Form I-526.

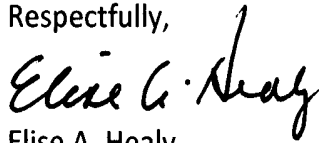
The New Commercial Enterprise Will Be Located in a Targeted Employment Area (TEA)

The new commercial enterprise in which Civitas Encore Fund, LP will invest, Encore International Investment Funds, LLC, will be located in the CDRC Targeted Employment Area certified by the Mayor of Dallas, Tom Leppert. The enterprise's parent company, Encore Enterprises, Inc., is currently located at 5005 LBJ Freeway, Suite 1200, Dallas, TX, 75244. While premises for the call center have not yet been acquired, the terms of the loan require that it be located within Dallas City limits. The Governor of Texas, Rick Perry, has designated local mayors of cities or towns located within a metropolitan statistical area, or cities or towns with a population of 20,000 or more, as the appropriate body of the state to certify that a particular geographic or political subdivision meets the necessary criteria to participate in the EB-5 program. Governor Perry's letter notifying USCIS of his designation is attached at Tab 5.

Pursuant to Governor Perry's designation, Mayor Tom Leppert of Dallas, certified certain contiguous census tracts in Dallas, Texas as a Targeted Employment Area (TEA) for CDRC investment. Copies of the Mayor's letter, the official TEA map for the CDRC, a description of the boundaries of the geographic area encompassed by the TEA, and the unemployment statistics and methodology on which the TEA certification was based, are attached at Tab 5. The TEA designation documents will be distributed to EB-5 investors as appendices to the Private Offering Memorandum.

Should you require any additional documentation in connection with this exemplar petition, please contact me directly.

Respectfully,

Handwritten signature of Elise A. Healy in cursive script.

Elise A. Healy
Attorney at Law

Enclosures: As Stated
Via Federal Express

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INDEX OF EXHIBITS

DOCUMENT NUMBER	DOCUMENT DESCRIPTION
1	USCIS Approval Letter for City of Dallas Regional Center Proposal
2	CDRC Civitas Encore Fund, LP Comprehensive Business Plan
3	Certificate of Formation for new commercial enterprise, Encore International Investment Funds, LLC
4	Evans Carroll Economic Study Supporting Dallas Call Center and Indirect Job Creation Forecast
5	Governor Perry's letter to USCIS in accordance with 8 CFR §204.6(i), designating Texas mayors as authorized to certify Targeted Employment Areas as defined in 8 CFR §204.6(e); Dallas Mayor Tom Leppert's letter to Civitas Capital Management, LLC, designating certain contiguous Dallas census tracts as a TEA with official TEA map; Evans Carroll Targeted Employment Area Study providing methodology and data supporting Dallas Mayor Tom Leppert's certification of certain contiguous Dallas Census Tracts as a TEA
6	Civitas Encore Fund, LP Subscription Documents
7	Civitas Encore Fund, LP Confidential Private Offering Memorandum
8	Civitas Encore Fund, LP Limited Partnership Agreement
9	Escrow Agreement and Instructions

01/11/2011 10:26:20 AM 17-43 020110 1525 442938

EXEMPLAR
I-526

Department of Homeland Security
U.S. Citizenship and Immigration Services

Do Not Write in This Block - For USCIS Use Only (Except G-28 Block Below)		
Classification _____	Action Block	Fee Receipt
Priority Date _____		To be completed by Attorney or Representative, if any <input checked="" type="checkbox"/> G-28 is attached TX 09329480 Attorney's State License No. _____
Remarks:		

START HERE - Type or print in black ink.

Part 1. Information About You

Family Name: CITY OF DALLAS REGIONAL CENTER
 Given Name: CIVITAS ENCORE FUND, LP EXEMPLAR
 Middle Name: _____

In care of Street Number and Name: ELISE A. HEALY, SPENCER CRAIN

Address: 1201 ELM ST. SUITE 4100 Apt. Number: _____

City: DALLAS State or Province: TX Country: USA Zip/Postal Code: 75270

Date of Birth (mm/dd/yyyy): _____ Country of Birth: _____ Social Security # (if any): _____ A # (if any): _____

If you are in the United States, provide the following information:
 Date of Arrival (mm/dd/yyyy): _____ I-94 #: _____
 Current Nonimmigrant Status: _____ Date Current Status Expires (mm/dd/yyyy): _____ Daytime Phone # with Area Code: _____

Part 2. Application Type (Check one)

- a. This petition is based on an investment in a commercial enterprise in a targeted employment area for which the required amount of capital invested has been adjusted downward.
- b. This petition is based on an investment in a commercial enterprise in an area for which the required amount of capital invested has been adjusted upward.
- c. This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

Part 3. Information About Your Investment

Name of commercial enterprise in which funds are invested: ENCORE INTERNATIONAL INVESTMENT FUNDS, LLC

Street Address: C/O CIVITAS CAPITAL MANAGEMENT, 900 JACKSON STREET, SUITE 150

Phone # with Area Code: 214.572.2301 Business organized as (corporation, partnership, etc.): LIMITED LIABILITY COMPANY

Kind of business (e.g. furniture manufacturer): ADMIN SUPPORT FOR HOSPITALITY INVESTMENT CO. Date established (mm/dd/yyyy): 06/23/2010 IRS Tax #: APPLIED FOR

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____



EXEMPLAR - NO FEE
REQUIRED

Part 3. Information About Your Investment (Continued)

Date of your initial investment (mm/dd/yyyy)	<input type="text"/>	Amount of your initial investment	\$	<input type="text" value="500,000.00"/>
Your total capital investment in the enterprise to date	\$ <input type="text" value="500,000.00"/>	Percentage of the enterprise you own		<input type="text" value="N/A"/>

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership, and whether or not the person is seeking classification under section 203(b)(5). **NOTE:** A "natural" party would be an individual person, and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in **Part 2** that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and State:

County	<input type="text" value="DALLAS"/>	State	<input type="text" value="TEXAS"/>
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Part 4. Additional Information About the Enterprise

Type of Enterprise (check one):

- New commercial enterprise resulting from the creation of a new business.
- New commercial enterprise resulting from the purchase of an existing business.
- New commercial enterprise resulting from a capital investment in an existing business.

Composition of the Petitioner's Investment:

Total amount in U.S. bank account	\$	<input type="text"/>
Total value of all assets purchased for use in the enterprise.....	\$	<input type="text"/>
Total value of all property transferred from abroad to the new enterprise.....	\$	<input type="text"/>
Total of all debt financing.....	\$	<input type="text"/>
Total stock purchases.....	\$	<input type="text"/>
Other (explain on separate paper).....	\$	<input type="text"/>
Total	\$	<input type="text"/>

Income:

When you made the investment.....	Gross	\$	<input type="text"/>	Net	\$	<input type="text"/>
Now.....	Gross	\$	<input type="text"/>	Net	\$	<input type="text"/>

Net worth:

When you made investment.....	Gross	\$	<input type="text"/>	Now	\$	<input type="text"/>
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Part 5. Employment Creation Information

Number of full-time employees in the enterprise in U.S. (excluding you, your spouse, sons, and daughters)

When you made your initial investment? Now , Difference

How many of these new jobs were created by your investment?

How many additional new jobs will be created by your additional investment?

What is your position, office, or title with the new commercial enterprise?

Limited partner in Civitas Encore Fund, LP, which is providing a senior secured loan to Encore International Investment Funds, LLC

Briefly describe your duties, activities, and responsibilities.

All of the rights, duties and responsibilities of a limited partner under the Uniform Limited Partnership Act. See attached partnership documents.

What is your salary? \$

What is the cost of your benefits? \$

Part 6. Processing Information

Check One:

- The person named in **Part 1** is now in the United States, and an application to adjust status to permanent resident will be filed if this petition is approved.
- If the petition is approved and the person named in **Part 1** wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality:

Country of current residence or, if now in the United States, last permanent residence abroad:

If you provided a United States address in **Part 1**, print the person's foreign address:

If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet:

Are you in deportation or removal proceedings? Yes (Explain on separate paper) No

Have you ever worked in the United States without permission? Yes (Explain on separate paper) No

Part 7. Signature *Read the information on penalties in the instructions before completing this section.*

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit I am seeking.

Signature Date

NOTE: *If you do not completely fill out this form or fail to submit the required documents listed in the instructions, you may not be found eligible for the immigration benefit you are seeking and this petition may be denied.*

Part 8. Signature of Person Preparing Form, If Other Than Above (Sign below)

I declare that I prepared this application at the request of the above person, and it is based on all information of which I have knowledge.

Signature Print Your Name Date

Firm Name Daytime phone # with area code

Address



Appearances - An appearance shall be filed on this form by the attorney or representative appearing in each case. Thereafter, substitution may be permitted upon the written withdrawal of the attorney or representative of record or upon notification of the new attorney or representative. When an appearance is made by a person acting in a representative capacity, his personal appearance or signature shall constitute a representation that under the provisions of this chapter he is authorized and qualified to represent. Further proof of authority to act in a representative capacity may be required. **Availability of Records** - During the time a case is pending, and except as otherwise provided in 8 CFR 103.2(b), a party to a proceeding or his attorney or representative shall be permitted to examine the record of proceeding in a Service office. He may, in conformity with 8 CFR 103.10, obtain copies of Service records or information therefrom and copies of documents or transcripts of evidence furnished by him. Upon request, he/she may, in addition, be loaned a copy of the testimony and exhibits contained in the record of proceeding upon giving his/her receipt for such copies and pledging that it will be surrendered upon final disposition of the case or upon demand. If extra copies of exhibits do not exist, they shall not be furnished free on loan; however, they shall be made available for copying or purchase of copies as provided in 8 CFR 103.10.

In re: Representation is limited to the following matter: Application for Designation as a Regional Center	Date: 11/20/2008
	File No.

I hereby enter my appearance as attorney for (or representative of), and at the request of the following named person(s):

Name: City of Dallas Office of Economic Development	<input type="checkbox"/> Petitioner	<input checked="" type="checkbox"/> Applicant
	<input type="checkbox"/> Beneficiary	
Address: (Apt. No.) (Number & Street) (City) (State) (Zip Code)		
1500 Marilla Street Room 5C South Dallas TX 75201		
Name:	<input type="checkbox"/> Petitioner	<input type="checkbox"/> Applicant
	<input type="checkbox"/> Beneficiary	
Address: (Apt. No.) (Number & Street) (City) (State) (Zip Code)		

Check Applicable Item(s) below:

- 1. I am an attorney and a member in good standing of the bar of the Supreme Court of the United States or of the highest court of the following State, territory, insular possession, or District of Columbia
Texas Supreme Court of Texas and am not under a court or administrative agency order suspending, enjoining, restraining, disbaring, or otherwise restricting me in practicing law.
- 2. I am an accredited representative of the following named religious, charitable, social service, or similar organization established in the United States and which is so recognized by the Board:
- 3. I am associated with _____ the attorney of record previously filed a notice of appearance in this case and my appearance is at his request. (If you check this item, also check item 1 or 2 whichever is appropriate.)
- 4. Others (Explain Fully.)

SIGNATURE 	COMPLETE ADDRESS Spencer Crain Cabbage Healy & McNamara, PLLC 1201 Elm Street, Suite 4100, Lock Box 50 Dallas, Texas 75270
NAME (Type or Print) Elise A. Healy, Attorney at Law, TX#09329480	TELEPHONE NUMBER (214) 290-0004 Fax: (214) 290-0099

PURSUANT TO THE PRIVACY ACT OF 1974, I HEREBY CONSENT TO THE DISCLOSURE TO THE FOLLOWING NAMED ATTORNEY OR REPRESENTATIVE OF ANY RECORD PERTAINING TO ME WHICH APPEARS IN ANY IMMIGRATION AND NATURALIZATION SERVICE SYSTEM OF RECORDS:

Elise A. Healy, Attorney at Law, TX#09329480

(Name of Attorney or Representative)

THE ABOVE CONSENT TO DISCLOSURE IS IN CONNECTION WITH THE FOLLOWING MATTER:
Application for Designation as a Regional Center

Name of Person Consenting Karl Zavitkovsky, Director	Signature of Person Consenting 	Date 11/21/08
---	------------------------------------	------------------

(NOTE: Execution of this box is required under the Privacy Act of 1974 where the person being represented is a citizen of the United States or an alien lawfully admitted for permanent residence.)

This form may not be used to request records under the Freedom of Information Act or the Privacy Act. The manner of requesting such records is contained in 8CFR 103.10 and 103.20 Et.SEQ.

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): N/A CBP - List the specific matter in which appearance is entered:
 ICE - List the specific matter in which appearance is entered: _____

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any <input type="checkbox"/> Petitioner <input checked="" type="checkbox"/> Applicant <input type="checkbox"/> Respondent	
Name: Last	First	Middle			
Civitas Capital Management, LCC					
Address: Street Number and Street Name		Apt. No.	City	State	Zip Code
c/o Spencer Crain, 1201 Elm Street, Suite 4100			Dallas	TX	75270

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCIBP, or USICE.

Signature of Petitioner, Applicant, or Respondent: *[Signature]* Daniel J HEALY, Managing Director Date: X 3/19/2010

Part 2. Information about Attorney or Accredited Representative (Check applicable items(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia:
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative Elise A. Healy, Attorney at Law		Attorney Bar Number(s), if any 09329480TX
Signature of Attorney or Accredited Representative <i>Elise A. Healy</i>		Date 3-19-2010
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code) Spencer Crain Cubbage Healy & McNamara, PLLC, 1201 Elm Street, Suite 4100, Lock Box 50, Dallas, Texas 75270		
Phone Number (Include area code) 214-290-0004	Fax Number, if any (Include area code) (214) 290-0099	E-Mail Address, if any ehealy@spencercrain.com



U.S. Citizenship
and Immigration
Services

September 8, 2009

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

File No. W09000080

Application: Request for Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on December 3, 2008 Karl Zavitkovsky submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the City of Dallas Regional Center.

Based on its review and analysis of your proposal, and of your response to the USCIS Request For Evidence, USCIS hereby designates City of Dallas Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following 12 target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations

4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area.

The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Placement Memorandum;
 - b. Operating Agreement
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement; and
 - f. Escrow Instructions

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

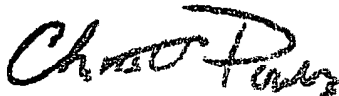
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Christina Poulos
Director
California Service Center

cc: Elise A. Healy, Esq.

CDRC

CITY OF DALLAS REGIONAL CENTER

Civitas Encore Fund, LP

Comprehensive Business Plan

June 22, 2010





Executive Summary

Civitas Capital Management, LLC ("**Civitas**"), as the exclusive third-party manager for the City of Dallas Regional Center ("**CDRC**"), is submitting to the United States Citizenship and Immigration Service ("**USCIS**") for its review and approval the comprehensive business plan for the Civitas Encore Fund, L.P. (the "**Fund**") and its loan to Encore International Investment Funds, LLC (the "**Borrower**"). The Fund is being organized under 8 CFR §204.6(m) – Immigrant Investor Pilot Program, and has been established to make up to \$15,000,000 in corporate term loans (the "**Term Loan(s)**") to the Borrower. The Borrower is a wholly-owned subsidiary of Encore Enterprises, Inc. ("**Encore**" or the "**Company**"). The Term Loan proceeds will be used for the purpose of financing the expansion of the Company's call center operations in Dallas, Texas, and as investment funds. The Borrower will be located within a Targeted Employment Area ("**TEA**"). Per 8 CFR §204.6(f)(ii) – Required Amounts of Capital, due to the borrower's location within the TEA, the Fund will be capitalized by 30 EB-5 Visa applicant investors, each making a minimum qualifying investment of \$500,000. Based on an econometric study conducted by Evans, Carroll & Associates, Inc., the Borrower's call center is projected to generate 433 total jobs, 44% more than the 300 job minimum requirement. The following items summarize the Comprehensive Business Plan:

Regional Center	City of Dallas Regional Center
Manager	Civitas Capital Management, LLC
EB-5 Investment Fund	Civitas Encore Fund, LP, a Texas limited partnership
EB-5 Investment	\$15,000,000
Use of the Funds	Make a \$15,000,000 corporate term loan to a new commercial venture
New Commercial Venture	Encore International Investment Funds, LLC, a Delaware LLC authorized to do business in Texas
New Commercial Venture Located within TEA?	Yes, the Borrower is located within a Targeted Employment Area as defined in 8 CFR §204.6(e)(ii).
Number of Investors	30 investors
Minimum Investment per Investor	\$500,000
Total Projected Job Creation	433 total jobs



Investment Summary

The Fund is being organized by Civitas Encore Fund GP, LP, a Texas limited partnership (the "**General Partner**"), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**"). The Fund is being established to make up to \$15,000,000 in Term Loan(s) to the Borrower, a wholly-owned subsidiary of Encore for the purpose of financing the expansion of the Company's call center operations in Dallas, Texas, and as investment funds. The Term Loan(s) will be unconditionally guaranteed by Encore.

The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a "regional center," as such term is defined at 8 CFR §204.6(e), approved under the USCIS' Immigrant Investor Pilot Program as provided in 8 CFR §204.6(m). The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "**City of Dallas**"). The USCIS approval letter for the CDRC under the Immigrant Investor Pilot Program is attached as **[Appendix A]**.

The Fund is targeting a double-bottom line return, one that delivers a fair return on invested capital, but also affords investors lawful, permanent resident status subject to the investor's compliance with the requirements of the USCIS and EB-5 Program. The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of direct, indirect and/or induced jobs. The Fund's strategy for meeting the job-creation requirement is described in detail below.

Description of the Borrower / Encore

The Borrower

The Borrower, Encore International Investment Funds, LLC, is a newly-formed, wholly-owned subsidiary of Encore. The Borrower is a Delaware limited liability company authorized to do business in Texas. The Borrower's organizational documents are attached as **[Appendix B]**. The Borrower is a single-purpose entity created to enter into the loan and to execute the business plan defined herein.

The Parent – Encore Enterprises, Inc.

Encore is headquartered in Dallas, Texas and was founded by Dr. Bharat Sangani and Mr. Patrick Barber in 1999 as a diversified commercial real estate firm. A privately-held company, Encore's stated goal is to create a vertically integrated hospitality and commercial real estate enterprise that generates superior returns by acquiring, repositioning or developing select assets in favorable markets that have the potential for significant improvement in performance. Encore focuses its attention on the development and re-development of mixed use complexes, limited and full service hotels, multi-family and retail projects. Dedicated resources in Encore's hospitality division manage hotel and luxury vacation condominium resort properties and homeowner associations. As of early 2010, since its founding,



Encore has completed over \$1.2 billion of investment transactions in nearly eighty acquisition and development projects.

Encore is comprised of multiple operating subsidiaries and divisions to vertically address the needs of the real estate industry, as follows:

Encore Hospitality – A private hospitality investment and management company focused on branded select or full-service hotels. Since 1996, Encore Hospitality has developed and acquired a portfolio of 44 hotels with 4,674 rooms. In 2008, the majority of this portfolio was sold for more than \$400 million to an affiliate of global investment bank Goldman Sachs. As of this writing, Encore Hospitality owns and manages five hotels totaling 606 rooms, and is actively in the process of acquiring and developing additional hospitality assets.

Pineapple Management Services – A hotel management company with properties throughout the southeastern United States. Encore's historical portfolio has included national brands such as Marriott, Courtyard by Marriott, Fairfield Inn by Marriott, Hilton, Wingate Inn, Residence Inn by Marriott, Radisson, Homewood Suites, Best Western and Holiday Inn Express.

Sterling Resorts – Provides a complete solution for condominium owners participating in rental management programs, including branding, sales, property management and on-site check-in and check-out services for guests. This division currently manages approximately 2,100 condominiums along the Gulf Coast of the United States, including approximately 800 owned by Encore or its affiliates.

Sterling Realty – Offers real estate services with expertise in resort real estate, single-family homes, condominium and vacation homes, investment properties, residential land, and all commercial brokerage activities. Sterling Realty also has an active long-term rental department for the "apartment-style" management of homes and condominiums.

Encore Construction – Offers general contracting and construction management services for a variety of market segments, including: hospitality, health care, entertainment, commercial, retail and multi-family. Encore Construction handles construction for the Encore portfolio and for third parties.

Encore Retail – Acquires and develops anchored neighborhood and community properties in Class A locations throughout the U.S. Its retail centers are built with credit anchor tenants in primary markets. Encore Retail adds value by having in-house leasing and property management. The company also acquires and manages existing shopping centers that offer positive healthy cash flow to Encore's investors.

Encore Multi-Family – An approved HUD developer focusing on Class A multi-family development, Encore Multi-Family specializes in creating value in underserved markets through ground-up development. Its emphasis is on providing housing in the South, Southeast, and Midwest regions of the



U.S. Encore Multi-Family also acquires and manages multi-family projects that offer positive cash flow to its investors.

Encore Equities – Provides investors with real estate investment opportunities through investment funds, limited partnerships and third-party national and regional real estate developers. This suite of investment products allows Encore to offer its investors the opportunity to create a diversified, professionally managed real estate investment portfolio.

Encore Asset Services – Encore's newest division, Encore Asset Services was established to focus on the acquisition of debt secured by well-positioned real estate assets in the hospitality, multi-family and retail sectors, as well as assets and loans from distressed sellers, including conventional loans, distressed and non-performing real estate mortgages, promissory notes, foreclosed real estate properties and other deeply discounted secured debt.

Business Plan

The Borrower will be using the proceeds of the loan for two purposes, as follows:

1. Establishment of a call center facility that will directly hire a minimum of 250 full-time workers within eighteen (18) months of loan closing. Loan proceeds will be used to acquire premises (whether leased or purchased) for this call center and pay expenses associated with its establishment and operation, including salaries, benefits, taxes and other costs associated with its personnel. The Borrower may spend up to \$5.0 million of the loan proceeds on establishing the call center.
2. Investment in various real estate properties in the United States, provided that such properties meet certain criteria, as defined in the section *Investment Criteria*. The Borrower will spend a minimum of \$10.0 million on such investments.

Call Center Operations

As previously mentioned, Encore is a vertically integrated real estate investment management company that operates the assets it owns. Encore's core business is its hospitality operations, and the firm has developed significant infrastructure to manage its portfolio. Since 1996, Encore Hospitality developed and acquired a portfolio of 44 hotels with 4,674 rooms, a portfolio it sold in 2007 for a significant profit. Encore has leveraged its hospitality operations to manage and rent condominiums and townhomes along the Gulf of Mexico in the Southeastern United States. Their current condominium portfolio consists of approximately 2,100 managed units, of which Encore owns approximately 800 condos. Encore has made the development of its infrastructure and management systems its highest priority and, as a result, enjoys a readily scalable IT infrastructure. The Borrower will expand Encore's call center operations within the CDRC, hiring 250 employees within eighteen (18) months of loan closing. The purpose of the call center will be to expand customer service and reservation processing for its hospitality and condominium portfolio. The following descriptions provide a representative sampling of



the types of positions that will be created at the call center, and do not include general and administrative staffing that may be required to manage its operations.

- Revenue/Reservations Manager: The Revenue/Reservations Manager will be responsible for maximizing overall hotel revenue through development and implementation of effective transient/group inventory pricing strategies based on future demand forecasts. Oversee Reservation Department.
- Reservations Coordinator: The Reservations Coordinator will be responsible for coordinating data entry and inventory management for reservations for multiple properties along the Gulf Coast. The agent will be responsible for making reservations from inbound email inquiries and assisting guests with their vacation accommodations for condos, hotels, and vacation homes.
- Reservation/Vacation Specialist: The Reservation/Vacation Specialist will be responsible for making reservations for multiple properties along the Gulf Coast. The agent will sell condo, hotel, and vacation homes to guests along with assisting owners and overall condo/hotel operation support.
- Night Audit Specialist: The Night Audit Specialist will be responsible for auditing the prior day's activities and monitoring the efficiency of the call center's operations. The specialist will review the daily activity reports, audit the daily cash logs and credit card processing data, and provide summary reports to supervisors.
- Demand Generators: The Demand Generators will be responsible for maximizing the overall visibility of the properties, condos, and vacation homes through various social media internet sites, property listings, direct marketing campaigns. They will also serve as the liaison between the sales, marketing, and reservations teams.
- Quality Assurance Specialists: The Quality Assurance Specialists will be responsible for monitoring and quantifying and measuring the achievements and performance of the call center to ensure revenue is being maximized. The specialist will be responsible for monitoring the performance of individual employees through various established metrics, and also recommend and implement "best practices" to continuously improve performance.

Investment Criteria

The remaining loan proceeds not invested in the call center will be used by the Borrower to assist in financing acquisitions of future investments, the earnings of which will benefit the Borrower and will be used to repay the Term Loan(s). Investments made by the Borrower will have to be approved by Civitas, as manager of the Fund, prior to closing to ensure that no portion of any such investment will consist of publicly traded securities or any other use of funds that would violate any law, rule, or regulation related to the EB-5 Program.



Job Creation Summary

EB-5 Program rules require creation of not less than ten (10) full-time (i.e., 35 hours per week) jobs per EB-5 investor. It is anticipated that the Fund will have 30 investors, meaning the Fund would need to create, via the Term Loan(s) to the Borrower, at least 300 full-time jobs in order to meet this requirement. The Term Loan documents require the Borrower to hire at least 250 new full-time employees within eighteen (18) months of the loan's closing date (as provided in the Term Loan Agreement). The Borrower intends to meet this requirement by hiring employees into the call center operation described in the previous section.

The Manager has commissioned Evans, Carroll & Associates, Inc. ("*Evans Carroll*") to conduct an econometric study of the Borrower's proposed capital spending strategy (the "*Economic Study*") in order to ensure that the Fund and its investors will comply with EB-5 job-creation requirements. A true and correct copy of the Economic Study is attached hereto as [Appendix C]. A summary of the job creation associated with the Fund and the Term Loan(s), as excerpted from the Economic Study, appears in the table below.

SUMMARY OF JOB CREATION DATA				
Industry Group	Direct	Indirect	Induced	Total
Other goods	0	0.1	0.4	0.5
Utilities	0	0.1	0.2	0.3
Construction	0	0.4	0.7	1.1
Manufacturing	0	1.9	7	8.9
Wholesale trade	0	0.8	4.6	5.4
Retail trade	0	0.5	24.2	24.8
Transportation	0	3.1	2.6	5.7
Information svcs	0	2.1	1.3	3.4
Banks and credit intermed	0	1.2	2.4	3.6
Other financial	0	1.9	7.9	9.8
Real estate	0	3.4	3.8	7.2
Lawyers and accountants	0	3	2.3	5.3
Architects and engineers	0	0.6	0.3	0.9
Computer program and design	0	3.3	1	4.3
Other professional svcs	0	4.2	2.4	6.7
Employment services	0	14.6	2.4	16.9
Other business services	0	2.9	0.7	3.5
Telephone call centers	250	1.9	0.4	252.3
Building support services	0	3.2	1.7	4.9
Social services	0	0.6	9.3	9.9
Health care	0	0	13.5	13.5
Entertainment and leisure	0	1.2	4.1	5.2
Hotels	0	1.4	1	2.4
Restaurants	0	5.7	11.5	17.2
Repair services	0	0.9	1.3	2.2
Personal services	0	1.3	5.9	7.2
Government	0	5.4	4.5	9.9
Total Jobs	250	66	117	433



As described in the table above, it is projected that the total number of direct jobs to be created in connection with the Fund and the Term Loan(s) will be 250 and the total number of indirect and induced jobs projected to be created in connection therewith will be 183. Therefore, the total projected number of jobs to be created in connection with the Fund and the Term Loan(s) is 433. Assuming that the Fund is fully subscribed, this amount of jobs exceeds the minimum number of jobs required to be created (i.e., 300), by approximately 44%.

TEA Qualification

The Borrower and the call center intended to create the aforementioned jobs will be located in a targeted employment area (as such term is used at 8 CFR §204.6(e), a "TEA") within the CDRC. The Manager has commissioned Evans Carroll to conduct an analysis of census tracts within the CDRC (the "TEA Study") in order to determine whether the Fund's Term Loan(s) to the Borrower qualifies for the \$500,000 minimum investment under EB-5 Program rules, rather than the standard \$1MM. Based on the results of the TEA Study, a true and correct copy of which is attached as [Appendix D], the Borrower is located in a TEA and, therefore, investors in the Fund are permitted to participate in the EB-5 Program by investing a minimum of \$500,000. Accordingly, the minimum investment in the Fund is \$500,000.

Approved Industries for Investment

As described in the CDRC Approval Letter attached hereto as [Appendix A], the CDRC is approved to invest in twelve industry sectors. The Fund's Term Loan(s) to the Borrower is a permitted investment because it falls into the following approved industry sectors:

- Headquarters, Management and Administrative Operations. The Borrower is a new commercial enterprise headquartered within the CDRC. Its investment activities will be managed from its Dallas location within the aforementioned TEA. In addition, its call center will provide administrative support to Encore's operations, both locally and around the country.

Ongoing Investment Management

Civitas will manage the Fund and asset manage the loan on behalf of the EB-5 investors. Civitas will provide timely, accurate information to all stakeholders, including its investors, borrowers, partners and the City of Dallas, in the same manner and at the same level of quality as a top-tier institutional investment firm to ensure that the investment, the investors, and the CDRC remains in compliance with EB-5 Program regulations. Civitas will maintain a close relationship with the Borrower and Encore to verify the necessary jobs are created in order to satisfy EB-5 Program requirements, and that the loan performs as agreed.

Organization of the Fund

The Fund, a Texas limited partnership, is designed specifically for investment by non-U.S. citizens seeking to immigrate to the United States and is intended to serve as a qualifying investment through a



"Regional Center" approved under the USCIS EB-5 Program. This offering is for limited partner interests in the Fund (the "**Interests**"), for up to a maximum aggregate amount of \$15,000,000. The minimum investment by an investor in the Fund (a "**Limited Partner**") is \$500,000 (the "**Subscription Amount**"). The Fund's Private Placement Memorandum and Limited Partnership Agreement are attached hereto as **[Appendix E]**.

Contribution of Funds

Each person subscribing for an Interest in the Fund must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "**Capital Contribution**") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund. Distributions from the escrow account will begin once a minimum of number of I-526 Petitions have been approved such that the aggregate Subscription Amounts of the approved I-526 Petitions is greater than or equal to \$5,000,000. The Fund's Subscription Escrow Agreement is attached hereto as **[Appendix F]**.

Appendix A

CDRC Approval Letter

Appendix B

Organizational Documents

Encore International Investment Funds, LLC

Appendix C

Evans Carroll Economic Study

Appendix D

TEA Study

Appendix E

Private Placement Memorandum and Limited Partnership Agreement

Civitas Encore Fund, LP

Appendix F

Subscription Escrow Agreement



State of Delaware
Secretary of State
Division of Corporations
Delivered 10:10 AM 06/28/2010
FILED 10:10 AM 06/28/2010
SRV 100694833 - 4841895 FILE

STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION

First: The name of the limited liability company is _____
Encore International Investment Funds, LLC

Second: The address of its registered office in the State of Delaware is _____
108 West 13th Street in the City of Wilmington
Zip code 19801. The name of its Registered agent at such address is
Business Filings Incorporated

Third: (Use this paragraph only if the company is to have a specific effective date of dissolution: "The latest date on which the limited liability company is to dissolve is _____.")

Fourth: (Insert any other matters the members determine to include herein.)

In Witness Whereof, the undersigned have executed this Certificate of Formation this
23rd day of June, 2010.

By: Alan L. Murray
Authorized Person(s)

Name: Alan L. Murray

**Economic Impact of Opening and Operating a Telephone Call
Center for Reservations and Customer Service as part of the
Dallas EB-5 Regional Center**

Prepared for:

**Civitas Capital Management, LLC and the
City of Dallas Regional Center**

Prepared by:

Michael K. Evans

Evans, Carroll & Associates, Inc.

2785 NW 26th St.

Boca Raton, FL 33434

561-470-9035

mevans@evanscarrollecon.com

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1. Executive Summary

- Civitas Capital Management plans to fund the operation of a telephone call center, whose employees will be engaged in providing customer support, scheduling, and reservations for a hotel company. The call center will be located in an existing building, so there will be no construction costs.
- The operator has indicated there will be 250 direct jobs. The IMPLAN employment multiplier, which is based on the economic data for Dallas, Denton, Collin, and Tarrant counties, is 1.732. As a result, there will be a total of 433 jobs, of which 66 will be indirect and 117 will be induced. The call center is in NAICS 5614, which is other business support services.
- The annual increase in output for this project is estimated at \$50.3 million, of which \$25.3 million is the direct revenue of the call center, \$8.5 million is indirect output, and \$16.5 million is induced output.
- The annual increase in labor income (household earnings) is estimated at \$22.7 million, of which \$13.7 million is the direct labor income of the call center workers, \$3.3 million is indirect income, and \$5.7 million is induced income.
- The project will be located in a part of Dallas that is a Targeted Employment Area, so that each EB-5 participant can invest \$500,000. As a result, approximately \$15 million will be raised from EB-5 investors.

2. Tabulation of Principal Results

If the telephone call center were to be operating at full capacity within two and a half years, the economic impact as measured by household earnings, demand for business services, utilities, maintenance and repair, and new supplier and vendor relationships is summarized in Table A.

Table A. Summary Measures of Economic Impact for Telephone Call Center

Household income for direct jobs created	\$13,733,000
Household income for indirect jobs created from new businesses purchasing goods and services that are locally produced, distributed, or sold	\$3,328,000
Household income for induced jobs created when new direct employees spend part of their paychecks on goods and services that are locally produced, distributed, or sold.	\$5,710,000
Demand for business services, including both professional and business support services but excluding telephone call centers	\$4,181,000
Demand for utility services: electric, natural gas, and water and sewer management	\$638,000
Maintenance and repair construction	\$159,000
New supplier/vendor relationships created with manufacturers	\$3,484,000

Household Earnings (Labor Income)

The jobs created by the various components of the telephone call center will subsequently create new sources of household income. The household income from direct jobs is about \$13.7 million. The household income from indirect total jobs is about \$3.3 million, and the household income from induced jobs is about \$5.7 million, for a grand total of \$22.7 million. This income calculation comes from the IMPLAN input-output model, which measures the average income per job by industry. The model calculations are based on the types of jobs that will be created within the regional

center, with indirect/induced impacts allocated based on the types of commodity inputs required by the businesses that would potentially locate in the regional center.

Demand for Business Services, Utilities, Maintenance and Construction, and New Supplier/Vendor Relationships Created with Manufacturers

The total economic impact of the regional center from the supplier purchases and business relationships for the telephone call center will create approximately \$8.5 million in additional economic activity across the region, not including the direct jobs at the call center. These supplier purchases are calculated from the indirect increase in output generated by the IMPLAN model. It should be noted that some of these supplier industries might potentially locate within the regional center, and their economic output is included in this total.

The estimate of supplier purchases is based on the commodity data in the IMPLAN input-output model. This data specifies the amount and type of commodity input needed to maintain specific types of business operations. The model estimates the supplier purchases based on the types of jobs and number of jobs that will be created within the regional center. In addition, the model allocates the supplier purchases to businesses within the region, based on trade flow data from the U.S. Bureau of Economic Analysis.

The regional center will create demand for business services including, professional services, and business services and support services. The impact of this activity totals about \$4.2 million annually, not including the direct output of the call center.

Utilities include services such as electricity, natural gas, and water and sewer facilities. The economic impact on utility services totals about \$0.6 million.

Maintenance and repair services include some building and construction activity on existing buildings. The regional center would create an economic impact of about \$0.16 million within these sectors in the region. Because most of the construction activity is either upfront during building construction or integrated into repair and maintenance services, the economic impact for construction sectors is minimal on an ongoing basis.

New supplier/vendor relationships with manufacturers would create an economic impact of about \$3.5 million. These activities include purchases of locally manufactured goods plus purchased materials used by the call center that are produced locally.

3. Introduction and Scope of Work

This report presents an analysis of the economic impact of operating a telephone call center in Dallas, TX. While the call center's specific location is yet to be determined, it will be located within a designated Targeted Employment Area exhibiting a high unemployment rate. The call center is currently projected to be located within an existing building, and, as a result, no construction activity will take place as part of this project.

Section (4) presents summary economic statistics for Dallas, Collin, Denton, and Tarrant counties, which are then compared to the Texas and overall U. S. statistics. Figure 1 graphs the growth in personal income for these counties compared to the overall U.S. economy. Section (5) presents labor market statistics for 2007-09. Section (6) provides data on the commuting patterns for various counties in the Dallas metropolitan area and shows why the combined area of Dallas, Collin, Denton, and Tarrant counties was chosen for the IMPLAN multiplier analysis contained in this report.

Sections (7) through (9) explain the methodology of using the IMPLAN model, the definition for calculating direct jobs, and the methodology for determining indirect jobs. Section (10) then shows the increases in direct, indirect, and induced employment, output, and labor (household) earnings that will be generated by the operation of the call center.

4. Economic Parameters for Dallas and Neighboring Counties

Table 1. Comparison of Dallas County, the State of Texas, and the U.S.

Category	Dallas	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,800,107	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	1,256,218	69.8%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	1,253,944	69.7%	12,096,927	66.0%	156,225,077	65.4%
Employed	1,180,804	65.6%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	73,140	4.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,274	0.1%	107,625	0.6%	1,240,036	0.5%
Not in labor force	543,889	30.2%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	1,180,804	100.0%	8,401,290	1.0%	146,266,253	100.0%

Management & professional	361,086	30.6%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	190,761	16.2%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	304,205	25.8%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	2,340	0.2%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	165,158	14.0%	843,666	10.0%	13,612,976	9.3%
Production & transportation	157,254	13.3%	750,988	8.9%	18,253,773	12.5%

INDUSTRY

Civilian employed population 16 +	1,180,804	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,358	0.5%	334,729	2.9%	2,653,081	1.8%
Construction	139,625	11.8%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	122,134	10.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	44,824	3.8%	378,731	3.3%	4,383,802	3.0%
Retail trade	129,280	10.9%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	68,232	5.8%	664,090	5.8%	7,595,843	5.2%
Information	32,340	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	104,389	8.8%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	154,735	13.1%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	189,666	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	95,132	8.1%	935,378	8.2%	12,904,517	8.8%
Other private services	64,199	5.4%	594,804	5.2%	7,092,352	4.8%
Public administration	29,890	2.5%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	846,928	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	60,339	7.1%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	41,091	4.9%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	108,587	12.8%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	103,004	12.2%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	131,840	15.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	153,078	18.1%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	90,033	10.6%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	86,108	10.2%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	31,972	3.8%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	40,876	4.8%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	47,085	90.5%	50,043	96.2%	52,029	
Mean household income (dollars)	70,273	98.3%	69,324	97.0%	71,498	

Families	555,578	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	25,727	4.6%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	20,056	3.6%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	68,262	12.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	64,052	11.5%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	85,247	15.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	99,834	18.0%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	65,867	11.9%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	66,442	12.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	25,935	4.7%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	34,156	6.1%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	52,576	83.0%	58,765	92.7%	63,366	
Mean family income (dollars)	79,438	95.3%	79,112	94.9%	83,351	
Per capita income (dollars)	26,147	94.8%	25,096	91.0%	27,589	
Median earnings for workers	27,390	91.7%	27,448	91.9%	29,868	
Median earnings for male full-time	35,513	78.0%	41,539	91.2%	45,556	
Median earnings for female full-time	35,465	100.0%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	14.10%	145.4%	12.40%	127.8%	9.70%	
All people	17.40%	131.8%	15.80%	119.7%	13.20%	

Note: in these and similar tables, the percentage figures in black are proportions of the total in that category, while the percentage figures in red are relative to the U.S. figures.

In terms of the occupational distribution of Dallas County, there is a strong manufacturing base, with 10.3% of the workforce engaged in that industry, compared to 9.9% for all Texas and 11.2% for the U. S. At least through 2008, the construction sector had also been quite strong, with 11.8% of the workforce compared to 7.4% nationally. The county has virtually no agriculture or mining (oil drilling). It also has a higher than usual proportion of employees in financial services, 8.8% compared to 6.9% nationally, and professional and administrative services, 13.1% compared to 10.4%. The major shortfalls are in education and health care, 16.1% compared to nationally 21.7%, and public administration, 2.5% compared to 4.7%.

Income distribution is about equal to the national average at the bottom and top of the income scale. However, there is a greater concentration in the near-poverty and lower-middle income levels. For families, 12.3% are in the \$15,000 to \$25,000 bracket,

compared to 8.2% nationally, and 11.5% are in the \$25,000 to \$35,000 bracket, compared to 9.1% nationally. As a result, median family income is only 83.0% of the national average; the other income figures are closer to the national average, but are still below in all cases except for the median earnings for full-time female workers. Also as result of this skewed distribution, the poverty rate for families is about 40%, or 4 percentage points, above the national average.

Table 2. Comparison of Collin County, the State of Texas, and the U.S.

Category	Collin	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	570,406	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	425,458	74.6%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	425,304	74.6%	12,096,927	66.0%	156,225,077	65.4%
Employed	407,580	71.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	17,724	3.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	154	0.0%	107,625	0.6%	1,240,036	0.5%
Not in labor force	144,948	25.4%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	407,580	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	197,174	48.4%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	50,678	12.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	110,135	27.0%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	539	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	26,095	6.4%	843,666	10.0%	13,612,976	9.3%
Production & transportation	22,959	5.6%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	407,580	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	3,090	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	25,539	6.3%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	45,070	11.1%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	13,301	3.3%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,845	11.5%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	12,901	3.2%	664,090	5.8%	7,595,843	5.2%
Information	20,116	4.9%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	45,620	11.2%	787,876	6.9%	10,112,239	6.9%

Professional & administrative	68,158	16.7%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	65,698	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	31,161	7.6%	935,378	8.2%	12,904,517	8.8%
Other private services	19,145	4.7%	594,804	5.2%	7,092,352	4.8%
Public administration	10,936	2.7%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	269,484	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	9,816	3.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	6,074	2.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	16,718	6.2%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	17,036	6.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	27,916	10.4%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	44,333	16.5%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	41,223	15.3%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	56,899	21.1%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	25,227	9.4%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	24,242	9.0%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	81,395	156.4%	50,043	96.2%	52,029	
Mean household income (dollars)	101,043	141.3%	69,324	97.0%	71,498	
Families						
Families	196,568	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	3,312	1.7%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	2,948	1.5%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	8,591	4.4%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,430	4.8%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	16,379	8.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	30,783	15.7%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	31,538	16.0%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	48,153	24.5%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	23,402	11.9%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	22,032	11.2%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	95,514	150.7%	58,765	92.7%	63,366	
Mean family income (dollars)	115,029	138.0%	79,112	94.9%	83,351	
Per capita income (dollars)	36,794	133.4%	25,096	91.0%	27,589	
Median earnings for workers	40,994	137.3%	27,448	91.9%	29,868	
Median earnings for male full-time	61,741	135.5%	41,539	91.2%	45,556	

Median earnings for female full-time	45,147	127.3%	32,530	91.7%	35,471
PERCENTAGE BELOW POVERTY LEVEL					
All families	4.70%	48.5%	12.40%	127.8%	9.70%
All people	6.90%	52.3%	15.80%	119.7%	13.20%

Collin County is a wealthy "bedroom" suburb of Dallas, although it also has a strong manufacturing base, which employs 11.1% of the workforce, more than the 10.3% for Dallas County and virtually the same as the U. S figure. However, unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.9% to 2.4% for information services, 11.2% to 6.9% for financial services and real estate, and 16.7% to 10.4% for professional services.

The income distribution is clearly skewed toward the higher end. In particular, 11.2% of the families have incomes over \$200,000, double the national figure of 5.6%. At the low end, only 1.7% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family income are both more than 50% above the national average, while poverty rates are only about 50% of U.S. average.

Table 3. Comparison of Denton County, the State of Texas, and the U.S.

Category	Denton	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	478,440	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	364,521	76.2%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	363,632	76.0%	12,096,927	66.0%	156,225,077	65.4%
Employed	346,771	72.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	16,861	3.5%	633,697	3.5%	9,958,824	4.2%
Armed Forces	889	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	113,919	23.8%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	346,771	100.0%	8,401,290	1.0%	146,266,253	100.0%

Management & professional	135,901	39.2%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	47,332	13.6%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	100,918	29.1%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	176	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	30,536	8.8%	843,666	10.0%	13,612,976	9.3%
Production & transportation	31,908	9.2%	750,988	8.9%	18,253,773	12.5%

INDUSTRY

Civilian employed population 16 +	346,771	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	2,414	0.7%	334,729	2.9%	2,653,081	1.8%
Construction	22,153	6.4%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	32,288	9.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	12,477	3.6%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,265	13.3%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	19,785	5.7%	664,090	5.8%	7,595,843	5.2%
Information	14,251	4.1%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	35,154	10.1%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	42,631	12.3%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	66,436	19.2%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	28,702	8.3%	935,378	8.2%	12,904,517	8.8%
Other private services	15,060	4.3%	594,804	5.2%	7,092,352	4.8%
Public administration	9,155	2.6%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	209,287	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	6,129	2.9%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	5,499	2.6%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	15,835	7.6%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	15,774	7.5%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	25,636	12.2%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	37,360	17.9%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	33,139	15.8%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	40,358	19.3%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	15,019	7.2%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	14,538	6.9%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	73,544	141.4%	50,043	96.2%	52,029	
Mean household income (dollars)	91,752	128.3%	69,324	97.0%	71,498	

Families	148,108	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	1,453	1.0%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	1,874	1.3%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	7,865	5.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,251	6.2%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	13,229	8.9%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	24,905	16.8%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	26,240	17.7%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	35,504	24.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	13,765	9.3%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	14,022	9.5%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	90,329	142.5%	58,765	92.7%	63,366	
Mean family income (dollars)	107,527	129.0%	79,112	94.9%	83,351	
Per capita income (dollars)	32,204	116.7%	25,096	91.0%	27,589	
Median earnings for workers	35,666	119.4%	27,448	91.9%	29,868	
Median earnings for male full-time	52,826	116.0%	41,539	91.2%	45,556	
Median earnings for female full-time	40,988	115.6%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	4.00%	41.2%	12.40%	127.8%	9.70%	
All people	6.50%	49.2%	15.80%	119.7%	13.20%	

Denton County is another wealthy "bedroom" suburb of Dallas, similar in many respects to Collin County. It does not have quite as strong a manufacturing base, with 9.3% of the workforce employed, compared to 11.2% nationally. Like Collin County and unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.1% to 2.4% for information services, 10.1% to 6.9% for financial services and real estate, and 12.3% to 10.4% for professional services. These figures are all somewhat lower than in Collin County.

The income distribution of Denton County is also clearly skewed toward the higher end. In particular, 9.5% of the families have incomes over \$200,000, compared to the national figure of 5.6%. At the low end, only 1.0% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family

income are both more than 40% above the national average; that is not quite as high as Collin County, where the figure is over 50%. However, the poverty rates are less than 50% of U.S. average and are even slightly below the rates for Collin County.

Table 4. Comparison of Tarrant County, the State of Texas, and the U.S.

Category	Tarrant	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,304,081	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	932,043	71.5%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	929,560	71.3%	12,096,927	66.0%	156,225,077	65.4%
Employed	877,101	67.3%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	52,459	4.0%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,483	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	372,038	28.5%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	877,101	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	295,558	33.7%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	126,724	14.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	247,567	28.2%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	640	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	90,492	10.3%	843,666	10.0%	13,612,976	9.3%
Production & transportation	116,120	13.2%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	877,101	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,847	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	71,412	8.1%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	109,542	12.5%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	34,877	4.0%	378,731	3.3%	4,383,802	3.0%
Retail trade	101,623	11.6%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	75,563	8.6%	664,090	5.8%	7,595,843	5.2%
Information	23,962	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	76,689	8.7%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	86,016	9.8%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	149,496	17.0%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food	69,723	7.9%	935,378	8.2%	12,904,517	8.8%

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Other private services	43,439	5.0%	594,804	5.2%	7,092,352	4.8%
Public administration	27,912	3.2%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	621,777	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	35,104	5.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	26,543	4.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	58,200	9.4%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	63,996	10.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	90,538	14.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	118,267	19.0%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	83,546	13.4%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	87,257	14.0%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	30,938	5.0%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	27,388	4.4%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	56,251	108.1%	50,043	96.2%	52,029	
Mean household income (dollars)	74,969	104.9%	69,324	97.0%	71,498	
Families	425,867	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	14,852	3.5%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	12,542	2.9%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	30,187	7.1%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	37,902	8.9%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	56,650	13.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	81,567	19.2%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	66,091	15.5%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	74,976	17.6%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	27,180	6.4%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	23,920	5.6%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	68,088	107.5%	58,765	92.7%	63,366	
Mean family income (dollars)	86,060	103.3%	79,112	94.9%	83,351	
Per capita income (dollars)	27,694	100.4%	25,096	91.0%	27,589	
Median earnings for workers	31,323	104.9%	27,448	91.9%	29,868	
Median earnings for male full-time	45,436	99.7%	41,539	91.2%	45,556	
Median earnings for female full-time	36,966	104.2%	32,530	91.7%	35,471	

PERCENTAGE BELOW POVERTY
LEVEL

All families	9.40%	96.9%	12.40%	127.8%	9.70%
All people	12.20%	92.4%	15.80%	119.7%	13.20%

Tarrant County, and Fort Worth, are more "blue collar" than Dallas, Collin, and Denton counties. The manufacturing base represents 12.3% of the total workforce, higher than the other three counties mentioned above and also above the national average figure of 11.2%. The proportion of employees in construction is below the Texas average but above the national average. There are slightly more jobs in financial services but fewer jobs in professional services than is the case nationally. The biggest differential is in transportation, with 8.6% of the workforce engaged compared to 5.2% nationally.

In terms of income distribution and poverty levels, Tarrant County is close to the national average for all major indexes. Hence it has less poverty than Dallas County, but less income and wealth than Collin and Denton counties.

Table 2. Population Growth in Selected Dallas Metropolitan Area Counties

	Texas	Dallas County	Tarrant County	Collin County	Denton County	4 counties
July 1,2009	24,782,302	2,451,730	1,789,900	791,631	658,616	5,691,877
July 1,2008	24,304,290	2,411,921	1,749,974	763,438	637,516	5,562,849
July 1,2007	23,837,701	2,381,873	1,709,745	732,986	615,172	5,439,776
July 1,2006	23,369,024	2,353,448	1,662,902	699,675	589,882	5,305,907
July 1,2005	22,801,920	2,316,657	1,612,195	659,840	558,026	5,146,718
July 1,2004	22,418,319	2,297,435	1,580,347	627,748	533,323	5,038,853
July 1,2003	22,057,801	2,287,070	1,552,186	596,599	512,229	4,948,084
July 1,2002	21,710,788	2,280,415	1,523,284	568,810	489,526	4,862,035
July 1,2001	21,332,847	2,267,590	1,488,516	537,779	464,862	4,758,747
July 1,2000	20,945,963	2,225,371	1,454,402	500,162	438,994	4,618,929
2009/08	1.97%	1.65%	2.28%	3.69%	3.31%	2.32%
2008/07	1.96%	1.26%	2.35%	4.15%	3.63%	2.26%
2007/06	2.01%	1.21%	2.82%	4.76%	4.29%	2.52%
2006/05	2.49%	1.59%	3.15%	6.04%	5.71%	3.09%
2005/04	1.71%	0.84%	2.02%	5.11%	4.63%	2.14%

2004/03	1.63%	0.45%	1.81%	5.22%	4.12%	1.83%
2003/02	1.60%	0.29%	1.90%	4.89%	4.64%	1.77%
2002/01	1.77%	0.57%	2.34%	5.77%	5.31%	2.17%
2001/00	1.85%	1.90%	2.35%	7.52%	5.89%	3.03%
2009/00	1.88%	1.08%	2.33%	5.23%	4.61%	2.35%

As shown in Table 2, unlike most of the rest of the country, population growth actually accelerated in Dallas County in the 2009 recession and remained very high in the surrounding counties. The tendency is sometimes to equate the continued expansion of the Texas economy with the high price of oil, but in fact the Dallas area has very little oil, and is benefitting from continued growth in high-tech manufacturing and professional services, managing to attract companies who are leaving jurisdictions with higher tax rates.

5. Employment and Unemployment Statistics for Selected Dallas Metropolitan Area Counties

This section shows the recent labor market statistics for various subsectors of the Dallas metropolitan area, plus the state of Texas. While the unemployment rate rose sharply in 2009, the increase was far less in Texas than was the case for the overall U.S. economy, where the unemployment rate rose to 9.3% in 2009.

Table 3. Labor Force, Employment, and Unemployment

		Labor Force	Employ- ment	Unempl oyment	Un Rate %
Area:	Texas				
	2007 Annual	11421105	10921706	499399	4.4
	2008 Annual	11635095	11059298	575797	4.9
	2009 Annual	11930847	11020226	910621	7.6
Area:	Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area				
	2007 Annual	3078736	2945240	133496	4.3
	2008 Annual	3111671	2955005	156666	5.0

2009	Annual	3162378	2914250	248128	7.8
Area: Dallas city, TX					
2007	Annual	577587	550189	27398	4.7
2008	Annual	585499	553153	32346	5.5
2009	Annual	592402	543968	48434	8.2
Area: Collin County, TX					
2007	Annual	395426	380118	15308	3.9
2008	Annual	404668	386020	18648	4.6
2009	Annual	409675	379610	30065	7.3
Area: Denton County, TX					
2007	Annual	337231	324020	13211	3.9
2008	Annual	343551	327996	15555	4.5
2009	Annual	347598	322550	25048	7.2
Area: Dallas County, TX					
2007	Annual	1136204	1083472	52732	4.6
2008	Annual	1137970	1075720	62250	5.5
2009	Annual	1152946	1057857	95089	8.2
Area: Tarrant County, TX					
2007	Annual	867870	830358	37512	4.3
2008	Annual	878609	835392	43217	4.9
2009	Annual	898086	828594	69492	7.7

6. Choice of Economic Region for Economic Analysis

We next consider the choice of counties that should be included in the economic multipliers used in this study. Table 4 shows the size of the total workforce in each of four counties in the Dallas metropolitan area, based on 2000 Census data, and the residence of these employees for each of the four counties.

In determining which counties should be included in the multiplier analysis for this and other projects in the Dallas metropolitan area, we use the criterion that the proportion of the workforce included should range from 90% to 95%; below 90%, the

multipliers are likely to be understated, while above 95% they are likely to be overstated. In Table 4, the percentages in red indicate the counties used for multiplier analysis.

Table 4. Commuting Patterns for Dallas Metropolitan Area

	Dallas	%	Collin	%	Denton	%	Tarrant	%
All counties	1357253	100.0%	208432	100.0%	141073	100.0%	672811	100.0%
Dallas	905380	66.7%	47978	23.0%	13258	9.4%	46430	6.9%
Collin	119210	8.8%	128271	61.5%	5194	3.7%	3442	0.5%
Denton	95367	7.0%	14896	7.1%	103598	73.4%	15809	2.3%
Tarrant	136092	10.0%	3228	1.5%	9290	6.6%	534154	79.4%
Tot Included	1256049	92.5%	191145	91.7%	131340	93.1%	580584	86.3%

The Dallas metropolitan area, as defined by Census, has several other counties, but they are not included in our analysis because the four counties given above represent 90% to 95% of the workforce for Dallas, Collin, and Denton counties. That is not the case for Tarrant County, which falls slightly below the 90% level; for businesses located in that county, we would omit Collin and Denton counties and add Parker County. Figure 1 shows all the counties in the Dallas/Fort Worth Metroplex area. Figure 2 shows a more detailed map for Dallas County.

Figure 1. Map of Counties in Dallas/Fort Worth Metroplex

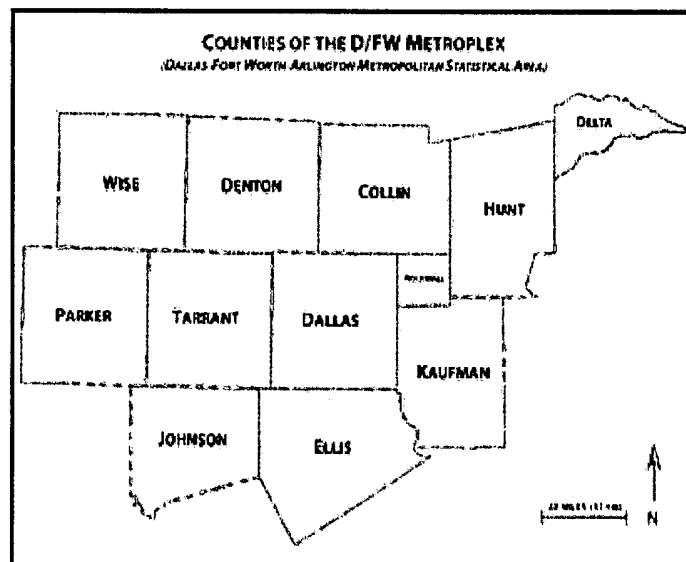


Figure 2. Map of Dallas County

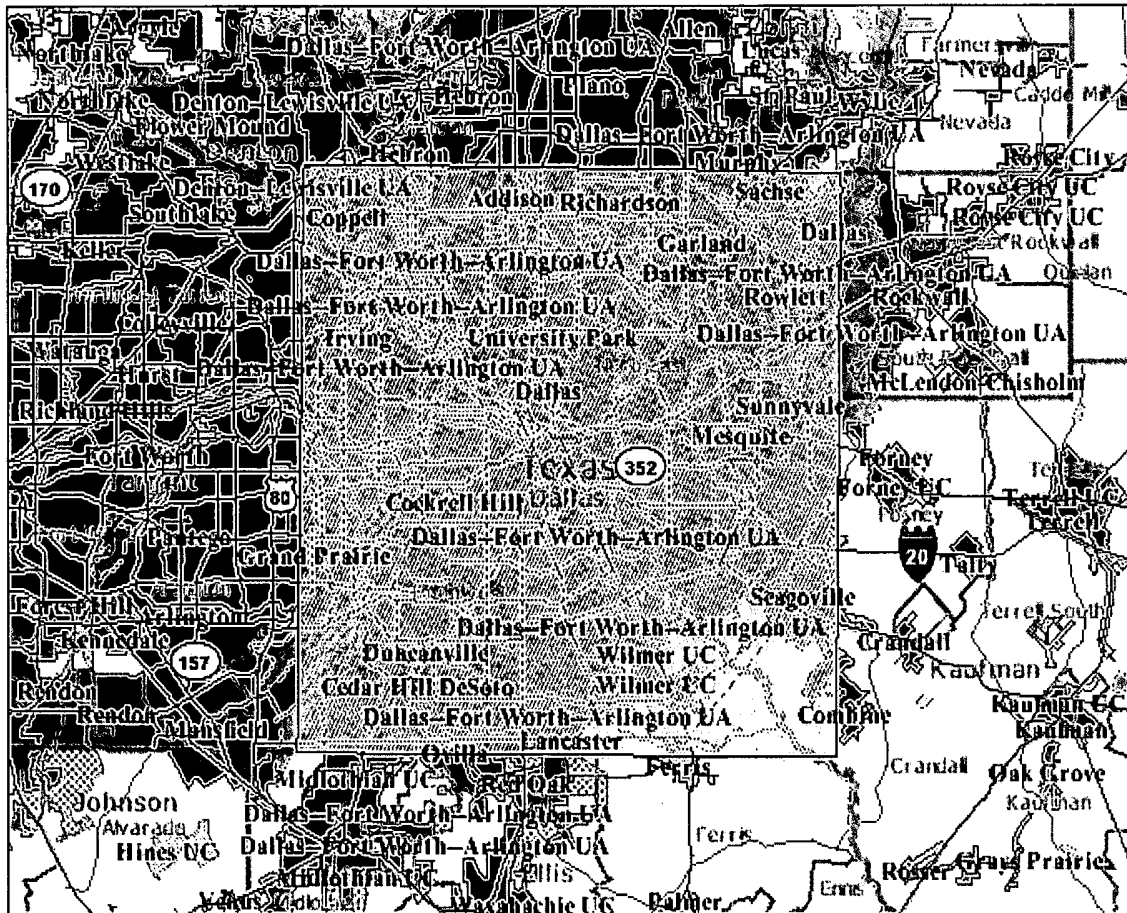


Figure 3 shows a map of Dallas County with unemployment by census tracts. The green areas are those with an unemployment rate of 14% or more in 2009. It is expected that the call center will be located in one of those census tracts.

Figure 3. Map of Dallas Census Tracts by Unemployment Rate



7. Guide to Using the IMPLAN model for USCIS Adjudicators

Note: this material has been prepared for USCIS Adjudicators who may not be familiar with input/output model methodology for the IMPLAN model. It can be skipped without loss of continuity by those readers who are already familiar with this approach.

Evans, Carroll & Associates, Inc. has used the IMPLAN model in approximately 60 studies to determine the economic impact of EB-5 and similar programs. This section explains in more detail how the IMPLAN model works, and why it is a valid approach for determining the economic impact for EB-5 regional centers.

The IMPLAN model calculates job creation for each category of economic activity. This model has been used in many earlier applications by USCIS and is one of

the two recognized models (the other one is RIMS II) that are generally used in these applications.

IMPLAN (and other input/output models) are based on the concept of a production function, which determines the quantities of inputs are required to produce a unit of output. The basic data are collected by the Commerce Department from a variety of sources, such as the Annual Survey of Manufacturers and various annual surveys of the service sector. The data are benchmarked to the Economic Census figures once every five years and then updated annually. These figures comprise a national input/output model.

The regional coefficients are then modified to take into account the proportion of goods and services required to produce one unit of output that are produced locally. These regional coefficients are based on data from the Economic Census.

For a manufacturing plant, for example, the raw materials required are measured by the input/output coefficients. Using the data for output per employee, these figures are then converted into new jobs created for indirect employees. The regional coefficients are then used to determine what proportion of these employees work in facilities in the local area. All these coefficients are imbedded in the IMPLAN model. The results shown in the tables contained in Sections (9) – (14) of this report are the end product of entering the inputs for direct jobs and solving the model for the indicated region.

For a service industry such as a hotel, office building, life sciences laboratory, retail store, or restaurant, the same concept is employed, except in this case most of the indirect jobs are also in a service occupation. In order for these businesses to function, they must hire lawyers, accountants, computer programmers, and administrators. They deposit their funds in banks and other financial institutions, creating new jobs in those industries. The buildings must be leased and the business must be insured, creating new jobs in those industries. Once again, the new jobs created are based on the regional coefficients of the IMPLAN model.

An input/output model is not a forecasting model that takes into account varying economic conditions. Instead, input/output models are designed to be static models. At any given time – based on production data gathered by the Department of Commerce – it is ascertained that a given quantity of inputs are used to determine a unit of output. These coefficients are assumed to be the same regardless of whether there is a boom or a recession. For example, it takes the same amount of coal, scrap iron, limestone, machinery, and labor to produce a ton of steel regardless of the underlying business cycle conditions.

Input/output models have been used in thousands of applications to determine the economic impact of a given investment of a specific project; sometimes these are regional models, sometimes they are national models.

The use of input/output models in general, and IMPLAN in particular, represent the standard and accepted way of determining the increase in i) employment and ii) the economic impact of regional center projects. In addition to employment, economic impact is measured by increases in output and labor income (sometimes referred to as household earnings) that will be generated by a given increase in direct jobs or expenditures for a given project. Output and labor income capture all of the factors listed in 8 C.F.R. Section 204.6(m)(3)(iv) such as "increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction."

The calculation of the employment multipliers is accomplished as follows:

1. The first step is to determine employment per dollar of output for each industry. There are 440 industries in the IMPLAN input/output matrix, but in this report these are generally aggregated into about 30 industry classifications. The figures for industry output and total employment are taken from Census data and vary for each county.
2. The figures for employment per dollar of output are then multiplied by various coefficients in the model, representing direct, indirect, and induced effects. The column for direct effects has a coefficient of 1 for the specific industry and 0 for all other industries. The column for indirect effects is based on the technical coefficients of production (e.g., how much coal is required to produce one ton of steel). These coefficients range from 0 to 1.
3. The column for induced effects is based on the proportion of household income that is spent in that industry. Usually the figures are higher for health care and retail trade and lower (or zero) for manufacturing industries.

To illustrate this, consider a very simple three-sector model in which we determine the employment multiplier for auto manufacturing. The three sectors are auto manufacturing, other manufacturing, and services.

	Output	Employment	Empl/Output
Auto mfg	100	10	0.10
Other mfg	2,000	250	0.08
Services	4,000	800	0.20

Employment Multipliers for Auto Manufacturing (in actual work, these would be taken from the IMPLAN model)

	Direct	Indirect	Induced
Auto mfg	1.00	0.05	0.08
Other mfg	0.00	0.25	0.40
Services	0.00	0.20	1.20

These figures are multiplied by the empl/output column to obtain the following results:

Employment Effects			
	Direct	Indirect	Induced
Auto mfg	0.10	0.005	0.008
Other mfg	0	0.002	0.005
Services	0	0.040	0.240
Total	0.10	0.047	0.253

In this case, the employment multiplier would be calculated as $(0.10 + 0.047 + 0.253)/0.10$, which in this case is 4.0. The total number of jobs created by the new auto plant is then equal to 4.0 times the number of direct new jobs, which has been calculated outside the IMPLAN model.

In EB-5 regional center applications, the number of direct jobs is calculated outside the model. While there are a variety of methods for doing this, one standard method is to determine the number of square feet per employee. Then the number of employees is identically equal to the number of square feet divided by square feet per employee. Another method is to calculate the ratio of output to capital (from government statistics), multiply by the amount of investment to get the incremental change in output, and then divide by output/employee in the particular county or region. These methods are discussed in greater detail in the next section. Once the number of direct new jobs has been determined, the IMPLAN model is then used to determine the number of indirect and induced jobs.

Indirect jobs are those created when the new business purchases goods and services that are produced or sold locally. These are discussed in more detail in Section (8).

In the case of a restaurant, for example, some of the food might be purchased from local farms, or food manufacturing plants. The proportions are determined by the coefficients imbedded in the IMPLAN (or other input/output) model. These coefficients are based on actual data for purchased goods and services taken from the Economic

Census, the Annual Survey for Manufacturers, and other similar sources compiled by the Commerce Department. The regional purchase coefficients are based on regional estimates prepared by the Commerce Department. These figures can be found on the BEA website.

In general, food purchases account for about 1/3 of total restaurant output. Thus if the restaurant generated \$6 million in sales, \$2 million would be spent on purchasing food. Some of this would be grown or produced locally, while some of it would be grown or produced outside the region, but sold locally.

Suppose, for example, that the restaurant purchased its desserts from a nearby bakery. In this example, suppose dessert accounts for 10% of the food bill, which means \$200,000 worth of dessert are purchased. That amount of activity would increase the number of employees at the bakery, both in terms of salespeople and in terms of bakers. The bakery would then buy sugar, flour, eggs, and other ingredients from other sources; here again, some would be local, and some would be out of the region. If the flour is purchased from a local source, then that would generate further jobs in growing and milling wheat, and so forth. The input/output table captures all of these relationships and converts them to the number of additional employees that are generated by the purchase of desserts. Similar calculations would be taken for all other food served at the restaurant.

The restaurant would also hire a cleaning service to launder the tablecloths and napkins, it would hire an accountant to keep track of its receipts and pay taxes, and from time to time it would need to hire plumbers, electricians, and carpenters to perform repairs. There are many other services they would also need to use. The input/output model shows the fraction of total sales expended in each of these categories. There are 440 categories in the latest input/output table, although not all of them apply to all categories.

Induced jobs are those created when the restaurant employees spend some of their paychecks on goods and services produced or sold locally. This would include expenditures on food, clothing, health care, entertainment, and a variety of other goods and services. These figures are based on consumer surveys showing the amount spent by individuals and families at different income levels in different locations, and are prepared by the Bureau of Labor Statistics.

All the calculations for the number of indirect and induced jobs are done by the computer program imbedded in the IMPLAN model, using these coefficients calculated from BEA and BLS data, which are then used to invert and solve a matrix that contains $440 * 440$ (equals 193,600) elements. Obviously all these elements cannot be

reproduced in each report; however, a related table is found on the BEA website (<http://www.bea.gov/bea/interactive.htm>).

In the same manner, the IMPLAN model also generates predictions of output and labor (household) income for each industry category; these are the "derived monetary predictions" referred to in the RFE. The coefficients that determine output and income are based on the same methodology used to generate the employment numbers; the figures are then multiplied by the output per worker, and labor income per worker. These figures are also taken from data found in the Economic Censuses and supplemented by the BLS.

All these calculations are part of the input/output algorithm, which is internal to the IMPLAN (or other input/output) model. Hence the pathway for determining the results is as follows:

1. Calculate the number of new direct employees for each new business.
2. Use the computer program algorithm that contains coefficients in the input/output model that determine the number of new employees per dollar of new sales for each industry category where the new business purchases goods and services produced or sold locally.
3. Use the computer program algorithm that contains coefficients in the input/output model that determine the number of new employees per dollar of new sales for each industry category where employees spend part of their paychecks on goods and services produced or sold locally.
4. Solve the entire input/output model to take into consideration secondary links (i.e., bakers purchase flour, which is grown from wheat) that create employment gains throughout the economy.
5. Use the gains in employment to determine the increase in output by multiplying employment by the average output/employee for all relevant industries.
6. Use the gains in employment to determine the increase in labor income by multiplying employment by the average compensation/employee for all relevant industries.

The IMPLAN model is a regional input/model developed and maintained by the Minnesota IMPLAN group, headquartered in Minneapolis. The basic model was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management.

The IMPLAN model has certain similarities with the RIMS (Regional Input/Output Modeling system) model developed by the Department of Commerce, but is generally thought to contain several superior features besides its greater ease and flexibility of use. These improvements can be summarized as follows:

1. The Commerce Department is not permitted to publish data in any category where there are less than three organizations in a given economic area. IMPLAN has developed an algorithm to fill in the missing numbers.
2. IMPLAN has introduced improved methods of accounting for flows of goods and services among counties.
3. IMPLAN permits aggregation of any subset of industries for calculation and tabular purposes. This is useful when results are desired for, say, 1-digit industries instead of the 440 industries actually found in the input/output table.
4. As seen in the tables throughout this text, IMPLAN estimates three separate effects, labeled "direct", "indirect" and "induced". The direct effects are those entered by the user. The other two columns represent the multiplier effects, but they are usually combined in other input/output models. Briefly, the indirect effect represents purchases made by businesses when their sales rise. For example, a restaurant might order more food produced or sold in the region, or an automobile plant might order more steel. The induced effect represents the additional household spending because income has risen. For example, restaurant workers would spend their paychecks on various goods and services, some of which are produced in the region. In general, then, the larger the region under consideration, the larger the multipliers would be.

The following material, taken from the IMPLAN manual, describes the input/output process in more detail.

Input/output analysis is a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all of the monetary market transactions for consumption in a given time period. The resulting mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy.

A descriptive model includes information about local economic interactions known as regional economic accounts. These tables describe a local economy in terms of the flow of dollars from purchasers to producers within the region. The initial IMPLAN data details all purchases, including imported goods and services. When regional

economic accounts are created, imports to the region are removed from the initial data, allowing examination of local inter-industry transactions and final purchases.

The regional economic accounts are used to construct local level multipliers. Multipliers describe the response of the economy to a stimulus (a change in demand or production). The multipliers represent the Predictive Model.

Purchases for final use (final demand) drive an input/output model. Industries producing goods and services for consumption purchase goods and services from other producers. These other producers, in turn, purchase goods and services. These indirect purchases (or indirect effects) continue until leakages from the region (imports, wages, profits, etc.) stop the cycle.

The indirect effects and the effects of increased household spending (induced effects) can be mathematically derived as sets of multipliers. The derivation is called the Leontief inverse. The resulting sets of multipliers describe the change of output for each industry caused by a one dollar change in final demand for any given industry.

The input/output analysis framework is similar to a financial accounting framework that tracks purchases of and expenditures on goods and services in dollars. Input/output accounting traces the flow of dollars between businesses and between businesses and final consumers. An input/output accounting framework can be illustrated using classic financial accounting T-accounts, which include receipts (income) and expenditures (expenses) on each side of a "T", as shown below.

Final Consumption (or final demand) drives input/output models. Industries respond to meet demand directly or indirectly, by supplying goods and services to industries responding directly. Each industry that produces goods and services generates demands for other goods and services, and so on. Multipliers describe these iterations.

There are three different multipliers developed for predictive modeling: Type I, Type II, and Type SAM. We start with the transactions table and derive a coefficient by dividing each industry column by the column total. This coefficient matrix is also known as the *A Matrix*.

The columns of the *A Matrix* are production functions. A production function shows where an industry spends, and in what proportions, to generate each dollar of output.

Receipts	Expenditures
Sales to industries	Purchases of goods and services
Sales to institutions	Local
Exports	Imported
	Investment
	Payroll
	Taxes
	Profits
	Distributed
	Retained

Through algebraic manipulation of the A Matrix, we can derive the multipliers. The predictive model shows how output will change with a given change in final demand. The inverse is the matrix of multipliers.

Multipliers break the effects of stimuli on economic activity down into three components:

1. Direct effects are the changes in the industries to which a final demand change was made.
2. Indirect effects are the changes in inter-industry purchases as they respond to the new demands of the directly affected industries.
3. Induced effects typically reflect changes in spending from households as income increases or decreases due to the changes in production.

The Type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e., industries buying from local industries.

The Type II multiplier captures direct and indirect effects in addition to the inter-industry effects; it also takes into account the income and expenditures of household. The household income and expenditures are treated as industries. This internalizes the household sector, including the induced or household spending effects.

The Type SAM multiplier uses all information about the institutions selected to be included in the predictive model. If only households are included, all information for industries, factors, and households are included.

The latest version of the IMPLAN model contains 440 separate industrial sectors. In preparing these calculations, the direct employment effects were entered for construction, retail outlets, hotels, office space, and residential operations. The remaining sectors are then aggregated, generating a total of approximately 30 sectors, which are reproduced in the tables later in this report.

Each IMPLAN calculation is based on separate figures for a specific set of counties, which is determined by the location of the project and the likely flow of the workforce to the new businesses that are in operation. The size of the multipliers for any county depends on part on its size; a very small county would have a smaller multiplier because a larger proportion of the goods and services would be purchased outside the county. A very large county, such as Cook County in Chicago, would have a larger multiplier.

There is always a tradeoff here in the following sense. The more contiguous counties that are included – i.e., the larger the overall area – the higher the multiplier is likely to be, and hence the higher the number for indirect and induced job creation. On the other hand, making the area larger than it should be overstates the result and vitiates its usefulness.

The Census publishes data on county-to-county workflow. In most cases, most of the people who work in a given county also live there. The question is how to identify those other counties that provide a significant proportion of the workers, because they will spend part of their paychecks at home, which means those counties should also be included in the multiplier calculations. In general, the multipliers are likely to be the most accurate when they include those counties whose residents represent 90% to 95% of the county workforce. The four-county totals have been given in Section (6).

8. Definition of Direct Jobs for EB-5 Analysis

Before proceeding further, a discussion of what direct jobs means in this context is warranted. The definition of “direct jobs” used in this report should not be confused with the concept of direct job creation measurable by Forms I-9, payroll records, or other similar documentation as set forth in 8 C.F.R. § 204.6(j)(4)(i)(A). That section

contemplates jobs created by the actual employees of the new commercial enterprise, specifically in the non-regional center context.

When economists use the term "direct" jobs in the context of an econometric methodology such as IMPLAN, what is meant are jobs created directly by revenues (which in the EB-5 Pilot Program results in whole or in part from an immigrant investor's investment). For example, where a regional center-based new commercial enterprise comprised of immigrant investors renovates a building it purchased, the employees of the various unaffiliated tenants of that building would be considered "direct" jobs in the context of an econometric report.

However, those jobs are not "direct" in the sense set forth in 8 C.F.R. § 204.6(j)(4)(i)(A) where the new commercial enterprise is itself the employer that can provide Form I-9 or other similar documentation on its own employees. The tenants' employees are not "direct" employees of the regional center-based new commercial enterprise. The IMPLAN model is then used to calculate the number of indirect and induced jobs, as well as the increase in output and labor (household) income, that are generated by the new businesses.

The direct jobs are entered into the IMPLAN model, and the multiplier process, described in the next section, is then used to calculate the overall economic impact. However, in cases such as construction projects that require less than two years to complete, direct jobs cannot be counted, in which case a different methodology, known as the expenditure model, is used instead.

The expenditure model, which is used to calculate the number of construction jobs, uses the IMPLAN framework, but in a different manner. As already noted, most IMPLAN calculations are based on the input of the number of direct jobs, with the multipliers based on input/output relationships among industries (indirect jobs) and the purchasing power of the region (induced jobs). Nonetheless, it is clear that some jobs are created as the money is spent to pay the construction workers, and they in turn spend some proportion of their paychecks locally. These jobs can be counted even though the temporary direct jobs are excluded.

In practical terms, the calculations are performed as follows. A given expenditure amount (say \$15 million) is entered into the IMPLAN model in the appropriate construction sector, which in this case is industrial production. The total number of jobs is calculated in the usual manner, but the number of direct jobs is then subtracted, leaving only the indirect and induced jobs.

9. Methodology for Determining Indirect Jobs

In spite of the explanation of the IMPLAN model given directly above, some USCIS adjudicators have raised questions about how that model is used to determine the increase in the number of indirect jobs. That is an important issue because, unlike the direct job count, which can be verified by USCIS from various payroll and withholding documents, the calculation of indirect jobs cannot be verified directly but depends on mathematical calculations.

The general concept is based on the coefficients in the input/output model itself (the same methodology applies to IMPLAN, RIMS II, or any other generally recognized and accepted input/output model). In any given year, the government calculates how much input is used for a given amount of output. The detailed figures are taken from the Economic Censuses taken once every five years, and updated from various annual supplements.

Basically the process has two steps, each of which is described next in greater detail. The first is to determine the amount of output, and hence the number of jobs, required to produce a given amount (say \$1 million) of the final product or service. These are national coefficients. The second is to determine what proportion of those goods and services are purchased within the local region (the regional purchase coefficients, or RPCs).

In the case of a manufacturing process, the national coefficients are based on production functions: how much coke per ton of steel, how much steel per motor vehicle, how much flour for a loaf of bread, and so on. However, most of the jobs are created in the service sector, where Commerce Department data are used to determine, for example, how much restaurants spend on laundry services, how much airlines spend for attorneys, and so on. These figures are based on information contained in the various Economic Censuses. The national coefficients would also determine, for example, how many architects and engineers would be hired for a construction project of a given scope and size, and how many new employees at financial institutions would be required to handle the additional cash flow generated by the new business. Both of these are discussed below in greater detail.

Even after these coefficients are determined, however, the regional purchase coefficients (RPC) must still be estimated. If, for example, a trucking firm spends 1% of its revenue on accountants, how much of that money is spent on local firms, and how much is spent outside the region?

That answer depends on various factors. The most important is the amount of the good or service produced within the region. If a trucking firm, for example, were located in a small county with no accountants, obviously it would not hire any local

accountants. That sets a lower limit -- but is not generally the case. Instead, a balancing algorithm is used.

Suppose, for example, that all the firms producing, distributing, or selling goods and services in a given county spent \$10 million on accounting services. Also, suppose that total billings of all accountants in the county were \$20 million. In that case, local accountants could handle all the local business, plus business from neighboring counties. If, on the other hand, total accountant billings in the county were only \$5 million, local firms could not spend more than half of the money on local accountants.

Of course it is possible that there are adequate resources in the county but local firms choose to use companies outside the county; perhaps prices or services are better. No input/output model can account for such anomalies. On the other hand, given transportation costs, it would be highly unusual for a firm to be located in a given location and not serve the nearby businesses, instead choosing only those clients who were farther away.

The IMPLAN model -- and other regional input/output models -- assigns regional purchase coefficients (RPCs) in all cases where the local industry purchases goods and services from local firms. This matrix could have as many as $440 * 440 = 193,600$ elements, although in practice many of them are zero. Large counties with a wide variety of businesses have more non-zero elements than small counties with relatively few businesses.

In general, the RPCs tend to be close to zero for most manufactured goods, and close to unity for most services. While there are many exceptions to this rule, most firms will use financial, professional, business, and health care services that are located in that county or contiguous areas.

To take just one example of many, consider the number of new jobs created by architects and engineers for a new construction project of any given size. Most construction cost manuals, such as those published by R. S. Means, indicate that those costs are usually about 5% to 9% of the total job. According to the national IMPLAN file, the figures are 9.2% for commercial construction and 4.5% for industrial construction.

These figures can be compared with the proportions of architects and engineers in the local four-county area, based on the IMPLAN data for those five counties. The IMPLAN model shows proportions of 8.4% for commercial and 4.3% for industrial construction, indicating that 91% of the architects and engineers for commercial jobs and 95% for industrial jobs are hired locally. These figures are fairly typical of other locations and regions; except for "signature" buildings designed by famous names, most

architects and engineers live in the same region as the buildings that are being constructed.

To summarize to this point, the number of indirect jobs as a proportion of direct jobs depends on (a) the national relationships, and (b) the regional purchase coefficients. There are a few industries that produce relatively large numbers of jobs in almost all cases. These industries are discussed below and include banking, real estate, legal and accounting, architects and engineers, other professional services, employment services, other business services, restaurants, and government. In all of these cases, the vast majority of workers are hired locally.

Our comments for the rest of this section are based on the assumption of a \$10 million investment, since this is the basis for the generic calculations in the remainder of this report.

Banking: On an aggregate basis, for every \$10 million in deposits, very broadly defined (M3), there is about 1 new banking employee. As a rough rule of thumb, the size of M3 is roughly equal to the size of GDP. Hence we would expect about 1 new banking employee for every \$10 million increase in output, as calculated from the IMPLAN model.

Real estate: Additional real estate employees are based on two factors. One is the leasing activity of the new building, and the other is the increase in residential real estate activity as people get new jobs, either within the area or by moving into the area. On a lease basis, a \$10 million investment is likely to result in a building of 80,000 square feet. If it leases for \$40/square foot, that would be \$3.2 million in annual lease payments, and with a 6% commission would generate \$192,000 in revenues, which would account for about 2 new real estate employees (the figure would be less for industrial buildings). The increase in employment would also result in some real estate activity as workers moved into better housing in the same location, or moved in from other areas. In a normal year, there are about 7 million sales of new and existing homes for a labor force of about 140 million, or 5%. Hence if the total increase in employment were 200, that would imply 10 real estate transactions; if they average \$200,000 at a 6% commission, that would be \$12,000 per home or a total of \$120,000, which would support approximately 3 new real estate jobs.

Legal & Accounting: Each of these accounts for about 1% of total employment; so if there were a total increase of 200 jobs, we would expect an average of 4 new employees in this classification.

Architects & Engineers: Almost all architecture and engineering jobs stem from the new construction activity. This category has already been discussed above; for a \$10 million construction project, which would create about 80 new construction jobs, we

would expect about 7 new jobs in architects and engineers for a commercial project and 3 to 4 new jobs for an industrial project.

Other professional services: This category includes employees in consulting, scientific research and development, advertising, and management, as well as several other smaller, specialized categories. In general, consulting, management, and the all other category each account for about 1% of total employment, and R&D and advertising account for about ½% of total employment, for a total of about 4% of total employment. This figure will vary widely depending on the degree to which consultants and R&D are used by the new business.

Employment services: On a national average basis, 1 out of every 45 people is employed by this industry. Here again, the figures will vary widely depending on (a) the proportion of people who are hired through employment agencies, and (b) the proportion of the work that is outsourced to employment services.

Other business services: Most of these jobs are in the category of building support services, which includes janitorial services, lawn maintenance, and waste management. The other categories include back-office jobs that are outsourced, such as direct mail, copying, and duplicating services. For an office building of 80,000 square feet, the cost would be approximately \$2/sq ft per year for maintenance, or \$160,000, which would support about 4 new jobs; here again, the figure would be lower for industrial buildings. The back-office services would vary widely depending on the type of new business; retail stores, for example, would print and distribute more advertising brochures than a manufacturing operation.

Restaurants: This category reflects business meals. Of course the number of business meals depends greatly on the type of business; lawyers, accountants, and consultants will have more business meals than manufacturing plants or water treatment facilities. On a national average basis, though, Commerce Department figures show that total restaurant sales in 2007 were \$580 billion, while consumer expenditures at restaurants were \$500 billion, indicating about \$80 billion for business expenses. With a labor force of approximately 140 million, that works out to about \$570 per employee. Hence if 200 new jobs were created, business meal expenses would rise by about \$114,000, which would imply between 2 and 3 new indirect jobs in the restaurant industry. These figures are likely to be somewhat higher when direct jobs are created for office buildings and hotels.

Government: The increase in public sector employees represents the amount funded by increased real estate taxes. For a construction project with \$10 million in hard costs, the total value is likely to be between \$15 and \$20 million when one includes furniture, fixtures, equipment, and land values. Using a national average property tax rate of 1%, that would raise \$150,000 to \$200,000, which would create 3 to 4 new jobs

in the public sector. If the property tax rate is higher, the number of government jobs created would also tend to be higher.

10. Economic Impact of Operating Call Center

According to the developer, there will be 250 direct jobs at the telephone call center. At the appropriate time these will be verified by payroll records. The tables in this section of the report are based on the IMPLAN model multipliers for Dallas, Collin, Denton, and Tarrant counties.

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	0.1	0.4	0.5
Utilities	0	0.1	0.2	0.3
Construction	0	0.4	0.7	1.1
Manufacturing	0	1.9	7.0	8.9
Wholesale trade	0	0.8	4.6	5.4
Retail trade	0	0.5	24.2	24.8
Transportation	0	3.1	2.6	5.7
Information svcs	0	2.1	1.3	3.4
Banks and credit intermed	0	1.2	2.4	3.6
Other financial	0	1.9	7.9	9.8
Real estate	0	3.4	3.8	7.2
Lawyers and accountants	0	3.0	2.3	5.3
Architects and engineers	0	0.6	0.3	0.9
Computer program and design	0	3.3	1.0	4.3
Other professional svcs	0	4.2	2.4	6.7
Employment services	0	14.6	2.4	16.9
Other business services	0	2.9	0.7	3.5
Telephone call centers	250	1.9	0.4	252.3
Building support services	0	3.2	1.7	4.9
Social services	0	0.6	9.3	9.9
Health care	0	0.0	13.5	13.5
Entertainment and leisure	0	1.2	4.1	5.2
Hotels	0	1.4	1.0	2.4
Restaurants	0	5.7	11.5	17.2
Repair services	0	0.9	1.3	2.2
Personal services	0	1.3	5.9	7.2

Government		5.4	4.5	9.9
Total	250	66	117	433

Table 5 shows that the call center creates 250 direct jobs, 66 indirect jobs, and 117 induced jobs, for a total of 433 jobs, and an employment multiplier of 1.73. Of the 66 jobs, most of them follow the guidelines given in the previous section except for the 15 jobs in employment services, indicating that many of the new employees are hired on a contract basis from agencies.

Table 6. Total Annual Increase in Output, Telephone Call Center, Thousands of Dollars

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	78	303	381
Utilities	0	166	472	638
Construction	0	64	95	159
Manufacturing	0	758	2726	3484
Wholesale trade	0	175	1010	1184
Retail trade	0	38	1804	1841
Transportation	0	536	453	989
Information svcs	0	809	505	1314
Banks and credit intermed	0	304	599	903
Other financial	0	659	2710	3369
Real estate	0	639	719	1358
Lawyers and accountants	0	445	333	778
Architects and engineers	0	72	42	114
Computer program and design	0	444	127	571
Other professional svcs	0	780	431	1211
Employment services	0	475	78	553
Other business services	0	435	101	536
Telephone call centers	25274	189	39	25503
Building support services	0	274	144	418
Social services	0	34	498	532
Health care	0	0	1516	1516
Entertainment and leisure	0	68	231	299
Hotels	0	151	114	265
Restaurants	0	331	666	997
Repair services	0	106	162	268
Personal services	0	63	294	357

Government		398	333	731
Total	25274	8491	16505	50269

Table 6 shows a total annual increase in output of \$50.3 million, of which \$25.3 million represents the direct revenue of the call center, \$8.5 million is the output generated by the new indirect workers, and \$16.5 million is the output generated by the induced workers. Since the number of new employees shown in Table 5 is 250 direct jobs, 66 indirect jobs, and 117 induced jobs, the average output per new employee is approximately \$101,000 for direct workers, \$128,700 for indirect workers, and \$141,100 for induced workers, for an overall average of \$116,100 for all new employees.

Table 7. Total Annual Increase in Labor Income, Telephone Call Center, Thousands of Dollars

Industry Group	Direct	Indirect	Induced	Total
Other goods	0	19	75	94
Utilities	0	34	98	132
Construction	0	23	34	58
Manufacturing	0	181	652	833
Wholesale trade	0	68	393	461
Retail trade	0	17	788	804
Transportation	0	197	166	363
Information svcs	0	205	128	333
Banks and credit intermed	0	96	189	285
Other financial	0	120	493	615
Real estate	0	99	111	210
Lawyers and accountants	0	245	184	429
Architects and engineers	0	47	27	74
Computer program and design	0	278	80	358
Other professional svcs	0	349	193	542
Employment services	0	373	61	434
Other business services	0	177	41	218
Telephone call centers	13733	103	21	13857
Building support services	0	96	51	147
Social services	0	17	253	270
Health care	0	0	872	872
Entertainment and leisure	0	30	100	130
Hotels	0	53	40	94

Restaurants	0	118	238	356
Repair services	0	39	59	98
Personal services	0	20	92	112
Government		324	271	595
Total	13733	3328	5710	22774

Table 7 shows a total annual increase in labor (household) earnings of \$22.8 million, of which \$13.7 million represents the direct labor income of the call center employees, \$3.3 million is the labor income received by the new indirect workers, and \$5.7 million is the income received by the new induced workers. Since the number of new employees shown in Table 5 is 250 direct jobs, 66 indirect jobs, and 117 induced jobs, the average income per employee (including fringe benefits) is approximately \$54,900 for direct workers, \$50,400 for indirect workers, and \$48,800 for induced workers, for an overall average of \$52,600 for all new employees.

Resume of Dr. Michael K. Evans

mevans@evanscarrollecon.com

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980
- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.
- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management*,

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders, inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evansb5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact for a fractional-ownership marina in Port Charlotte, FL, plus office space, retail stores, restaurants, and a home brokerage office.
- Calculated the economic impact of construction and operation of four retirement homes in Vermont.

- Calculated the economic impact of an upscale retail shopping center in Vail, CO. and a medical office building in Edwards, CO (both in Eagle County).
- Calculated economic impact of a wind turbine manufacturing plant in Larimer County, CO
- Calculated economic impact of a hotel, retail stores, restaurants, office buildings, and bank facilities in Pasadena, CA
- Calculated economic impact of a luxury hotel and condominiums in Destin, FL

- Calculated economic impact of constructing and operating a mixed-use commercial project in Jupiter, FL
- Determined whether 17 possible restaurant locations in - and Broward Counties qualified as Targeted Employment Areas.
- Determined the economic impact of opening and operating a slot-machine casino in Hanover, MD, as part of a proposed EB-5 regional center for the Baltimore metropolitan area.
- Calculated the economic impact of renovating and expanding a restaurant on Martha's Vineyard, MA, as part of an EB-5 regional center in that state.
- Determined the economic impact of assembling and installing solar panels for residences in the state of LA.
- Determined a Targeted Employment Area for Dallas, TX as part of a proposed EB-5 regional center for the Dallas area. APPROVED
- Calculated the economic impact for various mixed used projects for a proposed regional center for the entire State of Texas, including shopping centers, office buildings, restaurants, assisted living centers, medical technology facilities, and other personal and business services.
- Calculated the economic impact for the construction and operation of several fast-food restaurants in 10 counties in central California.
- Calculated the economic impact for the renovation and expansion of a shopping mall in Greenville, SC.
- Calculated the economic impact of buying existing apartment buildings at deep discount prices, renovating and operating them, in 21 counties in FL.

- Calculated the economic impact of building and operating an institute for proton cancer therapy for a proposed EB-5 regional center in Brooklyn, NY.
- Calculated the economic impact of building and operating a mixed-use facility with medical offices, hotels, and apartments for a proposed EB-5 regional center in Queens, NY.
- Determined a Targeted Employment Area for Philadelphia, PA as part of a proposed EB-5 regional center for the Philadelphia area.
- Calculated the economic impact of a proposed office building and mixed-use facility for an EB-5 regional center in Dallas, Texas
- Calculated the economic impact for various mixed-use projects for a proposed EB-5 regional center in the greater New York City area, including an extended stay hotel, urgent care center, financial lending firm for alternative assets, retail stores, apartments, office space, warehouses, industrial "flex" space, entertainment centers, restaurants, conference and convention centers, nursing home and assisted living facilities, medical offices, medical technology facilities, and high-tech manufacturing.
- Calculated the economic impact of "green" hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of .
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties. APPROVED
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in - and Broward counties in FL.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County, NY.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for "green" manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for various counties in Charlotte and Sarasota counties, FL
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, FL.

- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings. APPROVED
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana. APPROVED
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties. APPROVED
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California. APPROVED
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio. APPROVED

- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio. APPROVED
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.
- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi. APPROVED
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Developed an Input/Output Model for Guam, which was then used to calculate the economic impact of several generic projects. APPROVED
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County. APPROVED
- Prepared an economic impact analysis for the "timber to homes" project for a proposed regional center in Colorado. APPROVED
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of that included impact calculations for 14 different types of industries. APPROVED
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries. APPROVED
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey. APPROVED
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.

- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada. APPROVED
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.
- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL APPROVED
- Calculated the economic impact of construction of El Monte Village in El Monte, CA. APPROVED
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects. APPROVED
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC
- Calculated economic impact of expanding Sugarbush resort in VT. Study included expansion of existing facilities and addition of new facilities. APPROVED
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area APPROVED

- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area. APPROVED
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties. APPROVED

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.
- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.

- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.
- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations
- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extend subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

August 19, 2009

Ms. Barbara Q. Velarde
Chief, Office of Service Center Operations
U.S. Citizenship and Immigration Services
20 Massachusetts Avenue, NW, MS #2060
Washington, D.C. 20529-2060

REe: State Designation of Local Government Authority to Certify High Unemployment Areas
In Accordance with 8 CFR §204.6(i)

Dear Chief Velarde:

Pursuant to 8 CFR §204.6(i), an official of the state must notify the legacy U.S. Immigration and Naturalization Service Associate Commissioner of Examinations, now your office, of the agency, board or other appropriate governmental body of the state which shall be delegated the authority to certify that a geographic or political subdivision meets the necessary employment rate qualifications to participate the EB-5 immigrant investor visa program.

In compliance with this regulation, I, Rick Perry, Governor of the State of Texas, hereby designate the local mayors of cities or towns located within a metropolitan statistical area, or cities or towns with a population of 20,000 or more, as the appropriate body of the state to certify that a particular geographic or political subdivision meets the necessary criteria to participate in the EB-5 program.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry".

Rick Perry
Governor

RP:khp



THOMAS C. LEPPERT
MAYOR

December 21, 2009

Mr. Jason T. Barnes
Civitas Capital Management, LLC
c/o Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7673

RE: Targeted Employment Area Designation

Dear Mr. Barnes:

On August 19, 2009, Texas Governor Rick Perry delegated to mayors of cities or towns within a metropolitan statistical area the authority to certify that a particular geographic or political subdivision meets the unemployment rate criteria to qualify as an EB-5 Targeted Employment Area (TEA), as defined at 8 CFR §204.6(e).

Pursuant to that authority, I hereby certify the below-listed contiguous census tracts in Dallas, Texas as a Targeted Employment Area for the City of Dallas Regional Center ("CDRC").

- 1 through 95;
- 98 through 135;
- 167; and
- 169.

For your convenience and that of investors in the CDRC, the TEA designated hereby is depicted in the attached map, which shall be the official TEA map for the CDRC.

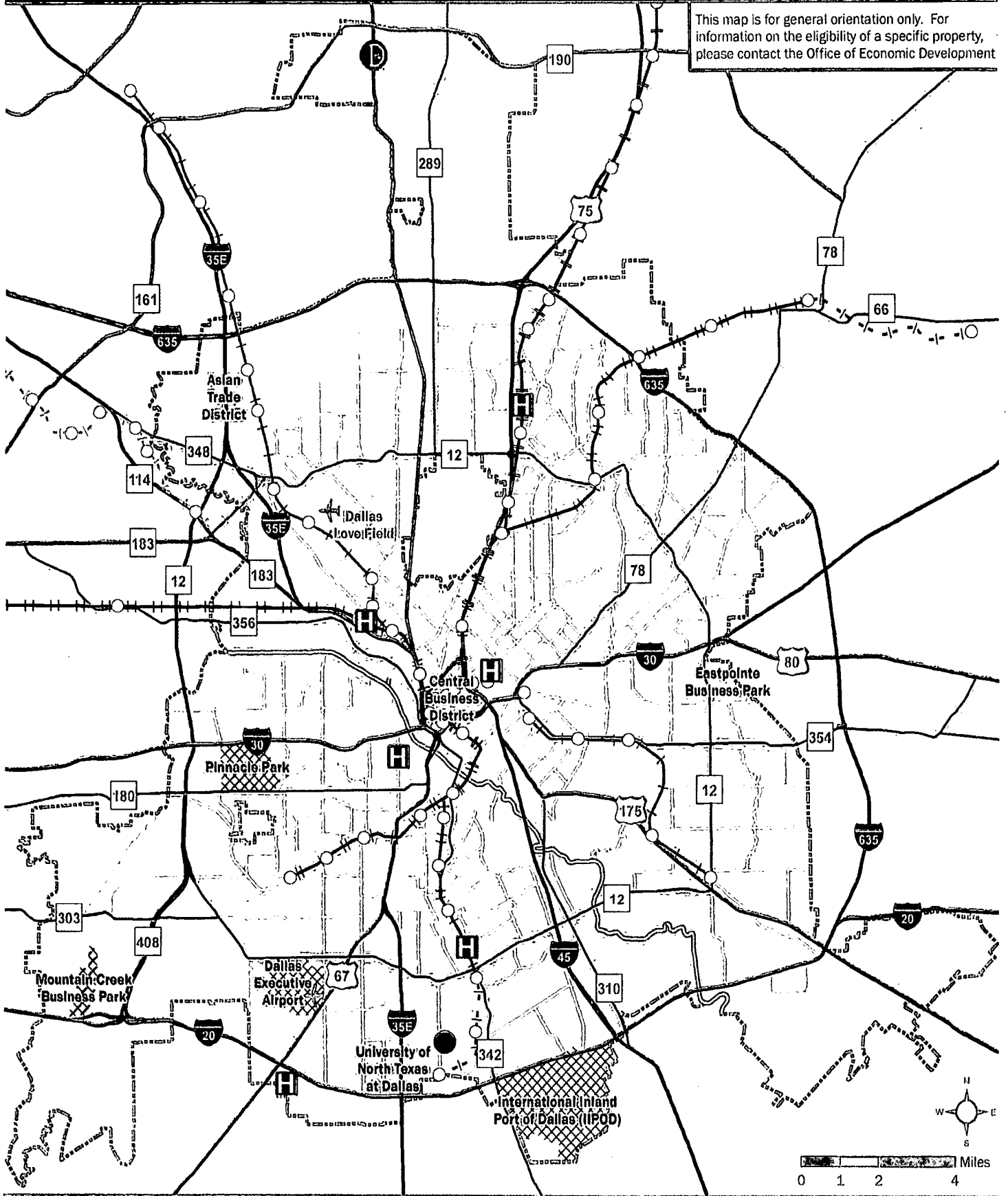
Sincerely,

A handwritten signature in black ink, appearing to read "Tom Leppert", is written over a horizontal line.

Tom Leppert
Mayor

EB-5 Program: Targeted Employment Areas (TEAs)

This map is for general orientation only. For information on the eligibility of a specific property, please contact the Office of Economic Development



City of Dallas
Office of Economic Development
Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>
Created 4/8/09, Updated 12/17/09 EB5_Final_Landmarks_Tracts_ICC

Legend

- EB-5 TEAs
- Business Parks
- Major Hospitals
- Trinity River
- DART Dallas Rail Stations
- DART Red Line
- DART Blue Line
- DART Green Line
- Freeway
- Highway
- Tollway
- City of Dallas
- DART Orange Line (Planned)

Source: EB-5 Unemployment Data - Civitas, 2009; Rail - DART, 2009; Roads - NCTCOG, 2007; All Other Data - City of Dallas, 2009

**Calculations for a Targeted Employment Area that
includes most of the City of Dallas, TX**

Prepared for:

**Civitas Capital Management, LLC
Dallas, TX**

Prepared by:

**Evans, Carroll & Associates, Inc.
2785 NW 26th St.
Boca Raton, FL 33434
561-470-9035
mevans@evanscarrollecon.com**

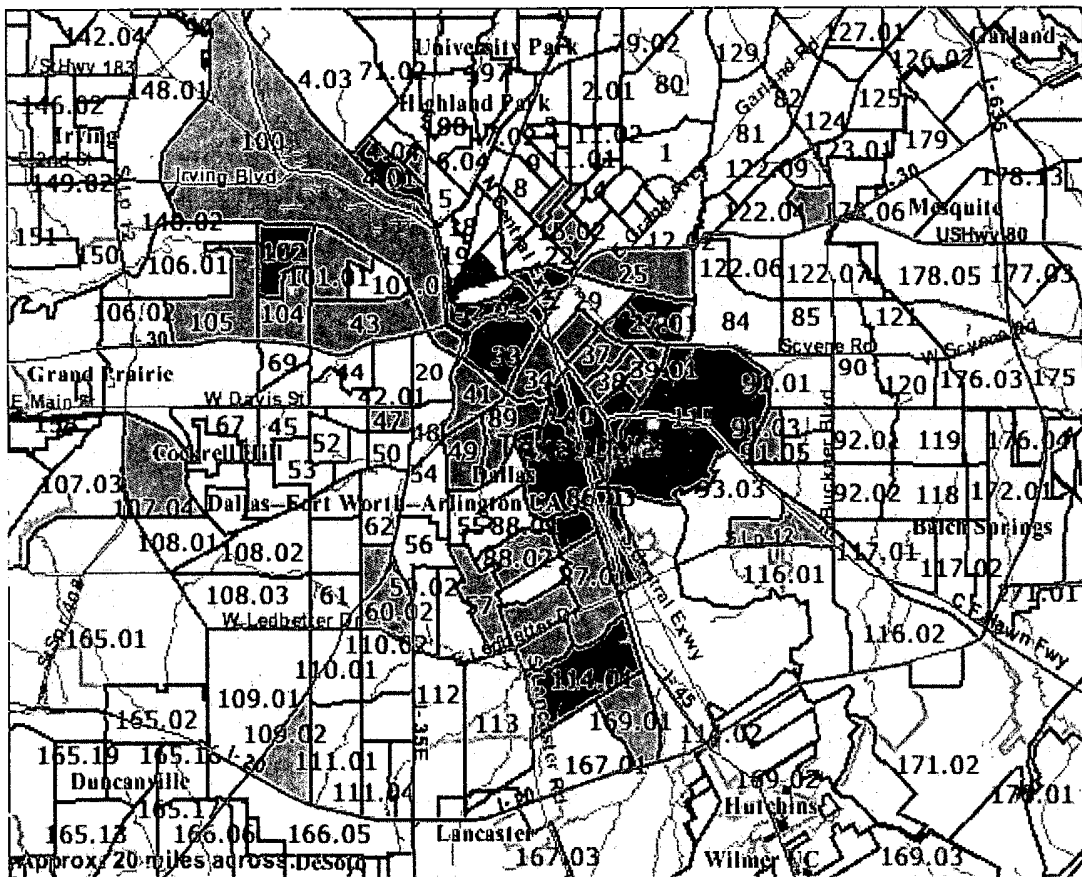
November, 2009

1. Introduction






The purpose of this report is to select those Census Tracts (CTs) within the City of Dallas that include downtown and some of the north side of Dallas, but nonetheless have a combined unemployment rate that is at least 150% of the national average for the U.S. economy, known as a Targeted Employment Area (TEA). In 2008, the U.S. unemployment rate was 5.8%, so the combined area would have an unemployment rate of at least 8.7%.

There are many Census Tracts (CTs) in Dallas with a high unemployment rate. Figure 1 shows the unemployment rate by CT for 2000. Clearly the bulk of high unemployment CTs is concentrated slightly south of downtown. However, the purpose of this calculation is to include some low-unemployment CTs where new projects are most likely to occur while still observing the overall constraint that the overall unemployment rate still exceeded 8.7% based in 2008. In general, the basic plan is to include as many CTs in Dallas as possible consistent with this constraint. Also, the CTs must be contiguous; one cannot choose a single CT with a high unemployment rate that is not bordered by other CTs with high unemployment rates.






Figure 1. Unemployment Rate by Census Tracts in Dallas, 2000 Data







Data Classes

Percent	
	0.0 - 5.6
	5.7 - 11.3
	11.8 - 21.3
	23.0 - 54.8
	100.0 - 100.0

Boundaries

	State
	'00 County
	'00 Census Tract
	'00 Place
	'00 Urban Area

Features

	Major Road
	Street
	Stream/Waterbody
	Stream/Waterbody

The initial selection of CTs is based on the 2000 data; after that is completed, the figures are updated to 2008 by the method described below, and the figures are recalibrated to insure they are above 8.7%.

2. Description of the CTs chosen for the Dallas TEA

To start, we consider the area inside what will be called the "beltway", which is the circumferential route that consists of I-635, I-35E, State route 12, State route 408, and I-20. All CTs that are not part of the city of Dallas are excluded in this calculation. In particular, the areas of Highland Park, University Park, Cockrell Hills, and the parts of Mesquite and Balch Springs inside the beltway are excluded.

Without further modification, the unemployment rate for this area would not satisfy the TEA criterion. Hence several low-unemployment CTs were also excluded, most of them near the beltway. These include CTs 96 and 97, in the northwest corner of the area inside the Beltway; CTs 158, 159, 163, and 165 in the WSW section of the city; and CTs 176, 178, and 179 in the eastern part of the city, bordering on the beltway.

Hence the area selected for the Dallas TEA includes all (CTs) in the city of Dallas from 1 to 135 except for 96 and 97, plus 167 and 169.

The list of all these census tracts, together with the labor force, number of unemployed for male and female workers, and unemployment rate, is given in Table 1. All these figures are taken from the Census files for 2000. In 2000, according to the BLS, the city of Dallas had an unemployment rate of 4.7%.

The data shown in Table 1 not only contain the 2000 unemployment rate as reported by Census, but the 2008 unemployment rate as updated by Evans, Carroll & Associates, Inc. The methodology that is utilized follows the BLS handbook regulations and is described in more detail in Part 3 of this report. In brief, though, we can state that this method starts with the 2000 Census data by CT for labor force, employment, and the unemployment rate, as shown in Table 1. These data are then updated to 2008 levels based on the aggregate changes in the labor force, employment, and the unemployment rate for the city of Dallas as reported by the BLS. In particular, the unemployment rate for the city of Dallas as reported by the BLS rose from 4.7% in 2000 to 5.5% in 2008.

At the bottom of Table 1, it will be seen that the 2008 unemployment rate for this area was 8.9%, hence satisfying the TEA criterion of 8.7% or higher.

Table 1. Unemployment Rates for Census Tracts, 2000 and 2008 Data

Area	Male Labor Force	Male Unempl- oyment	Female Labor Force	Female Unempl- oyment	2000 Unempl Rate	2008 Unempl Rate
Census Tract 1	1,326	19	1,180	39	2.3	2.7
Census Tract 2.01	808	31	760	20	3.3	3.8
Census Tract 2.02	1,304	15	1,246	6	0.8	1.0
Census Tract 3	1,445	5	1,210	17	0.8	1.0
Census Tract 4.01	1,312	378	556	141	27.8	32.5
Census Tract 4.03	1,710	125	1,004	39	6.0	7.1
Census Tract 4.04	1,890	44	845	33	2.8	3.3
Census Tract 4.05	812	144	496	96	18.3	21.5
Census Tract 5	2,213	140	988	102	7.6	8.8
Census Tract 6.01	2,856	201	1,356	134	8.0	9.3
Census Tract 6.03	1,868	20	1,334	10	0.9	1.1
Census Tract 6.04	1,784	61	950	12	2.7	3.1
Census Tract 7.01	1,175	13	826	16	1.4	1.7
Census Tract 7.02	1,323	56	899	87	6.4	7.5
Census Tract 8	1,566	106	883	112	8.9	10.4
Census Tract 9	2,247	167	961	120	8.9	10.5
Census Tract 10.01	561	25	427	21	4.7	5.4
Census Tract 10.02	919	66	491	65	9.3	10.9
Census Tract 11.01	1,436	62	1,115	42	4.1	4.8
Census Tract 11.02	802	60	759	16	4.9	5.7
Census Tract 12.02	1,128	23	1,162	90	4.9	5.8
Census Tract 12.03	462	20	260	0	2.8	3.2
Census Tract 12.04	835	31	378	29	4.9	5.8
Census Tract 13.01	800	29	735	26	3.6	4.2
Census Tract 13.02	1,289	66	726	70	6.7	7.9
Census Tract 14	1,741	60	766	51	4.4	5.2
Census Tract 15.02	1,407	201	593	56	12.9	15.0
Census Tract 15.03	1,496	165	508	108	13.6	15.9
Census Tract 15.04	1,045	104	586	105	12.8	15.0
Census Tract 16	752	42	664	59	7.1	8.3

Census Tract 17.01	0	0	1	0	0.0	0.0
Census Tract 17.02	910	26	631	0	1.7	2.0
Census Tract 18	1,245	20	893	30	2.3	2.7
Census Tract 19	713	4	575	7	0.9	1.0
Census Tract 20	2,057	200	819	104	10.6	12.4
Census Tract 21	12	12	0	0	100.0	100.0
Census Tract 22	623	29	429	0	2.8	3.2
Census Tract 24	1,030	105	359	28	9.6	11.2
Census Tract 25	1,204	146	968	162	14.2	16.6
Census Tract 27.01	506	75	710	237	25.7	30.0
Census Tract 27.02	361	107	247	34	23.2	27.1
Census Tract 29	223	0	175	25	6.3	7.4
Census Tract 31.01	630	18	433	5	2.2	2.5
Census Tract 32.01	34	0	112	80	54.8	64.1
Census Tract 33	896	235	364	123	28.4	33.2
Census Tract 34	364	76	266	29	16.7	19.5
Census Tract 35	208	44	367	42	15.0	17.5
Census Tract 37	579	145	787	142	21.0	24.6
Census Tract 38	536	150	520	51	19.0	22.3
Census Tract 39.01	376	61	270	67	19.8	23.2
Census Tract 39.02	320	117	331	90	31.8	37.2
Census Tract 40	310	115	312	64	28.8	33.7
Census Tract 41	249	17	238	78	19.5	22.8
Census Tract 42.01	1,682	84	921	80	6.3	7.4
Census Tract 42.02	1,075	38	673	105	8.2	9.6
Census Tract 43	658	62	410	87	14.0	16.3
Census Tract 44	1,119	14	859	21	1.8	2.1
Census Tract 45	1,969	149	1,015	79	7.6	8.9
Census Tract 46	910	102	567	46	10.0	11.7
Census Tract 47	1,096	144	590	74	12.9	15.1
Census Tract 48	1,751	113	475	80	8.7	10.1
Census Tract 49	766	87	691	90	12.1	14.2
Census Tract 50	921	70	787	88	9.3	10.8
Census Tract 51	593	50	488	19	6.4	7.5
Census Tract 52	1,398	53	818	74	5.7	6.7
Census Tract 53	1,851	122	1,191	115	7.8	9.1
Census Tract 54	1,232	35	909	106	6.6	7.7
Census Tract 55	811	71	788	103	10.9	12.7
Census Tract 56	1,476	117	1,053	126	9.6	11.2
Census Tract 57	967	155	865	83	13.0	15.2
Census Tract 59.01	1,016	123	1,386	138	10.9	12.7
Census Tract 59.02	720	63	879	90	9.6	11.2
Census Tract 60.01	1,009	108	695	101	12.3	14.4
Census Tract 60.02	1,054	191	1,099	78	12.5	14.6
Census Tract 61	1,033	79	1,032	93	8.3	9.7
Census Tract 62	1,269	117	1,130	142	10.8	12.6
Census Tract 63.01	1,102	106	831	60	8.6	10.0
Census Tract 63.02	1,023	58	885	63	6.3	7.4
Census Tract 64	1,767	162	1,061	80	8.6	10.0
Census Tract 65.01	1,266	30	1,000	84	5.0	5.9

Census Tract 65.02	801	33	599	48	5.8	6.8
Census Tract 67	2,178	147	1,116	154	9.1	10.7
Census Tract 68	1,355	89	1,079	47	5.6	6.5
Census Tract 69	867	67	686	50	7.5	8.8
Census Tract 71.01	635	4	507	0	0.4	0.4
Census Tract 71.02	1,350	105	1,261	89	7.4	8.7
Census Tract 72.01	3,567	167	1,546	135	5.9	6.9
Census Tract 72.02	3,949	148	1,518	233	7.0	8.2
Census Tract 73.01	593	11	521	6	1.5	1.8
Census Tract 73.02	1,242	20	1,012	24	2.0	2.3
Census Tract 74	433	0	291	0	0.0	0.0
Census Tract 75	329	0	172	0	0.0	0.0
Census Tract 76.01	522	0	417	4	0.4	0.5
Census Tract 76.04	900	0	568	30	2.0	2.4
Census Tract 76.05	521	22	386	0	2.4	2.8
Census Tract 77	1,248	35	1,069	27	2.7	3.1
Census Tract 78.01	602	20	459	0	1.9	2.2
Census Tract 78.04	1,721	69	1,567	119	5.7	6.7
Census Tract 78.05	771	59	766	19	5.1	5.9
Census Tract 78.06	2,467	129	1,895	144	6.3	7.3
Census Tract 78.09	738	14	630	32	3.4	3.9
Census Tract 78.10	1,544	29	1,377	91	4.1	4.8
Census Tract 78.11	1,544	90	1,858	70	4.7	5.5
Census Tract 78.12	1,062	7	639	7	0.8	1.0
Census Tract 78.13	2,197	63	1,829	114	4.4	5.1
Census Tract 78.14	1,986	74	1,887	83	4.1	4.7
Census Tract 78.15	2,339	196	1,197	132	9.3	10.9
Census Tract 78.16	3,157	202	2,370	221	7.7	9.0
Census Tract 78.18	2,454	87	1,324	120	5.5	6.4
Census Tract 78.19	1,554	91	925	105	7.9	9.3
Census Tract 79.02	1,665	51	1,458	89	4.5	5.2
Census Tract 79.03	711	9	577	73	6.4	7.5
Census Tract 79.05	1,752	68	1,739	65	3.8	4.5
Census Tract 79.06	653	0	479	12	1.1	1.2
Census Tract 79.07	2,262	31	1,411	43	2.0	2.4
Census Tract 79.08	2,526	58	1,532	106	4.0	4.7
Census Tract 80	1,727	44	1,442	24	2.1	2.5
Census Tract 81	1,869	82	1,565	48	3.8	4.4
Census Tract 82	1,152	45	1,058	78	5.6	6.5
Census Tract 84,	2,362	156	1,473	145	7.8	9.2
Census Tract 85	907	60	791	77	8.1	9.4
Census Tract 86.03	274	56	250	72	24.4	28.6
Census Tract 86.04	374	71	382	103	23.0	26.9
Census Tract 87.01	786	99	860	133	14.1	16.5
Census Tract 87.03	612	54	432	50	10.0	11.7
Census Tract 87.04	561	86	619	85	14.5	17.0
Census Tract 87.05	281	53	344	31	13.4	15.7
Census Tract 88.01	519	48	606	73	10.8	12.6
Census Tract 88.02	961	183	1,051	135	15.8	18.5
Census Tract 89	469	114	509	55	17.3	20.2

Census Tract 90	1,443	92	1,181	116	7.9	9.3
Census Tract 91.01	1,060	84	830	105	10.0	11.7
Census Tract 91.03	561	81	536	85	15.1	17.7
Census Tract 91.04	746	58	461	44	8.5	9.9
Census Tract 91.05	822	39	587	65	7.4	8.6
Census Tract 92.01	1,120	115	1,080	105	10.0	11.7
Census Tract 92.02	1,155	136	817	69	10.4	12.2
Census Tract 93.01	888	50	552	74	8.6	10.1
Census Tract 93.03	781	63	511	69	10.2	12.0
Census Tract 93.04	1,017	212	1,040	170	18.6	21.7
Census Tract 94.01	1,040	78	936	5	4.2	4.9
Census Tract 94.02	721	7	657	33	2.9	3.4
Census Tract 95	635	13	480	14	2.4	2.8
Census Tract 98.02	1,818	164	1,215	137	9.9	11.6
Census Tract 98.03	1,118	40	734	78	6.4	7.5
Census Tract 98.04	2,699	83	1,271	130	5.4	6.3
Census Tract 99	367	25	252	17	6.8	7.9
Census Tract 100	709	196	252	9	21.3	25.0
Census Tract 101.01	596	36	477	125	15.0	17.6
Census Tract 101.02	698	56	426	56	10.0	11.7
Census Tract 102	128	58	359	143	41.3	48.3
Census Tract 104	85	6	105	20	13.7	16.0
Census Tract 105	534	67	388	72	15.1	17.6
Census Tract 106.01	1,281	122	796	87	10.1	11.8
Census Tract 106.02	518	48	419	27	8.0	9.4
Census Tract 107.01	806	85	487	52	10.6	12.4
Census Tract 107.03	694	61	483	38	8.4	9.8
Census Tract 107.04	640	59	544	87	12.3	14.4
Census Tract 108.01	1,302	128	1,411	97	8.3	9.7
Census Tract 108.02	1,829	122	1,164	138	8.7	10.2
Census Tract 108.03	1,514	94	1,650	89	5.8	6.8
Census Tract 109.01	1,330	44	1,681	195	7.9	9.3
Census Tract 109.02	1,068	192	1,564	182	14.2	16.6
Census Tract 110.01	1,559	149	1,974	78	6.4	7.5
Census Tract 110.02	769	48	830	18	4.1	4.8
Census Tract 111.01	964	45	1,142	48	4.4	5.2
Census Tract 111.03	803	76	825	72	9.1	10.6
Census Tract 111.04	903	99	1,051	67	8.5	9.9
Census Tract 111.05	777	62	1,113	116	9.4	11.0
Census Tract 112	749	54	854	39	5.8	6.8
Census Tract 113	1,053	87	1,180	137	10.0	11.7
Census Tract 114.01	592	166	817	192	25.4	29.7
Census Tract 114.02	193	25	119	10	11.2	13.1
Census Tract 115	637	96	651	240	26.1	30.5
Census Tract 116.01	814	64	804	99	10.1	11.8
Census Tract 116.02	1,177	89	658	91	9.8	11.5
Census Tract 117.01	1,244	50	1,022	75	5.5	6.5
Census Tract 117.02	960	57	756	54	6.5	7.6
Census Tract 118	1,461	92	1,431	176	9.3	10.8
Census Tract 119	1,916	130	1,587	201	9.4	11.1

Census Tract 120	1,349	92	1,515	208	10.5	12.3
Census Tract 121	1,017	65	922	97	8.4	9.8
Census Tract 122.04	1,625	76	1,300	38	3.9	4.6
Census Tract 122.06	1,037	88	1,077	136	10.6	12.4
Census Tract 122.07	1,478	80	1,793	137	6.6	7.8
Census Tract 122.08	979	92	559	70	10.5	12.3
Census Tract 122.09	857	72	585	58	9.0	10.5
Census Tract 122.10	988	52	970	77	6.6	7.7
Census Tract 122.11	1,041	165	1,134	161	15.0	17.5
Census Tract 123.01	1,153	80	989	92	8.0	9.4
Census Tract 123.02	1,245	66	1,158	161	9.4	11.1
Census Tract 124	1,275	42	1,225	92	5.4	6.3
Census Tract 125	1,631	77	1,466	73	4.8	5.7
Census Tract 126.01	1,597	79	1,347	84	5.5	6.5
Census Tract 126.02	2,001	120	1,942	131	6.4	7.4
Census Tract 127.01	1,296	99	1,106	78	7.4	8.6
Census Tract 127.02	734	13	587	43	4.2	5.0
Census Tract 128	2,035	75	1,704	103	4.8	5.6
Census Tract 129	1,316	51	1,491	81	4.7	5.5
Census Tract 130.04	1,506	54	1,200	14	2.5	2.9
Census Tract 130.05	1,267	41	1,104	28	2.9	3.4
Census Tract 130.06	2,619	229	2,189	203	9.0	10.5
Census Tract 130.07	1,022	52	902	18	3.6	4.3
Census Tract 130.08	950	41	816	25	3.7	4.4
Census Tract 130.09	1,284	57	1,316	62	4.6	5.4
Census Tract 131.01	687	17	531	25	3.4	4.0
Census Tract 131.02	531	0	489	0	0.0	0.0
Census Tract 131.03	2,699	106	2,571	146	4.8	5.6
Census Tract 132	1,477	9	1,083	20	1.1	1.3
Census Tract 133	612	6	386	9	1.5	1.8
Census Tract 134	517	9	330	0	1.1	1.2
Census Tract 135	737	0	357	0	0.0	0.0
Census Tract 167.01	1,169	134	1,302	145	11.3	13.2
Census Tract 167.03	850	52	679	79	8.6	10.0
Census Tract 167.04	1,014	91	1,172	80	7.8	9.2
Census Tract 167.05	1,115	176	1,310	109	11.8	13.8
Census Tract 169.01	1,328	83	1,572	91	6	7.0
Census Tract 169.02	700	93	846	128	14.3	16.7
Census Tract 169.03	656	43	594	47	7.2	8.4
All incl Census Tracts	247,969	16,910	193,397	16,621	7.6	8.9

Figure 2. Map of TEA using CTs from Table 1



The TEA shaded in green is comprised of the census tracts listed in Table 1, which have a combined average unemployment rate of 8.9%, per 2008 BLS data, which exceeds the minimum of 8.7% that is required for TEA designation. The white line shows the boundary of the City of Dallas.

Figure 3 shows the poverty rate in Central and South Dallas CTs in 2000. While this is not the same as the unemployment rate, there is a great deal of overlap between the two measures of economic well-being. Also, the numbers of the individual CTs are easier to read in this map than in the Census map, so it is included for ease of exposition.

Figure 3. Poverty Rate by CTs in Central and South Dallas in 2000



In Figure 3, the CTs in orange are those with 25% to 49% of the population living below the poverty line; the light red have 49% to 74% below the poverty line; and the dark red have 74% to 100% of the population below the poverty line.

3. BLS Methodology for Updating Unemployment Rate by CTs

We have now established the list of CTs that satisfy the TEA criterion of 150% of the national unemployment rate. The remainder of this report describes the methodology used to update these figures to 2008. In this respect we use the method recommended by the BLS in their LAUS (local area unemployment statistics). The following information is excerpted from their website.

The LAUS Handbook method is an effort to estimate unemployment for an area, using available information without the expense of expanding a labor force survey like the CPS. The Handbook presents a series of estimating "building blocks," in which categories of unemployed workers are classified by their previous status. Two broad categories of unemployed persons are: (1) Those who were last employed in industries covered by state UI laws, and (2) those who either entered the labor force for the first time or reentered after a period of separation. Handbook inputs were updated using the 2000 Census and other improvements to Handbook estimation were implemented with January 2005 estimates.

Employment. The total employment estimate is based on data from several sources. The primary source for most metropolitan areas (MAs) is the Federal-state CES survey. The CES is designed to produce estimates of the total number of employees on payrolls in nonfarm industries for the particular area. In small labor market areas and the remainder of the MAs, the establishment employment data come from the Quarterly Report of Quarterly Census of Employment and Wages (ES-202 Report).

These "place-of-work" employment estimates must be adjusted to a place-of-residence basis, as in the CPS. Estimated adjustment factors have been developed using employment relationships which existed at the time of the most recent decennial census. The adjustment approach implemented in January 2005 is more dynamic than the previous one and incorporates commuting to nearby labor market areas. These factors are applied to the place-of-work employment estimates for the current period to obtain adjusted employment estimates, to which are added synthetically developed estimates for employment not represented in the establishment series—agricultural workers, nonfarm self-employed and unpaid family workers, and private household workers.

Unemployment. The estimate of unemployment is an aggregate of the estimates for each of the two building-block categories. The "covered" category further consists of two unemployed worker groups: (1) Those who are currently receiving UI benefits and (2) those who have exhausted their benefits. Only the number of those currently collecting benefits is obtained directly from an actual count of UI claimants for the reference week. The estimate of persons who have exhausted their benefits is based upon the number actually exhausting benefits

in previous periods "survived" using a conditional probability approach based on CPS data.

The second category, "new entrants and reentrants into the labor force," cannot be estimated directly from UI statistics, because unemployment for these persons is not immediately preceded by the period of employment required to receive UI benefits. In addition, there is no uniform source of new entrants and reentrants data for States available at the LMA level; the only existing source available is from the CPS at the State level. Separate estimates for new entrants and for reentrants are derived from econometric models based on current and historical state entrants data from the CPS. These model estimates are then allocated to all Labor Market Areas (LMAs) based on the age population distribution of each LMA. For new entrants, the area's proportion of 16-19 years population group to the State total of 16-19 years old population is used, and for reentrants, the handbook area's proportion of 20 years and older population to the State total of 20 years and older population is used.

Substate adjustment for consistency and additivity. Each month, Handbook estimates are prepared for labor market areas that exhaust the entire state area. To obtain a labor force estimate for a given area, a "Handbook share" is computed for that area which is defined as the ratio of that area's Handbook estimates of employment and unemployment to the sum of the Handbook estimates of employment and unemployment for all LMAs in the state. These ratios are then multiplied by the current, statewide estimate for employment and unemployment to produce the final adjusted LMA estimates.

Estimates for Parts of LMAs

Current labor force estimates at the sub-LMA level are required by several Federal programs. Disaggregation techniques are used to obtain current estimates of employment and unemployment for counties within multi-county LMAs and cities, towns, and townships within counties. Two alternative methods are used to disaggregate the LMA estimates.

The population-claims method is the preferred technique. If residence-based UI claims data are available for the subareas within the labor market area, the ratio of claims in the subarea to the total number of claims within the LMA is used to disaggregate the estimate of experienced unemployed to the subarea level. To ensure the quality of the claims data used in this technique, claimant records are processed through a residency assignment system that verifies and/or corrects residence addresses and assigns the associated residency codes. This provides a more accurate count of claims by city. The estimates of unemployed entrants are allocated based on the latest available census distribution of adult and teenage population groups. Employment is disaggregated using decennial census employment-population ratios updated by current population estimates.

This methodology has also been utilized by the California Economic Development Department (EDD), whose results are posted on their website. <http://www.business.ca.gov/page.asp?o=cabth&s=econdev&p=390346&i=274145&m=editon#current>. According to their website, "The EDD has been designated to identify the ... census tracts that meet the "high unemployment" definition and therefore qualify for the \$500,000 minimum investment threshold. To maintain consistency, the federal government has mandated that the labor force and unemployment estimates used to determine if areas meet the "high unemployment" definition should use methodology developed by the BLS. The description of the overall methodology and the census-share method utilized by EDD to produce estimates for sub-Labor Market Areas can be found on the Internet at the BLS web site: <http://www.bls.gov/lau/laumthd.htm>." which we have reproduced above.

Appendix: Resume of Dr. Michael K. Evans

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980

- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.

- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management*,

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders, inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evanseb5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact of “green” hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of Florida.
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties.
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in Miami-Dade and Broward counties in Florida.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for “green” manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for Charlotte and Sarasota counties in Florida.
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, Florida.
- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of assembling and installing solar panels in the state of Louisiana.

- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings.
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana.
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties.
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California.
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio.
- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio.
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.

- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi.
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County.
- Prepared an economic impact analysis for the “timber to homes” project for a proposed regional center in Colorado.
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of Florida that included impact calculations for 14 different types of industries.
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries.
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey.
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.
- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada.
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.

- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL
- Calculated the economic impact of construction of El Monte Village in El Monte, CA.
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects.
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC
- Calculated economic impact of expanding Sugarbush resort in Vermont. Study included expansion of existing facilities and addition of new facilities.
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area.
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties.

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.

- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.
- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.

- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations

- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extend subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)

CIVITAS ENCORE FUND, LP

SUBSCRIPTION INSTRUCTIONS

Any person subscribing (a “**Subscriber**”) to invest in a limited partner interest (an “**Interest**”) of Civitas Encore Fund, LP, a Texas limited partnership (the “**Fund**”) may do so only by means of the completion, delivery and acceptance of the subscription documents in this package (the “**Subscription Documents**”) as follows:

- Completion of the Subscription Documents, which include:
 - Subscriber Information Form: Complete all requested information;
 - Subscription Agreement: Date and sign **two copies** of the signature page;
 - Power of Attorney: Subscribers who are individuals (*i.e.* natural persons) located in New York at the time of execution (regardless of place of residence) must complete and sign the “Power of Attorney for Individuals in New York.” All other Subscribers will be subject to the power of attorney otherwise included in the Subscription Agreement.
 - IRS Form W-9: Complete and sign IRS Form W-9 to certify your tax identification number. If you are not a U.S. person, you must instead complete the appropriate IRS Form W-8. Attached hereto as Appendix B is the Form W-9 (Rev. October 2007) from the Department of the Treasury Internal Revenue Service. For the appropriate Form W-8 and an updated Form W-9, please go to www.irs.gov.
- Delivery of the completed Subscription Documents (including duplicate signature pages); and
- Payment of the Subscription Amount;
- Payment of the Administrative Fee (as described herein) to Civitas Capital Management, LLC (the “**Manager**”); and
- Acceptance of the Subscription by Civitas Encore Fund GP, LP, the Fund’s general partner (the “**General Partner**”).

Additional information regarding these Subscription Documents and the subscription process is set out below. All references herein to “dollars” or “\$” are to U.S. dollars. Capitalized terms not otherwise defined herein shall have the meaning given such terms in the Fund’s limited partnership agreement.

CIVITAS ENCORE FUND, LP

SUBSCRIPTION DOCUMENTS

DELIVERY INSTRUCTIONS. Subscription Documents should be delivered to the General Partner at the following address:

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Tel: (214) 572-2300
Fax: (214) 572-2398
Attention: Attention: Tina Hou, Managing Director – Investor Relations
Email: tina.hou@civitascapital.com

All Subscription Documents will be returned to the Subscriber if this subscription is not accepted.

EVIDENCE OF AUTHORIZATION. Subscribers (other than natural persons subscribing for their own account) may be required to submit the following evidence of authorization:

- (1) *Corporation:* certified corporate resolutions authorizing the subscription and identifying the corporate officer(s) empowered to sign the Subscription Documents.
- (2) *Partnership:* partnership certificate (in the case of limited partnerships) or partnership agreement identifying the general partners.
- (3) *Trust:* trust agreement or relevant portions thereof showing appointment and authority of trustee(s).

Entities may be requested to furnish other or additional documentation evidencing their authority to invest in the Fund.

SUBSCRIPTION PAYMENTS; CLOSING DATE. Payments for the amounts subscribed (the "*Subscription Amount*"), not less than \$500,000 unless otherwise agreed in advance by the General Partner, must be made by wire transfer to the following escrow account:

To: JPMorgan Chase Bank, National Association, as escrow agent
ABA No.: [_____]
F/C/T: **Civitas Encore Fund, LP**
Account No.: [_____]
Reference: [*Subscriber Name*]

The General Partner will notify each Subscriber as to the Subscription Amount and due date of its capital contribution. Unless otherwise agreed to by the General Partner, the initial capital contribution is payable by wire transfer at least one business day prior to the proposed date of subscription.

The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription

Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a Subscriber's I-526 Petition is not approved, or the General Partner rejects a subscription for any reason whatsoever, the Subscription Amount will be returned to the Subscriber without interest thereon and the Subscriber will not be admitted as a limited partner to the Fund.

PAYMENT OF ADMINISTRATIVE FEE.

The General Partner will not accept a subscription for an Interest unless the Subscriber has paid in full the Administrative Fee to the Manager in the amount set forth on the signature page of the Subscriber's subscription agreement. The Administrative Fee must be made by wire transfer to the following account of the Manager:

To:	Texas Capital Bank, National Association
ABA No.:	[_____]
F/C/T:	Civitas Capital Management, LLC
Account No.:	[_____]
Reference:	[<i>Subscriber Name</i>]

ACCEPTANCE OF SUBSCRIPTIONS. The acceptance of subscriptions is within the absolute discretion of the General Partner, which may require additional information prior to making a determination. The General Partner will seek to notify the Subscriber of its acceptance or rejection of the subscription prior to the date of subscription. If the subscription is rejected, the Fund will, unless restricted by law, promptly refund (without interest) to the Subscriber any subscription payments received by the Fund. As noted above, the General Partner will not accept any subscription unless the Administrative Fee has been paid to the Manager.

ADDITIONAL INFORMATION. For additional information concerning subscriptions, prospective investors should contact Tina R. Hou, Managing Director – Investor Relations (telephone: (214) 572-2302) at the office of the General Partner.

CIVITAS ENCORE FUND, LP

PRIVACY POLICY

The Fund takes precautions to maintain the privacy of personal information concerning the Fund's current and prospective individual Subscribers. These precautions include the adoption of certain procedures designed to maintain and secure such Subscribers' nonpublic personal information from inappropriate disclosure to third parties. Federal regulations require the Fund to inform Subscribers of this privacy policy.

The Fund collects nonpublic personal information about its Subscribers from the following sources:

- Information the Fund receives from a Subscriber in these Subscription Documents or other related documents or forms;
- Information about a Subscriber's transactions with the Fund, its affiliates, or others; and
- Information the Fund may receive from a consumer reporting agency.

The Fund does not disclose any nonpublic personal information about its prospective, existing or former Subscribers to anyone, except as permitted or required by law and regulation.

The Fund restricts access to nonpublic personal information about its Subscribers to those employees and agents of the Fund who have been advised as to the proper handling of such information and who need to know that information in order to provide services to its Subscribers. The Fund may also disclose such information to its affiliates and to service providers and financial institutions that provide services to the Fund. The Fund will require such third party service providers and financial institutions to protect the confidentiality of the Subscribers' nonpublic personal information and to use the information only for purposes for which it is disclosed to them. The Fund may also disclose nonpublic personal information to regulatory authorities as required or permitted by applicable law. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to safeguard the Subscribers' nonpublic personal information and which the Fund believes are adequate to prevent unauthorized disclosure of such information.

The Fund does not otherwise provide information about current, former and prospective individual Subscribers to outside firms, organizations or individuals except at the Subscriber's request or to attorneys, accountants and auditors of any current, former and prospective individual Subscriber.

If you have any questions concerning this privacy policy, please contact Tina R. Hou (telephone: (214) 572-2302) at the office of the General Partner.

CIVITAS ENCORE FUND, LP

SUBSCRIBER INFORMATION FORM

PART A OF THIS SUBSCRIBER INFORMATION FORM IS DIVIDED INTO THREE SECTIONS. ALL SUBSCRIBERS ARE REQUIRED TO COMPLETE SECTION I. SUBSCRIBERS WHO ARE NATURAL PERSONS, OR GRANTOR TRUSTS MUST COMPLETE SECTION II. ALL OTHER SUBSCRIBERS MUST COMPLETE SECTION III.

ALL SUBSCRIBERS MUST COMPLETE THE SUBSCRIBER QUALIFICATION QUESTIONS IN **PART B**.

SUBSCRIBERS SUBSCRIBING AS A CUSTODIAN OR AN AGENT ON BEHALF OF A BENEFICIAL OWNER SHOULD COMPLETE THE QUESTIONS BELOW WITH REFERENCE TO THE BENEFICIAL OWNER OF THE INTEREST.

PART A – SUBSCRIBER INFORMATION

SECTION I. TO BE COMPLETED BY ALL SUBSCRIBERS

1. Identity of Subscriber

Name(s):

Country of
Citizenship

Please check *all* of the boxes that describe the beneficial owner(s) for whose account an interest is being acquired.

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Family partnership or LLC |
| <input type="checkbox"/> Joint (spouses) | <input type="checkbox"/> Joint (other) |
| <input type="checkbox"/> Personal trust (taxable to grantor) | <input type="checkbox"/> Personal trust (other) |
| <input type="checkbox"/> Charitable trust | <input type="checkbox"/> Business entity (other) |
| <input type="checkbox"/> Other | <input type="checkbox"/> |

If "Other" or "Business entity (other)" was checked, please describe the entity or beneficial owner: _____

2. U.S. Person Status

Is the Subscriber a "U.S. Person"?

Yes No

For purposes of this Subscriber Information Form, the term "***U.S. Person***" means:

- (1) a resident or citizen of the U.S.;
- (2) a partnership or corporation organized under the laws of the U.S.;
- (3) any entity not organized under the laws of the U.S.:
 - (a) that is organized principally for passive investment (such as an investment company, a commodity pool or other similar vehicle); and
 - (b)
 - (i) in which the amount of units of participation held by U.S. Persons (other than "qualified eligible persons" as defined in Rule 4.7 under the U.S. Commodity Exchange Act) represents in the aggregate 10 percent or more of the beneficial interest in the entity;
 - (ii) that was formed for the purpose of facilitating investment by U.S. Persons in the Fund, or in any other commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the U.S. Commodity Futures Trading Commission by virtue of its participants being non-U.S. Persons; or
 - (iii) that was formed by U.S. Persons principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933, as amended (the "***Securities Act***"), unless it is formed and owned by "accredited investors" (as defined in Rule 501 (a) under the Securities Act) who are not individuals, estates or trusts;
- (4) an estate or trust:
 - (a) of which an executor, administrator or trustee is a U.S. Person, unless;
 - (i) an executor, administrator or trustee who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate or trust; and
 - (ii)
 - (A) in the case of an estate, it is governed by non-U.S. law; or
 - (B) in the case of a trust, no beneficiary (and no settlor if the trust is revocable) is a U.S. Person; or
 - (b) the income of which is subject to U.S. income tax regardless of source;
- (5) any agency or branch of a foreign entity located in the U.S.;
- (6) any non-discretionary account or similar account (other than an estate or trust) held for the benefit or account of one or more U.S. Persons; and
- (7) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the U.S., unless it is held by a dealer or other professional fiduciary exclusively for the benefit or account of one or more non-U.S. Persons.

For purposes of the foregoing, the term "***U.S.***" means the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.

3. Contact Information

Primary Contact for Notices and Communications

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Secondary Contact for Notices and Communications (optional)

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Send copy of Financial Statements and Tax Information Returns to (optional)

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Please set forth below the names of persons authorized by the Subscriber to give and receive instructions between the Fund and the Subscriber together with their respective signatures. Such persons are the only persons so authorized until further written notice to the General Partner signed by one or more of such persons.

<u>Name</u>	<u>Signature</u>
_____	_____
_____	_____
_____	_____
_____	_____

4. Remitting Bank or Financial Institution

All subscriptions are payable in full by wire transfer of readily available U.S. dollars to the account of the Fund on or before the business day prior to the proposed date of subscription. Please identify the bank or other financial institution (the "*Wiring Institution*") from which the Subscriber's funds will be wired. Note that any amounts paid to the Subscriber will be paid to the same account from which its subscription funds were originally remitted, unless the General Partner agrees otherwise.

A. Name of Wiring Institution: _____

Address¹: _____

ABA, Chips or SWIFT Number: _____

Account Name: _____

Account Number: _____

For Benefit of: [Subscriber Name]

Account Representative: _____

Telephone: _____

¹ If the Wiring Institution is not located in a jurisdiction that is a member of the Financial Action Task Force on Money Laundering (the "FATF"), the General Partner may require additional information. For a current list of FATF members see: www.fatf-gafi.org.

B. Is the Subscriber a customer of the Wiring Institution?

Yes No

If you responded "No," please contact the General Partner for additional information that may be required.

5. Electronic Delivery of Reports and Other Communications

The Fund may make reports and other communications available in electronic form, such as E-mail or by posting on a web site (with notification of the posting by E-mail). Do you consent to receive deliveries of reports and other communications from the Fund (including annual and other updates of our consumer privacy policies and procedures) exclusively in electronic form without separate mailing of paper copies?

Yes No

6. Information Regarding Actual Ownership of the Interest

Is the Subscriber subscribing for an Interest with the intent to sell, distribute or transfer the Interest to any other person or persons?

Yes No

Is the Subscriber subscribing for an Interest as agent, nominee, trustee, partner, or otherwise on behalf of, for the account of, or jointly with any other person or entity?

Yes No

Will any other person or persons have a beneficial interest in the Interest acquired (other than as a shareholder, partner or other beneficial owner of equity interests in the Subscriber)?

Yes No

Does the Subscriber control, or is the Subscriber controlled by or under common control with, any other existing or prospective investor in the Fund?

Yes No

Note: If any of the above questions were answered "Yes," please provide identifying information or contact the General Partner:

7. Private Investment Fund Experience

Has the Subscriber previously made an investment in a private investment fund such as a hedge fund, private equity or venture capital fund, commodity pool, real estate or energy partnership or fund of funds?

Yes No

8. Net Worth

Is the Subscriber's net worth more than 10 times the amount of the subscription commitment?

Yes No

9. Ability to Bear Risk

Does the Subscriber have the financial ability to bear the economic risk of this investment and have adequate means to provide for its current needs and contingencies?

Yes No

SECTION II. ADDITIONAL QUESTIONS FOR NATURAL PERSONS OR GRANTOR TRUSTS

1. Please indicate desired type of ownership interest

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Grantor Trust |
| <input type="checkbox"/> Joint | <input type="checkbox"/> [Delete this box] |

2. Place of Residence

(a) Indicate the state where Subscriber has his or her principal residence:

Note: If you are married and live in a community property state, both you and your spouse must sign the signature page of the Subscription Agreement. Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington and Wisconsin. Property held by married persons resident in Alaska may also be subject to community property law if the married persons opted into the community property regime.

(b) Is the Subscriber or trust grantor a United States citizen or permanent resident of the United States?

- Yes No

3. Social Security Number: _____

4. Joint Subscriptions

If you are subscribing with another person, please answer the following questions:

(a) Please indicate type of ownership interest:

- Joint Tenants (rights of survivorship)
 Tenants in common (no rights of survivorship)

(b) If you are subscribing for an Interest jointly with another person, please answer the following questions:

(i) Is the other person a United States citizen or permanent resident of the United States?

- Yes No

(ii) If the answer to the above question is yes, please provide such other person's U.S. Social Security number: _____

5. Grantor Trust Investors

- (a) Please indicate whether the Subscriber, for federal income tax purposes, files now or has ever filed a tax or information return, as a partnership, as a "grantor" trust or (if the Subscriber is a U.S. corporation) as an "S corporation" under Sections 1361-1379 of the Internal Revenue Code of 1986, as amended (the "*Code*").

Yes No

- (b) If the answer is "Yes," will the investment in the Fund represent more than 75% of the assets of the Subscriber?

Yes No

SECTION III. ADDITIONAL QUESTIONS FOR ENTITIES AND NON-GRANTOR TRUSTS

1. Organizational Data

(a) Legal form of entity: _____

(b) Jurisdiction of organization: _____

(c) Year of organization: _____

(d) Briefly identify the Subscriber's primary business: _____

(e) Identify the Subscriber's principal place of business: _____

(f) Total number of shareholders, partners or other holders of equity or beneficial interests or other securities (including any debt securities other than short term paper of the Subscriber) (If the number is more than 100, it is sufficient to respond "more than 100."):

(g) Is the Subscriber a wholly owned or majority-owned subsidiary of another entity?

Yes No

(h) Is the direct parent of the Subscriber a wholly owned or majority-owned subsidiary of another entity?

Yes No

(i) Was the Subscriber organized for the specific purpose of acquiring an Interest?

Yes No

- (j) Have shareholders, partners or other holders of equity or beneficial interests in the Subscriber been provided the opportunity to decide individually whether or not to participate, or the extent of their participation, in the Subscriber's investment in the Fund (*i.e.*, have investors in the Subscriber been permitted to determine whether their capital will form part of the specific capital invested by the Subscriber in the Fund)?

Yes No

- (k) Is the Subscriber an entity engaged primarily in investing or trading securities?

Yes No

If the answer is "Yes," please answer the following questions. If the answer is "No," skip to question 2.

Does the current amount of the Subscriber's subscription to the Fund exceed forty percent (40%) of the value of the Subscriber's total assets?

Yes No

2. Tax Information

- (a) Employer identification number:

- (b) Indicate the annual date on which the Subscriber's taxable year ends for purposes of reporting federal income tax or filing information returns:

- (c) Please indicate whether the Subscriber, for federal income tax purposes, files now or has ever filed a tax or information return, as a partnership, as a "grantor" trust or (if the Subscriber is a U.S. corporation) as an "S corporation" under Sections 1361-1379 of the Code.

Yes No

If the answer is "Yes," will the investment in the Fund represent more than 75% of the assets of the Subscriber?

Yes No

- (d) Is the Subscriber exempt from federal income tax (e.g., a qualified employee benefit plan or trust, retirement account, charitable remainder trust, or a charitable foundation or other tax-exempt organization described in Section 501(c)(3) of the Code)?

Yes No

PART B – SUBSCRIBER QUALIFICATION

SUBSCRIPTIONS WILL BE ACCEPTED ONLY FROM PERSONS WHO QUALIFY AS ELIGIBLE INVESTORS WITHIN THE MEANING OF APPLICABLE FEDERAL AND STATE SECURITIES REGULATIONS. UNLESS OTHERWISE INDICATED, RESPONSES SHOULD BE GIVEN BY REFERENCE TO THE SPECIFIC PERSON FOR WHOSE ACCOUNT THE INTEREST IS BEING ACQUIRED. THE SUBSCRIBER MAY BE REQUIRED TO PROVIDE SUCH FURTHER INFORMATION AND EXECUTE AND DELIVER SUCH DOCUMENTS AS THE GENERAL PARTNER MAY REASONABLY REQUEST TO VERIFY THAT THE SUBSCRIBER QUALIFIES AS AN ELIGIBLE INVESTOR.

SECTION I. ACCREDITED INVESTOR STATUS

Each Subscriber must indicate whether the intended beneficial owner of the Interest qualifies as an “accredited investor” pursuant to *at least one* of the following tests. (Please check *all* that apply, or, if none applies, consult the General Partner.)

FOR NATURAL PERSONS:

- The Subscriber is a *natural person* whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase exceeds \$1,000,000.
- The Subscriber is a *natural person* with individual income (without including any income of the Subscriber’s spouse) in excess of \$200,000 or joint income with that person’s spouse of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year.
- Subscriber is a grantor trust and the grantor of the grantor trust is a *natural person* that meets the requirements described above.²

FOR ENTITIES:

- The Subscriber is an *entity* with total assets in excess of \$5,000,000 that was not formed for the purpose of investing in the Fund and is one of the following:
 - a corporation;
 - a partnership;
 - a limited liability company;
 - a business trust; or
 - a tax-exempt organization described in Section 501(c)(3) of the Code.

² Additional information may be required in connection with a grantor trust’s investment.

- The Subscriber is a personal (non-business) trust, other than an employee benefit trust, with total assets in excess of \$5,000,000 that was not formed for the purpose of investing in the Fund and whose decision to invest in the Fund has been directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the investment.

- The Subscriber is an entity in which *all* of the equity owners are persons described above.

SECTION II. QUALIFIED CLIENT STATUS

Each subscriber must indicate whether the intended beneficial owner of the Interest qualifies as a "qualified client." IRAs and revocable grantor trusts should complete the questions for natural persons.

FOR NATURAL PERSONS:

- The Subscriber (or the grantor, in the case of a grantor trust) is a natural person whose net worth (together, in the case of a natural person, with assets held jointly with that person's spouse), at the time of subscription exceeds \$1,500,000.

FOR ENTITIES:

- The Subscriber is an entity that has a net worth at the time of subscription in excess of \$1,500,000

If the entity is an entity engaged primarily in investing or trading in securities, state whether each of the shareholders, partners or other holders of equity or beneficial interests in the Subscriber (please answer both (A) and (B)):

- (A) has a net worth of at least \$1,500,000:

Yes No

- (B) is either an entity which is not engaged primarily in investing or trading in securities or a natural person:

Yes No

CIVITAS ENCORE FUND, LP

SUBSCRIPTION AGREEMENT

Civitas Encore Fund, LP

c/o Civitas Encore Fund GP, LP
900 Jackson Street, Ste 150
Dallas, TX 75202

Ladies and Gentlemen:

1. Documents Received

(a) The undersigned (the "**Subscriber**") hereby acknowledges having (i) received and read the current Confidential Private Placement Memorandum, as supplemented (the "**Private Placement Memorandum**"), of Civitas Encore Fund, LP, a limited partnership organized under the laws of the State of Texas (the "**Fund**"), and the Limited Partnership Agreement of the Fund, as amended to date (the "**Partnership Agreement**") and (ii) been given the opportunity to (A) ask questions of, and receive answers from, Civitas Encore Fund GP, LP (the "**General Partner**") or one of its affiliates, including Civitas Capital Management, LLC (the "**Manager**"), the Fund's manager, concerning the terms and conditions of the offering and other matters pertaining to an investment in the Fund and (B) obtain any additional information that the General Partner can acquire without unreasonable effort or expense that is necessary to evaluate the merits and risks of an investment in the Fund.

(b) Appendix A hereto contains the definitions of certain capitalized terms used but not otherwise defined herein and should be read by the Subscriber prior to entering into this Subscription Agreement.

2. Subscription Commitment

(a) The Subscriber hereby irrevocably subscribes for a limited partner interest in the Fund (the "**Interest**") and agrees to contribute in cash to the capital of the Fund, the amount set forth on the Signature Page of this Subscription Agreement (the "**Subscription Amount**"). Such amount shall be payable in full in readily available U.S. dollars by wire transfer to the escrow account of the Fund at least one business day prior to the proposed date of subscription.

(b) The Subscriber understands that this subscription is not binding on the Fund until accepted by the General Partner, and it may be rejected, in whole or in part, by the General Partner in its absolute discretion. If and to the extent rejected, the Fund shall, to the extent permitted by law, direct the escrow agent to return to the Subscriber, without interest or deduction, any payment tendered by the Subscriber, and the Fund and the Subscriber shall have no further obligation to each other hereunder.

(c) The Subscription Amount shall be held in escrow until the Subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked

as a capital contribution to the Fund and the Subscriber formally admitted as a Limited Partner of the Fund. In the event Subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the Subscriber without interest thereon and the Subscriber shall not be admitted as a Limited Partner to the Fund.

3. Representations, Warranties and Covenants – All Subscribers

To induce the Fund to accept this subscription, the Subscriber hereby makes the following representations, warranties and covenants to the Fund's general and limited partners:

(a) The Subscriber acknowledges that the subscription for an Interest does not guarantee conditional or unconditional permanent residency in the United States and that none of the Fund, the General Partner, the Manager nor their respective affiliates have given any assurances or advice with respect to U.S. immigration matters or that the Subscriber will obtain conditional or unconditional permanent resident status under U.S. law.

(b) The information set forth in the subscriber information form attached hereto, which shall be considered an integral part of this Subscription Agreement (the "**Subscriber Information Form**"), is true, correct, accurate and complete as of the date hereof, and the Subscriber will promptly notify the Fund of any change in such information. The Subscriber consents to the disclosure of any such information, and any other information furnished to the Fund, to any governmental authority, self-regulatory organization or, to the extent required by law or deemed (subject to applicable law) by the General Partner to be in the best interest of the Fund, to any other person.

(c) Except as disclosed in the accompanying Subscriber Information Form, the Subscriber is acquiring the Interest for the Subscriber's own account; does not have any contract, undertaking or arrangement with any person or entity to sell, transfer or grant a participation with respect to any of the Interest; and is not acquiring the Interest with a view to or for sale in connection with any distribution of the Interest.

(d) The Subscriber or an advisor or consultant relied upon by the Subscriber in reaching a decision to subscribe has such knowledge and experience in financial, tax and business matters as to enable the Subscriber or such advisor or consultant to evaluate the merits and risks of an investment in the Interest (including the risks set forth in the Private Placement Memorandum) and to make an informed investment decision with respect thereto.

(e) The Subscriber understands that the Interests have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any state law, and that the Fund is not registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Subscriber agrees to notify the Fund in writing prior to any proposed sale, transfer, distribution or other disposition of the Interest or any beneficial interest therein, and will not sell, transfer, distribute or otherwise dispose of the Interest without the prior written consent of the General Partner, which may be granted or withheld in its sole discretion, and unless the Interests are registered or such sale, transfer, distribution or other disposition is exempt from registration. The Subscriber understands that the General Partner has no intention to register the Fund or the Interests with the Securities and Exchange Commission or any state and is under no obligation to assist the Subscriber in obtaining or complying with any exemption

from registration. The Fund may require that a proposed transferee meet appropriate financial and other suitability standards and that the transferor, at its expense, furnish a legal opinion satisfactory to the Fund and its counsel that the proposed transfer complies with applicable federal, state and any other applicable securities laws. An appropriate legend evidencing such restrictions may be placed on any certificates issued representing the Interests and appropriate stop-transfer instructions may be placed with respect to the Interests.

(f) In formulating a decision to invest in the Fund, the Subscriber has not relied or acted on the basis of any representations or other information purported to be given on behalf of the Fund or the General Partner, except as set forth in the Private Placement Memorandum or the Partnership Agreement (it being understood that no person has been authorized by the Fund or the General Partner to furnish any such representations or other information).

(g) The Subscriber recognizes that there is not now any secondary market for Interests and that such a market is highly unlikely to develop. Accordingly, it will not be possible for the Subscriber readily to liquidate the Subscriber's investment in the Fund.

(h) If the Subscriber is a natural person, the Subscriber is qualified to become a limited partner in the Fund and has the legal capacity to execute, deliver and perform this Subscription Agreement and the Partnership Agreement.

(i) If the Subscriber is a corporation, partnership, limited liability company, trust or other entity, it is authorized and qualified to become a limited partner in, and authorized to make its capital contribution to, the Fund and otherwise to comply with its obligations under the Partnership Agreement; the person signing this Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so; and this Subscription Agreement has been duly executed and delivered on behalf of the Subscriber and is the valid and binding agreement of the Subscriber, enforceable against the Subscriber in accordance with its terms. In addition, such Subscriber will, upon request of the General Partner, deliver any documents, including an opinion of counsel to the Subscriber, evidencing the existence of the Subscriber, the legality of an investment in the Fund and the authority of the person executing this Subscription Agreement on behalf of the Subscriber which may be requested by the General Partner.

(j) The purchase of the Interest hereunder and the compliance by such Subscriber with all of the provisions of this Subscription Agreement and the Partnership Agreement applicable to such Subscriber and the consummation by such Subscriber of the transactions herein and therein contemplated will not (a) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Subscriber is a party or by which such Subscriber is bound or to which any of the property or assets of such Subscriber is subject, nor (b) will such action result in (i), if such Subscriber is an entity, any violation of the provisions of the organizational documents of such Subscriber or (ii) any statute applicable to such Subscriber or any order, rule or regulation of any court or governmental agency or body having jurisdiction over such Subscriber or the property of such Subscriber.

(k) Upon the request of the General Partner, the Subscriber shall provide such information and execute such documents as may be required (a) in connection with any borrowing by the Fund in accordance with the Partnership Agreement and (b) to allow the

General Partner or the Manager to make further investigation concerning the Subscriber's source of funds and the personal and business background of the Subscriber and his or her family members.

(l) The Subscriber has carefully reviewed and understands the various risks of an investment in the Fund, as well as the fees and conflicts of interest to which the Fund is subject, as set forth in the Private Placement Memorandum. The Subscriber hereby consents and agrees to the payment of the fees so described to the parties identified as the recipients thereof, and to such conflicts of interest.

(m) The Subscriber believes that the compensation terms of the Partnership Agreement represent an "arm's-length" arrangement and the Subscriber is satisfied that it has received adequate disclosure from the General Partner to enable it to understand and evaluate the compensation and other terms of the Partnership Agreement and the risks associated therewith.

(n) The Subscriber represents and warrants that no holder of any beneficial interest in the Interest (each a "**Beneficial Interest Holder**") and, in the case of a Subscriber which is an entity, no Related Person is:

- (1) A person or entity whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Asset Control from time to time;
- (2) A Foreign Shell Bank; or
- (3) A person or entity resident in or whose subscription funds are transferred from or through an account in a Non-Cooperative Jurisdiction.

The Subscriber agrees promptly to notify the General Partner or the person appointed by the General Partner to administer the Fund's anti-money laundering program, if applicable, of any change in information affecting this representation and covenant.

(o) The Subscriber represents that (except as otherwise disclosed to the General Partner in writing):

- (1) none of it, any Beneficial Interest Holder nor any Related Person (in the case of a Subscriber that is an entity) is a Senior Foreign Political Figure, any member of a Senior Foreign Political Figure's Immediate Family or any Close Associate of a Senior Foreign Political Figure;
- (2) none of it, any Beneficial Interest Holder nor any Related Person (in the case of a Subscriber that is an entity) is resident in, or organized or chartered under the laws of, a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT

Act as warranting special measures due to money laundering concerns;³
and

- (3) its subscription funds do not originate from, nor will they be routed through, an account maintained at a Foreign Shell Bank, an “offshore bank,” or a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction.

(p) The Subscriber acknowledges and agrees that any amounts paid to it will be paid to the same account from which its subscription funds were originally remitted, unless the General Partner agrees otherwise.

(q) If the Subscriber is purchasing the Interest as agent, representative or intermediary/nominee, or in any similar capacity for any other person, or is otherwise requested to do so by the General Partner, it shall provide a copy of its anti-money laundering policies (“**AML Policies**”) to the General Partner. The Subscriber represents that (i) it is in compliance with its AML Policies, (ii) its AML Policies have been approved by counsel or internal compliance personnel who have been reasonably informed of the legal requirements and best practices for anti-money laundering policies and their implementation, and (iii) it has not received a deficiency letter, negative report or any similar determination regarding its AML Policies from independent accountants, internal auditors or some other person responsible for reviewing compliance with its AML Policies.

(r) The Subscriber represents and warrants that as a result of its acquisition and holding of an Interest: (i) the assets of the Fund will not constitute the assets of any employee benefit plan subject to any federal, state, local or non-U.S. law, rule or regulations (“**Similar Law**”) that is similar to (A) the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or (B) Section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”); (ii) neither the General Partner nor the Manager will be considered to be a fiduciary of the Subscriber under any Similar Law; and (iii) no activity of the Fund contemplated in the Private Placement Memorandum or the Partnership Agreement will violate any Similar Law.

4. Indemnification

The Subscriber understands the meaning and legal consequences of the representations, warranties, agreements, covenants and confirmations set out above and agrees that the subscription made hereby, if accepted by the General Partner, will be accepted in reliance thereon. The Subscriber agrees to indemnify and hold harmless the Fund, the General Partner, the Manager, and their affiliates, and the partners, members, managers, stockholders, other beneficial owners, officers, directors and employees of any of the foregoing (the “**Indemnified Persons**”) from and against any and all loss, damage, liability or expense, including reasonable costs and attorneys’ fees and disbursements, which an Indemnified Person may incur by reason of, or in connection with, any representation or warranty made herein (or in the accompanying Subscriber Information Form) not having been true, correct and complete when made, any

³ The Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) issues advisories regarding countries of primary money laundering concern. FinCEN’s advisories are posted at http://www.fincen.gov/pub_main.html.

misrepresentation made by the Subscriber or any failure by the Subscriber to fulfill any of the covenants or agreements set forth herein, in the Subscriber Information Form or in any other document provided by the Subscriber to the Fund.

5. Miscellaneous

(a) The Subscriber agrees that neither this Subscription Agreement, nor any of the Subscriber's rights, interest or obligations hereunder, is transferable or assignable by the Subscriber, and further agrees that the transfer or assignment of any Interest acquired pursuant hereto shall be made only in accordance with the provisions hereof, the Partnership Agreement and all applicable laws. Any assignment in violation of this Section 5(a) shall be null and void.

(b) The Subscriber agrees that, except as permitted by applicable law, it may not cancel, terminate or revoke this Subscription Agreement or any agreement of the Subscriber made hereunder, and that this Subscription Agreement shall survive the death or legal disability of the Subscriber and shall be binding upon the Subscriber's heirs, executors, administrators, successors and assigns.

(c) All of the representations, warranties, covenants, agreements, indemnities and confirmations set out above and in the Subscriber Information Form shall survive the acceptance of the subscription made herein and the issuance of any Interest.

(d) This Subscription Agreement, together with the Subscriber Information Form, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior understandings, agreements or representations among the parties, written or oral, as they relate to the subject matter hereof.

(e) This Subscription Agreement may be amended or modified only by a writing executed by both parties.

(f) Within ten (10) days after receipt of a written request therefor from the Fund, the Subscriber agrees to provide such information and to execute and deliver such documents as the Fund may deem reasonably necessary to comply with any and all laws, rules, regulations, orders and ordinances to which the Fund is or may be subject.

(g) The Subscriber agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its investment in the Fund) or disclose to any person, any information or matter relating to the Fund and its affairs and any information or matter related to any investment of the Fund (other than disclosure to the Subscriber's authorized representatives); provided that (i) the Subscriber may make such disclosure to the extent that (x) the information to be disclosed is publicly known at the time of proposed disclosure by the Subscriber through no fault of the Subscriber, (y) the information otherwise is or becomes legally known to the Subscriber other than through disclosure by the Fund, or (z) such disclosure is required by law or in response to any governmental agency request or in connection with an examination by any regulatory authority; provided that such agency, regulatory authority or association is aware of the confidential nature of the information disclosed; (ii) the Subscriber may make such disclosure to its Beneficial Interest Holders to the extent required under the terms of its arrangements with such persons; and (iii) the Subscriber will be permitted, after written notice to

the General Partner, to correct any false or misleading information that becomes public concerning the Subscriber's relationship to the Fund. Prior to making any disclosure required by law, the Subscriber shall use its best efforts to notify the General Partner of such disclosure. Prior to any disclosure to any authorized representative or Beneficial Interest Holder, the Subscriber shall advise such persons of the confidentiality obligations set forth herein and each such person shall agree to be bound by such obligations. Notwithstanding the foregoing, the Subscriber may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Fund and all materials of any kind (including opinions or other tax analyses) that are provided in connection with this Subscription Agreement to the Subscriber relating to such tax treatment or tax structure. The Subscriber acknowledges and agrees that the Fund and the General Partner would be damaged irreparably and would not have an adequate remedy at law if this Section (g) is not performed in accordance with its specific terms or is otherwise breached. Accordingly, in addition to any other remedy to which it may be entitled at law or in equity, each party will be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Section 5(g) and to enforce specifically this Section 5(g), without bond or other security being required. The rights and remedies in this Section 5(g) are cumulative and in addition to any other rights and remedies otherwise available at law or in equity. Nothing will be considered an election of remedies or a waiver of the right to pursue any other right or remedy to which party may be entitled.

6. Agreement to be a Limited Partner

Subject only to the acceptance of this Subscription Agreement by the General Partner, the Subscriber hereby joins in and agrees to be bound by the Partnership Agreement as a limited partner.

7. Power of Attorney

The following shall not be applicable to individuals executing this Subscription Agreement while physically present in the State of New York, regardless of such individuals' state of residence. Such individuals must execute the separate "Power of Attorney for Individuals in New York." This provision shall automatically not be applicable to any individuals signing such power of attorney. By not executing the "Power of Attorney for Individuals in New York," the Subscriber represents that such Subscriber is not a natural person that is present in the State of New York at the time of execution and delivery of this Subscription Agreement.

(a) Subject only to the acceptance of this Subscription Agreement by the General Partner, the Subscriber does hereby appoint the General Partner, acting through any of its authorized partners, members or officers, as the Subscriber's true and lawful attorney-in-fact with full power of substitution and re-substitution, to have full power and authority to act in the Subscriber's name, place and stead and on the Subscriber's behalf to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish all such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, may from time to time be required by the laws of the United States of America, the State of Texas, or any other jurisdiction in which the Fund determines to do business, or any political subdivision or agency thereof.

(b) The Subscriber acknowledges receipt of the Partnership Agreement. The Subscriber is aware that the terms of the Partnership Agreement permit certain amendments to

the Partnership Agreement to be effected and certain other actions to be taken or omitted by or with respect to the Fund without the Subscriber's consent, including the formation of any alternative investment vehicle by the General Partner in furtherance of the business of the Fund and the transfer of the Subscriber and his or her Interest or capital account in the Fund to such new investment vehicle by any means permitted by law.

(c) If an amendment of the Certificate of Limited Partnership of the Fund or the Partnership Agreement or any action by or with respect to the Fund is taken by the General Partner in the manner contemplated by the Partnership Agreement, the Subscriber agrees that, notwithstanding any objection that the Subscriber may assert with respect to such action, the General Partner in its sole discretion is authorized and empowered, with full power of substitution, to exercise the authority granted above in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. The Subscriber is fully aware that each other partner of the Fund relies on the effectiveness of this special power-of-attorney with a view to the orderly administration of the affairs of the Fund. This power-of-attorney is a special power-of-attorney and is coupled with an interest in favor of the General Partner and as such:

- (i) is irrevocable and continues in full force and effect notwithstanding the subsequent death or incapacity of any party granting this power-of-attorney, regardless of whether the Fund or the General Partner has had notice thereof; and;
- (ii) survives the delivery of an assignment by the Subscriber of the whole or any portion of the Subscriber's Interest, except that where the assignee thereof has been approved by the General Partner for admission to the Fund as a substituted limited partner, this power-of-attorney given by such assignor survives the delivery of such assignment for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

(d) If the undersigned is executing on behalf of an entity, the undersigned has been duly authorized by such entity to execute this Subscription Agreement, which includes this Power of Attorney, and this Subscription Agreement, together with this Power of Attorney, has been duly executed and delivered on behalf of such entity and is the valid and binding agreement of the Subscriber, enforceable against the Subscriber in accordance with its terms. If the Subscriber is an individual, the Subscriber has the legal capacity to execute, deliver and perform the obligations contained in this Subscription Agreement, including this Power of Attorney.

(e) The undersigned agrees to hold the General Partner harmless from any liability, damages or loss that the undersigned sustains from the General Partner's action or failure to act except to the extent such losses, liability or damages are directly caused by the gross negligence or willful misconduct of the General Partner.

8. Notices

Any notice required or permitted to be given to the Subscriber in relation to the Fund shall be sent to the address specified in Part A, Section I of the Subscriber Information Form or to such other address as the Subscriber designates by written notice received by the General Partner.

9. Governing Law

This Subscription Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to any conflict of law principles that would result in the application of the laws of any other jurisdiction.

[Signature Page Follows]

**CIVITAS ENCORE FUND, LP
SIGNATURE PAGE**

(Complete and sign)

By signing below, the Subscriber (1) confirms that the information contained in the Subscriber Information Form is accurate and complete, (2) agrees to the terms of the Subscription Agreement and the Partnership Agreement (3) requests that the records of the Fund reflect the Subscriber's admission as a limited partner and (4) agrees to pay an administrative fee to the Manager in an amount equal to \$ _____ (the "*Administrative Fee*").

Dated: _____, 2010

AMOUNT OF SUBSCRIPTION

U.S.\$ _____

Name of Subscriber's Spouse
*(if a natural person and purchasing jointly
or if Subscriber is in a community property
jurisdiction)*

Name of Subscriber

Signature of Spouse
*(if a natural person and purchasing jointly
Or if Subscriber is in a community property
jurisdiction)*

Subscriber's Signature

Name and title or representative
capacity, if applicable

The Subscriber's subscription is accepted, subject to the provisions of the Subscription Agreement and the Partnership Agreement and receipt by the Manager of the Administrative Fee.

Civitas Encore Fund GP, LP, General Partner
By: Civitas Partners, LLC

By: _____
Name: _____
Title: Manager

Dated: _____, 2010

**CIVITAS ENCORE FUND, LP
SIGNATURE PAGE**

(Complete and sign)

By signing below, the Subscriber (1) confirms that the information contained in the Subscriber Information Form is accurate and complete, (2) agrees to the terms of the Subscription Agreement and the Partnership Agreement (3) requests that the records of the Fund reflect the Subscriber's admission as a limited partner and (4) agrees to pay an administrative fee to the Manager in an amount equal to \$ _____ (the "*Administrative Fee*").

Dated: _____, 2010

AMOUNT OF SUBSCRIPTION

U.S.\$ _____

Name of Subscriber's Spouse
*(if a natural person and purchasing jointly
or if Subscriber is in a community property
jurisdiction)*

Name of Subscriber

Signature of Spouse
*(if a natural person and purchasing jointly
Or if Subscriber is in a community property
jurisdiction)*

Subscriber's Signature

Name and title or representative
capacity, if applicable

The Subscriber's subscription is accepted, subject to the provisions of the Subscription Agreement and the Partnership Agreement and receipt by the Manager of the Administrative Fee.

Civitas Encore Fund GP, LP, General Partner
By: Civitas Partners, LLC

By: _____
Name: _____
Title: Manager

Dated: _____, 2010

Execute the below power of attorney if the Subscriber is an individual (i.e. natural person) present in the State of New York at the time of execution (regardless of place of residence)

POWER OF ATTORNEY
FOR INDIVIDUALS IN NEW YORK

I, _____, do hereby appoint Civitas Encore Fund GP, LP (the "**General Partner**"), acting through any of its authorized partners, members or officers, as my true and lawful attorney-in-fact with full power of substitution and re-substitution, to have full power and authority to act in my name, place and stead and on my behalf to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish all such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, may from time to time be required by the laws of the United States of America, the State of **Texas**, or any other jurisdiction in which the Fund determines to do business, or any political subdivision or agency thereof.

I acknowledge receipt of the Partnership Agreement. I am aware that the terms of the Partnership Agreement permit certain amendments to the Partnership Agreement to be effected and certain other actions to be taken or omitted by or with respect to the Fund without my consent, including the formation of any alternative investment vehicle by the General Partner in furtherance of the business of the Fund and the transfer of the Subscriber and his or her Interest or capital account in the Fund to such new investment vehicle by any means permitted by law.

If an amendment of the Certificate of Limited Partnership of the Fund or the Partnership Agreement or any action by or with respect to the Fund is taken by the General Partner in the manner contemplated by the Partnership Agreement, I agree that, notwithstanding any objection that I may assert with respect to such action, the General Partner in its sole discretion is authorized and empowered, with full power of substitution, to exercise the authority granted above in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. I am fully aware that each other partner of the Fund relies on the effectiveness of this special power-of-attorney with a view to the orderly administration of the affairs of the Fund. This power-of-attorney is a special power-of-attorney and is coupled with an interest in favor of the General Partner and as such:

- (1) is irrevocable and continues in full force and effect notwithstanding the subsequent death or incapacity of any party granting this power-of-attorney, regardless of whether the Fund or the General Partner has had notice thereof; and;
- (2) survives the delivery of an assignment by me of the whole or any portion of my Interest, except that where the assignee thereof has been approved by the General Partner for admission to the Fund as a substituted limited partner, this power-of-attorney given by such assignor survives the delivery of such assignment for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

This Power of Attorney shall not revoke any powers of attorney granted to any attorney-in-fact prior to this Power of Attorney, nor shall this Power of Attorney be revoked by future powers of attorney I grant. I understand that the General Partner is not receiving any compensation in its capacity as an attorney-in-fact in this Power of Attorney, but I understand and agree that the General Partner and/or any investment adviser appointed by the General Partner shall be entitled to the compensation provided in the Partnership Agreement or investment management

to the compensation provided in the Partnership Agreement or investment management agreement as now in effect or as amended in the future. I have the legal capacity to execute, deliver and perform this Power of Attorney.

I agree to hold the General Partner harmless from any liability, damages or loss that I sustain from the General Partner's action or failure to act as my agent except to the extent such losses, liability or damages are directly caused by the General Partner's gross negligence or willful misconduct. To the extent permitted by law, I hereby waive any standard of care expressly prescribed by statute.

I acknowledge receipt of the following language required by the State of New York:

CAUTION TO THE PRINCIPAL: *Your Power of Attorney is an important document. As the "principal," you give the person whom you choose (your "agent") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.*

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

IMPORTANT INFORMATION FOR THE AGENT: *When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:*

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent: The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

[Signature Page Follows]

IN WITNESS WHEREOF, I have executed this Power of Attorney on _____, 20__.

Name of Subscriber

Signature

STATE OF NEW YORK §
 §
COUNTY OF _____ §

On the ___ day of _____ in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Print Name: _____

My Commission Expires: _____

APPENDIX A

DEFINITIONS

Beneficial Interest Holder: A holder of any beneficial interest in an Interest.

Close Associate: With respect to a Senior Foreign Political Figure, a person who is widely and publicly known internationally to maintain an unusually close relationship with the Senior Foreign Political Figure; includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the Senior Foreign Political Figure.

EB-5 Program: The Regional Center Program of the USCIS pursuant to Section 204 of the Immigration & Nationality Act, as amended.

FATF: The Financial Action Task Force on Money Laundering.

FATF Country: A country that is a member of FATF. For a current list of FATF members, see: www.fatf-gafi.org.

Foreign Bank: An organization that (a) is organized under the laws of a country outside the United States; (b) engages in the business of banking; (c) is recognized as a bank by the bank supervisory or monetary authority of the country of its organization or principal banking operations; (d) receives deposits to a substantial extent in the regular course of its business; and (e) has the power to accept demand deposits, but does not include the U.S. branches or agencies of a foreign bank.

Foreign Shell Bank: A Foreign Bank without a Physical Presence in any country; does not include a Regulated Affiliate.

Government Entity: Any government or any state, department or other political subdivision thereof, or any governmental body, agency, authority or instrumentality in any jurisdiction exercising executive, legislative, regulatory or administrative functions of or pertaining to government.

I-526 Petition: the application for participation in the EB-5 Program.

Immediate Family: With respect to a Senior Foreign Political Figure, typically includes the political figure's parents, siblings, spouse, children and in-laws.

Non-Cooperative Jurisdiction: Any foreign country or territory that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as FATF, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur. For FATF's list of non-cooperative countries and territories See http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236992_1_1_1_1_1,00.html.

Physical Presence: A place of business that is maintained by a Foreign Bank and is located at a fixed address, other than solely a post office box or an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location

the Foreign Bank: (a) employs one or more individuals on a full-time basis, (b) maintains operating records related to its banking activities and (c) is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities.

Publicly Traded Company: An entity whose securities are listed on a recognized securities exchange or quoted on an automated quotation system in the U.S. or a country other than a Non-Cooperative Jurisdiction, or a wholly-owned subsidiary of such an entity.

Qualified Plan: A tax qualified pension or retirement plan in which at least 100 employees participate that is maintained by an employer that is organized in the U.S. or is a U.S. Government Entity.

Regulated Affiliate: A Foreign Shell Bank that: (a) is an affiliate of a depository institution, credit union, or Foreign Bank that maintains a Physical Presence in the U.S. or a foreign country, as applicable; and (b) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or Foreign Bank.

Related Person: With respect to any entity, interest holder, director, senior officer, trustee, beneficiary or grantor of such entity; provided that, in the case of an entity that is a Publicly Traded Company or a Qualified Plan, the term "**Related Person**" shall exclude any interest holder holding less than 5% of any class of securities of such Publicly Traded Company and beneficiaries of such Qualified Plan.

Senior Foreign Political Figure: A senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a Senior Foreign Political Figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a Senior Foreign Political Figure.

USA PATRIOT Act: The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 (Pub. L. No. 107-56).

USCIS: United States Citizenship and Immigration Service, an agency of the U.S. Department of Homeland Security. See www.uscis.gov.

APPENDIX B

W-9

(See Attached)

B-1

**Request for Taxpayer
Identification Number and Certification**

Give form to the requester. Do not send to the IRS.

Print or type
See Specific instructions on page 2.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: Individual/sole proprietor Corporation Partnership
 Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ Exempt payee
 Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number

OR

Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶ Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 564(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$800 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7

¹See Form 1099-MISC, Miscellaneous Income, and its Instructions. However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. *Other payments* include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ³
6. Sole proprietorship or disregarded entity owned by an individual	The owner ⁴
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 9922	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via email. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-368-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

PROSPECTIVE INVESTOR: _____

COPY NUMBER: _____

PROSPECTIVE INVESTORS ELECTING NOT TO
MAKE AN INVESTMENT ARE REQUESTED TO
RETURN ALL OFFERING MATERIALS TO THE
FUND.

CIVITAS ENCORE FUND, LP

Limited Partner Interests

Confidential Private Offering Memorandum

[] 2010

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THIS MEMORANDUM MAY NOT BE REPRODUCED

Contact Information:

Civitas Encore Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street
Suite 150
Dallas, Texas 75202
P: (214) 572-2300
F: (214) 572-2398

CONFIDENTIAL

CIVITAS ENCORE FUND, LP

LIMITED PARTNERSHIP INTERESTS

CONFIDENTIAL

PRIVATE OFFERING MEMORANDUM

IMPORTANT NOTICES

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM (THE "**MEMORANDUM**") DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY LIMITED PARTNERSHIP INTERESTS AS TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. WITHIN THE UNITED STATES, THIS OFFERING IS MADE AS A PRIVATE PLACEMENT PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND ONLY TO PARTIES THAT ARE "**ACCREDITED INVESTORS**" AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THIS OFFERING IS MADE PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, ONLY TO PARTIES THAT ARE NOT "**U.S. PERSONS**" AS DEFINED IN SUCH REGULATION, AND PURSUANT TO EXEMPTIONS FROM APPLICABLE SECURITIES LAWS OF OTHER COUNTRIES ("**FOREIGN SECURITIES LAWS**").

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING IS NOT BEING MADE TO THE PUBLIC.

THIS OFFERING IS MADE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOREIGN SECURITIES LAWS AS DESCRIBED ABOVE. THE FUND (AS DEFINED BELOW) WILL NOT BE OBLIGATED TO REGISTER THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY (THE "**INTERESTS**") UNDER THE SECURITIES ACT OR ANY FOREIGN SECURITIES LAWS IN THE FUTURE. THERE CURRENTLY IS NO PUBLIC OR OTHER MARKET FOR THE INTERESTS AND THE GENERAL PARTNER (AS DEFINED BELOW) DOES NOT EXPECT THAT ANY SUCH MARKET WILL DEVELOP. ALL OF THE INTERESTS, WHETHER ACQUIRED WITHIN THE UNITED STATES OR OUTSIDE THE UNITED STATES, WILL BE "**RESTRICTED SECURITIES**" WITHIN THE MEANING OF RULE 144 OF THE SECURITIES ACT AND THEREFORE MAY NOT BE TRANSFERRED BY A HOLDER THEREOF WITHIN THE UNITED STATES OR TO A "**U.S. PERSON**" UNLESS SUCH TRANSFER IS MADE PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, PURSUANT TO AN EXEMPTION THERE FROM, OR IN A TRANSACTION OUTSIDE THE UNITED STATES PURSUANT TO THE RESALE PROVISIONS OF REGULATION S. MOREOVER, THE INTERESTS MAY BE TRANSFERRED ONLY WITH THE CONSENT OF THE GENERAL PARTNER AND THE SATISFACTION OF CERTAIN OTHER CONDITIONS.

THE INTERESTS ARE SPECULATIVE AND PRESENT A HIGH DEGREE OF RISK. SEE "**RISK FACTORS**." INVESTORS MUST BE PREPARED TO BEAR SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THE AMOUNT INVESTED.

THE INTERESTS ARE BEING OFFERED SUBJECT TO VARIOUS CONDITIONS, INCLUDING: (I) WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE; (II)

CONFIDENTIAL

THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION FOR AN INTEREST, IN WHOLE OR IN PART, FOR ANY REASON; AND (III) THE APPROVAL OF CERTAIN MATTERS BY LEGAL COUNSEL.

THE INFORMATION SET FORTH IN THIS MEMORANDUM IS CONFIDENTIAL. RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY THE RECIPIENT THAT THIS MEMORANDUM SHALL NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE RECIPIENT'S EVALUATION OF AN INVESTMENT IN AN INTEREST. THIS MEMORANDUM IS THE PROPERTY OF THE GENERAL PARTNER AND, EXCEPT AS HELD BY A LIMITED PARTNER OF THE FUND (A "**LIMITED PARTNER**"), MUST BE RETURNED UPON REQUEST. NOTWITHSTANDING THE FOREGOING, EACH INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE FUND AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. ACCEPTANCE OF THIS MEMORANDUM BY A RECIPIENT CONSTITUTES AN AGREEMENT TO BE BOUND BY THE FOREGOING TERMS.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE FUND, THE GENERAL PARTNER, OR THE INTERESTS, OTHER THAN AS CONTAINED IN THIS MEMORANDUM, THE FUND'S LIMITED PARTNERSHIP AGREEMENT (THE "**PARTNERSHIP AGREEMENT**"), THE SUBSCRIPTION AGREEMENT TO BE EXECUTED BY EACH INVESTOR, OR AN OFFICIAL WRITTEN SUPPLEMENT TO THIS MEMORANDUM APPROVED BY THE GENERAL PARTNER. PROSPECTIVE INVESTORS ARE CAUTIONED AGAINST RELYING UPON INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE AND THIS MEMORANDUM IS NOT INTENDED TO PROVIDE THE SOLE BASIS FOR ANY EVALUATION OF AN INVESTMENT IN AN INTEREST. PRIOR TO ACQUIRING AN INTEREST, A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING, AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE UNITED STATES ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

CERTAIN DOCUMENTS RELATING TO THE FUND WILL BE COMPLEX OR TECHNICAL IN NATURE, AND PROSPECTIVE INVESTORS MAY REQUIRE THE ASSISTANCE OF LEGAL COUNSEL TO PROPERLY ASSESS THE IMPLICATIONS OF THE TERMS AND CONDITIONS SET FORTH THEREIN. LEGAL COUNSEL TO THE FUND AND THE GENERAL PARTNER WILL REPRESENT THE INTERESTS SOLELY OF THE FUND AND THE GENERAL PARTNER. NO LEGAL COUNSEL HAS BEEN ENGAGED BY THE FUND OR THE GENERAL PARTNER TO REPRESENT THE INTERESTS OF PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO ENGAGE AND CONSULT WITH ITS OWN LEGAL COUNSEL IN REVIEWING DOCUMENTS RELATING TO THE FUND.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM

NOR ANY SALE OF INTERESTS SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE FUND SINCE THE DATE HEREOF.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON, AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND. ANY STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE GENERAL PARTNER, WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES AND PROJECTIONS.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE GENERAL PARTNER TO BE RELIABLE. THE GENERAL PARTNER AND THE FUND HAVE NOT INDEPENDENTLY VERIFIED ANY SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

EACH INVESTOR THAT ACQUIRES AN INTEREST WILL BECOME SUBJECT TO THE PARTNERSHIP AGREEMENT. IN THE EVENT ANY TERMS OR PROVISIONS OF SUCH PARTNERSHIP AGREEMENT CONFLICT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM, SUCH PARTNERSHIP AGREEMENT SHALL CONTROL.

NOTICE TO ALL PROSPECTIVE INVESTORS:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE INTERESTS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR RESIDENTS OF CHINA ONLY:

THE INTERESTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE PEOPLE'S REPUBLIC OF CHINA ("*CHINA*") AND NEITHER THIS MEMORANDUM, WHICH HAS NOT BEEN SUBMITTED TO THE CHINA SECURITIES REGULATORY COMMISSION, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED HEREIN RELATING TO THE INTERESTS, MAY BE SUPPLIED TO THE PUBLIC IN CHINA OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF INTERESTS TO THE PUBLIC IN CHINA. WHERE AN OFFERING OR SALE OF THE INTERESTS TO CHINESE PERSONS DOES NOT CONSTITUTE A "PUBLIC OFFER" WITHIN THE MEANING

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Memorandum constitute “forward-looking statements” and are subject to a number of significant risks and uncertainties. Any such forward-looking statements contained herein should not be relied upon as predictions of future events. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, intentions or unrealized investment results. Such forward-looking statements are subject to numerous risks and are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may not be realized. In that regard, the matters discussed in this Memorandum or other factors could cause actual results and other matters to differ materially from those in such forward-looking statements. As a result of the foregoing, no assurances can be or are given as to future results of operations or financial condition of the Fund.

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DIRECTORY

**Fund
Registered Office**

Civitas Encore Fund, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

General Partner

Civitas Encore Fund GP, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

Manager

Civitas Capital Management, LLC
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

Fund Legal Advisors

As to the Fund and Offering of Interests:
Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue
Suite 4100
Dallas, Texas 75201-4675
U.S.A.

As to Immigration Matters:
Spencer Grain Cabbage Healy & McNamara, PLLC
1201 Elm Street,
Suite 4100, Lockbox 50
Dallas, Texas 75270
U.S.A.

Auditors

[Rothstein, Kass & Company, P.C.
2525 McKinnon Street,
Suite 600
Dallas, Texas 75201
U.S.A.]

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I. SUMMARY OF TERMS

The following is a summary of certain facts about a private placement of limited partner interests in Civitas Encore Fund, LP, a Texas limited partnership, and is qualified in its entirety and should be read in connection with the Limited Partnership of Civitas Encore Fund, LP, as may be amended from time to time (the "Partnership Agreement") and the other disclosures set forth in this Confidential Offering Memorandum. Terms not otherwise defined herein shall have the meaning set forth in the Partnership Agreement.

- The Fund:** Civitas Encore Fund, LP, a Texas limited partnership (the "**Fund**"). The Fund is designed specifically for investment by non-U.S. citizens seeking to immigrate to the United States and is intended to serve as a qualifying investment through a "**Regional Center**" approved under the United States Citizenship and Immigration Service's ("**USCIS**") Foreign Trader, Investor and Regional Center Program (the "**EB-5 Program**").
- Fund Investment:** The Fund intends to make up to \$15,000,000 in corporate term loans (the "**Term Loan(s)**") to [] (the "**Borrower**"), an affiliate of Encore Enterprises, Inc. ("**Encore**"). Encore is a vertically integrated real estate investment management company focusing on investing in, operating, and managing hotel, multifamily, and retail properties across the Southern, Eastern and Midwestern United States. The Term Loan(s) will be used by the Borrower to expand Encore's hospitality management call center operations located in Dallas, Texas, provide working capital to Encore, and provide investment capital for future investments. A description of the Borrower, Encore, and the terms of the Term Loan(s) are described in the section of this Memorandum entitled "**Investment Summary**."
- The General Partner:** Civitas Encore Fund GP, LP, a Texas limited partnership (the "**General Partner**"). The General Partner may appoint an affiliate to perform one or more of the General Partner's responsibilities to the Fund. The general partner of the General Partner is Civitas Partners, LLC, a Texas limited liability company controlled by Jason T. Barnes and Daniel J. Healy (collectively, the "**Principals**"), via the Manager.
- The Manager:** The General Partner has appointed Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**"), to act as manager of the Fund, responsible for the Fund's day to day activities. The Manager is also controlled by the Principals.
- The CDRC:** The City of Dallas Regional Center, a "regional center" as such term is defined at 8 CFR 204.6(e), and approved by the United States Citizenship and Immigration Service ("**USCIS**") on September 8, 2009. The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "**City of Dallas**") and is responsible for all operations related thereto pursuant to an exclusive management contract dated August 10, 2009 (the "**CDRC Management Contract**"). The Partnership is an official CDRC investment.
- Overview of the Offering:** This offering is for limited partner interests in the Fund (the "**Interests**"), for up to a maximum aggregate amount of \$15,000,000. The minimum investment by an investor in the Fund (a "**Limited Partner**") is \$500,000 (the "**Subscription Amount**").

Each person subscribing for an Interest must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund.

Administrative Fee:

As consideration for the costs of compliance with U.S. immigration regulations, each subscriber for an Interest will be required at the time of subscription to pay directly to the Manager an administrative fee in the amount shown on the signature page of such subscriber's Subscription Agreement for an Interest (the "*Administrative Fee*"). The Administrative Fee is partially refundable in the event a subscriber's subscription is not ultimately accepted or if the subscriber's I-526 Petition is not approved, as detailed in the Subscription Agreement.

Additional Contributions:

Following the delivery of the Subscription Amount, and the payment of the Administrative Fee, no Limited Partner will have a future obligation to make any Capital Contribution or other payment to the Fund or the Manager.

Closing:

The Fund will begin accepting subscriptions for Interests in the second quarter of 2010 and will remain open for subscriptions until \$15,000,000 of Interests in the aggregate have been subscribed for.

Fund Term:

The Fund will have an initial term expiring five (5) years after the final funding of the Term Loan(s) to the Borrower, subject to an option permitting the General Partner to extend the term for up to two (2) additional one-year periods for the purpose of liquidating the Term Loan(s) to the Borrower and making distributions to the Fund's Partners.

Fund Distributions to Partners:

The General Partner shall make distributions of Net Cash Flow (as defined below) of the Fund at such times and in such amounts as it determines. The General Partner will initially allocate Net Cash Flow for distribution among all Partners in proportion to their Capital Contributions. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

1. *Preferred Return* - first, 100% to the applicable Limited Partner until the cumulative distributions of Net Cash Flow to such Limited Partner represent a 2% cumulative, simple, non-compounded annual rate of return on such Limited Partner's capital contributions;
2. *Return of Capital and Costs* - second, 100% to the applicable Limited Partner until such Limited Partner has received distributions of Net Cash Flow equal to its aggregate capital contributions;
3. *General Partner Catch-up* - third, 100% to the General Partner until the

cumulative distributions to the General Partner with respect to such Limited Partner equal 25% of the total amounts distributed in respect of such Limited Partner;

4. *80/20 Split* - thereafter, 80% to the applicable Limited Partner and 20% to the General Partner (the distributions to the General Partner described in clause 3 and this clause 4 being referred to collectively as "*Carried Interest Distributions*").

"*Net Cash Flow*" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Fund from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from the Term Loan(s) or any other Fund investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of the Borrower or other Fund investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, and (ii) the sum of (a) all Fund Expenses then due and owing, (b) the Management Fee (as defined below) then due and owing, and (c) to fund any reserves as may be determined by the General Partner.

Notwithstanding the foregoing, in no event will Net Cash Flow be distributed to a Limited Partner if the result would cause a violation of EB-5 Program rules, or otherwise jeopardize the Visa Process (as defined below).

In-Kind Distributions: At the discretion of the General Partner, certain marketable securities may be distributed to the Partners prior to the liquidation of the Fund. Upon liquidation of the Fund, distributions may be made in-kind on a *pro rata* basis.

Allocations of Profits and Losses: Profits and losses of the Fund will be allocated among the Partners in a manner consistent with the foregoing distribution provisions and the requirements of the Internal Revenue Code of 1986, as it may be amended from time to time (the "*Code*").

Management Fee: As compensation for services rendered to the Fund, the Manager will be paid by the Fund an annual management fee ("*Management Fee*"), calculated and paid quarterly in advance. The Management Fee shall equal (i) two percent (2.00%) per annum *times* (ii) the aggregate Capital Contributions of the Fund's Limited Partners. For those Limited Partners admitted after the Initial Closing, their allocable portion of the Management Fee will be calculated as though such Limited Partner was admitted at the Initial Closing. The Management Fee will be paid out of the Net Cash Flow or accumulate until sufficient cash flows exist to pay the Management Fee.

Fund Expenses: The General Partner and the Manager will pay all of their own ordinary administrative and overhead expenses, including salaries, benefits and rent. Except as noted above, the Fund will pay all other expenses attributable to the activities of the Fund (the "*Fund Expenses*"), including but not limited to: fees, costs, and expenses related to the Term Loan(s); transaction costs and finance

charges, expenses for custodians, outside legal counsel, administrators and accountants; any insurance or litigation expenses; and any taxes, fees, or other governmental charges levied against the Fund.

Other Fees:

The Borrower will be required to pay certain other transaction fees, including: (i) a commitment fee of \$300,000 paid to the Manager, (ii) transaction fees of in a total amount of \$150,000 paid to the City of Dallas, and (iii) a monthly administrative fee of up to a maximum of \$1,250 per month, paid to the Manager (the foregoing fee amounts "**Other Fees**"). The Fund does not receive or otherwise share in any of the Other Fees and none of the Other Fees are used to offset any of the Management Fees or the Administrative Fees paid to the Manager.

Transfer of Interests:

No Limited Partner will be permitted to withdraw from the Fund or to withdraw a portion of its capital account. A Limited Partner may not assign, sell, exchange or transfer its interest in the Fund without the consent of the General Partner, except that certain assignments by operation of law will be permitted; *provided*, that no such assignee will be admitted as a substitute Limited Partner without the consent of the General Partner (which consent may be given or withheld in its sole discretion).

Withdrawal:

A Limited Partner may not voluntarily withdraw any amount from the Fund.

Indemnification:

The General Partner, the Manager, and their respective partners, officers, directors, employees, agents, stockholders, members, and other affiliates (in each case, an "**Indemnitee**") will not be liable to the Fund or to the Limited Partners for (i) any act performed or omission made by it in the absence of its own fraud, willful misconduct or gross negligence, or (ii) losses due to the negligence agents of the Fund. The Fund will indemnify each Indemnitee for any loss, damage or expense incurred by such Indemnitee on behalf of the Fund or in furtherance of the interest of the Partners or otherwise arising out of or in connection with the Fund or the business of the Fund, except for losses arising from such Indemnitee's own fraud, willful misconduct or gross negligence. Limited Partners will not be individually obligated with respect to such indemnification beyond their respective Capital Contributions. The General Partner may cause the Fund to purchase, at the Fund's expense, insurance to cover the General Partner, the Manager or any other Indemnitee against liability for any breach or alleged breach of their fiduciary or similar responsibilities.

**Rights of Partners
In Capital:**

No Partner has the right to the return of any contribution to the capital of the Partnership except (i) distributions of Net Cash Flow (as described above) or (ii) upon the dissolution of the Partnership. The entitlement to any such return at such time is limited to the value of the Capital Account of the Partner. The General Partner is not liable for the return of any such amounts. Furthermore, Limited Partners will not have recourse against the Partnership, the General Partner, the Manager, the Borrower, Encore or any of their respective affiliates in the event that Borrower defaults on the Term Loan(s). Only the General Partner, acting on behalf of the Partnership, may pursue remedies against the Borrower for any default by the Borrower under the Term Loan Agreement.

Tax Considerations:

Limited Partners are encouraged to consult their advisors concerning the U.S.

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federal, state, local and foreign tax consequences of an investment in the Fund. See “*Tax Matters*” for additional information.

Reports:

Annual Reports

As soon as practicable following the end of the Fund’s fiscal year, the General Partner will provide: (a) unaudited consolidated annual financial statements, prepared in accordance with U.S. GAAP, consisting of a balance sheet, income statement and statement of cash flows (“*Financial Statements*”) of the Fund; and (b) a performance assessment of the investment by the Fund in the Interests.

Quarterly Reports

Within forty five (45) days of the end of each fiscal quarter, the General Partner will provide: (a) unaudited, consolidated Financial Statements of the Fund, prepared in accordance with U.S. GAAP; and (b) a brief narrative description of any material events affecting the Fund or the Interests.

Audited Reports

Although not required, the General Partner, in its sole discretion, may engage a U.S. accounting firm, at the Partnership’s expense, to audit the Partnership’s Financial Statements for any fiscal year.

Risk Factors and Conflicts of Interest:

An investment in the Fund involves certain risks and potential conflicts of interest, which are described in more detail below. See “*Risk Factors*” and “*Conflicts of Interest*” sections of this Memorandum.

Fund Legal Counsel:

Akin Gump Strauss Hauer & Feld LLP, as to the Fund and offering of Interests.
Spencer Crain Cabbage Healy & McNamara, PLLC, as to immigration matters.

Auditors:

[Rothstein, Kass & Company, P.C.]

Subscription Matters:

Persons interested in investing in the Fund are required to complete and return to the General Partner the subscription documents for the Fund, a copy of which will be made available to each prospective investor. Subscriptions may be rejected in whole or in part in the General Partner’s sole discretion. All persons interested in investing in the Fund must attest that they are accredited investors under the Securities Act of 1933, as amended.

II. INVESTMENT SUMMARY

Overview

Civitas Encore Fund, L.P., a Texas limited partnership (the "**Fund**"), is being organized by Civitas Encore Fund GP, LP, a Texas limited partnership (the "**General Partner**"), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**"). The Fund is being established to make up to \$15,000,000 in corporate term loans (the "**Term Loan(s)**") to [] (the "**Borrower**"), a wholly-owned subsidiary of Encore Enterprises, Inc. ("**Encore**") for the purpose of financing the expansion of the Company's call center operations in Dallas, Texas, and as investment funds. The Term Loan(s) will be unconditionally guaranteed by Encore.

The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to the United States by making a qualifying investment through the City of Dallas Regional Center ("**CDRC**"), a "Regional Center" approved under the Foreign Trader, Investor and Regional Center Program (the "**EB-5 Program**") of the United States Citizenship and Immigration Service ("**USCIS**"). The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "**City of Dallas**"). The USCIS approval letter for the CDRC under the EB-5 Program is attached as [**Appendix B**].

The Fund is targeting a double-bottom line return, one that delivers a fair return on invested capital, but also affords investors lawful, permanent resident status subject to the investor's compliance with the requirements of the USCIS and EB-5 Program. The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of direct, indirect and/or induced jobs. The Fund's strategy for meeting the job-creation requirement is described in detail below.

The information contained in this Investment Summary is based on information provided to the General Partner and the Manager from the Borrower, Encore, their affiliates or other sources. Certain of the factual statements contained herein are based upon such information and are believed by the General Partner to be reliable. Although the Manager has conducted a review of such information, none of the General Partner, the Fund or the Manager have independently verified all such information and make no assurances associated with the inaccuracy or inadequacy of such information.

Description of the Borrower / Encore

The Borrower, [], is a newly formed, wholly-owned subsidiary of Encore. Encore is headquartered in Dallas, Texas and was founded by Dr. Bharat Sangani and Mr. Patrick Barber in 1999 as a diversified commercial real estate firm. A privately-held company, Encore's stated goal is to create a vertically integrated hospitality and commercial real estate enterprise that generates superior returns by acquiring, repositioning or developing select assets in favorable markets that have the potential for significant improvement in performance. Encore focuses its attention on the development and re-development of mixed use complexes, limited and full service hotels, multi-family and retail projects. Dedicated resources in Encore's hospitality division manage hotel and luxury vacation condominium resort properties and homeowner associations. As of early 2010, since its founding, Encore has completed over \$1.2 billion of investment transactions in nearly eighty acquisition and development projects.

Encore is comprised of multiple operating subsidiaries and divisions to vertically address the needs of the real estate industry, as follows:

Encore Hospitality - A private hospitality investment and management company focused on branded select or full-service hotels. Since 1996, Encore Hospitality has developed and acquired a portfolio of 44 hotels with 4,674 rooms. In 2008, the majority of this portfolio was sold for more than \$400 million to an affiliate of global investment bank Goldman Sachs. As of this writing, Encore Hospitality owns and manages five hotels totaling

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606 rooms, and is actively in the process of acquiring and developing additional hospitality assets.

Pineapple Management Services - A hotel management company with properties throughout the southeastern United States. Encore's historical portfolio has included national brands such as Marriott, Courtyard by Marriott, Fairfield Inn by Marriott, Hilton, Wingate Inn, Residence Inn by Marriott, Radisson, Homewood Suites, Best Western and Holiday Inn Express.

Sterling Resorts - Provides a complete solution for condominium owners participating in rental management programs, including branding, sales, property management and on-site check-in and check-out services for guests. This division currently manages approximately 2,100 condominiums along the Gulf Coast of the United States, including approximately 800 owned by Encore or its affiliates.

Sterling Realty - Offers real estate services with expertise in resort real estate, single-family homes, condominium and vacation homes, investment properties, residential land, and all commercial brokerage activities. Sterling Realty also has an active long-term rental department for the "apartment-style" management of homes and condominiums.

Encore Construction - Offers general contracting and construction management services for a variety of market segments, including: hospitality, health care, entertainment, commercial, retail and multi-family. Encore Construction handles construction for the Encore portfolio and for third parties.

Encore Retail - Acquires and develops anchored neighborhood and community properties in Class A locations throughout the U.S. Its retail centers are built with credit anchor tenants in primary markets. Encore Retail adds value by having in-house leasing and property management. The company also acquires and manages existing shopping centers that offer positive healthy cash flow to Encore's investors.

Encore Multi-Family - An approved HUD developer focusing on Class A multi-family development, Encore Multi-Family specializes in creating value in underserved markets through ground-up development. Its emphasis is on providing housing in the South, Southeast, and Midwest regions of the U.S. Encore Multi-Family also acquires and manages multi-family projects that offer positive cash flow to its investors.

Encore Equities - Provides investors with real estate investment opportunities through investment funds, limited partnerships and third-party national and regional real estate developers. This suite of investment products allows Encore to offer its investors the opportunity to create a diversified, professionally managed real estate investment portfolio.

Encore Asset Services - Encore's newest division, Encore Asset Services was established to focus on the acquisition of debt secured by well-positioned real estate assets in the hospitality, multi-family and retail sectors, as well as assets and loans from distressed sellers, including conventional loans, distressed and non-performing real estate mortgages, promissory notes, foreclosed real estate properties and other deeply discounted secured debt.

Investment Thesis

The following represents the Manager's views and expectations related to the Term Loan(s) to the Borrower. There is no assurance that the Manager's views will ultimately prove to be correct or that other factors will not influence the Borrower's ability to meet its obligations under the Term Loan Agreement.

1. Encore's balance sheet: The Manager believes Encore's balance sheet is well-capitalized in the context of its current and projected operations. Management has substantial equity in the company. As of 2009, Encore had approximately \$10.5mm in cash, approximately 10% of its total assets of \$100.8mm and 48% of its current assets of \$21.8mm. Encore's fixed assets after depreciation were \$70.9mm, as

compared to long-term liabilities and current principal payments due of \$47mm, a surplus of \$23.9 million. Owner's equity was \$45.7mm, \$50.4mm, and \$60.3mm at the end of 2009, 2008, and 2007, respectively. This represented 45%, 47%, and 46% of total assets during the corresponding periods. In addition, Encore's tangible net worth (total assets less intangible assets less total liabilities) in 2009 was \$42.1MM. Lastly, Encore has existing indebtedness at the corporate level of approximately \$1.8mm relating to leases for the company's office FF&E, computer equipment, and company cars; this debt is deducted in arriving at the figure for tangible net worth discussed above.

2. Encore's hospitality infrastructure: Encore's core business is its hospitality operations. Over time, the company has developed significant infrastructure to manage its portfolio. Since 1996, Encore Hospitality developed and acquired a portfolio of 44 hotels with 4,674 rooms. Encore has leveraged its hospitality operations to manage and rent condominiums and townhomes along the Gulf of Mexico in the southeastern United States. The company's condominium management portfolio currently consists of approximately 2,100 managed units, of which Encore owns approximately 800. Encore has made the development of its infrastructure and management systems a high priority and, as a result, enjoys a readily scalable IT infrastructure. Encore management believes the company's existing systems are capable of effectively integrating and supporting more than 100 hotels with no material additional infrastructure expenditures. As part of Encore's hospitality portfolio sale detailed below, the portfolio's buyer (a fund affiliated with investment bank Goldman Sachs) requested that Encore continue managing its portfolio on a fee basis for a two-year period in order to facilitate a smooth transition.
3. Management team's commitment: The management team has reinvested significant capital into Encore to facilitate its growth. During 2007 and 2008, Chairman Bharat Sangani, M.D. and CEO Patrick Barber reinvested \$7.3mm and \$7.4mm, respectively, of their carried interest into the firm from the proceeds of the hospitality portfolio sale detailed below.
4. Management team's experience: Encore's management team has significant experience in the real estate industry. Senior management of Encore has over 170 years of experience in the hospitality and other commercial real estate industries. This extensive experience brings with it in-depth knowledge of operations, development, individual markets and key relationships with suppliers and vendors. In addition, Encore's management team has experience acquiring, operating, and managing real estate during difficult economic periods. The firm successfully managed its real estate portfolio through the economic downturn following the terrorist attacks of September 11, 2001; this included a large portfolio of hotel assets, among the hardest-hit real estate asset classes.
5. Encore's track record of success: Encore has successfully demonstrated its ability to execute its investment strategy. After building a portfolio of more than 40 hotels, in 2007 and 2008 Encore sold the bulk of its portfolio to a fund affiliated with investment bank Goldman Sachs for more than \$400 million, resulting in net cash flow of more than \$200 million to Encore. According to Encore management, and based on unaudited internal calculations, the sale generated an average equity IRR of more than 50%, and 3.6x cash-on-cash equity return to investors. Since then, the company has been investing strategically and building a new portfolio of undervalued properties.

Financial Analysis

Income Statements

Encore generates revenue from include Encore-owned hotels, retail centers, multi-family properties, and condominiums, as well as brokerage fees, property management fees, condominium sales and construction projects. From the 2007 income statement, Encore generated a total of \$218.4MM in revenue, inclusive of a total capital gain of \$102.6MM related to the sale of its hotel portfolio. Encore also generated \$116MM in revenue from operations during 2007. Encore's hospitality operations comprised \$86.7MM of operating

revenues. Gross operating profits (revenues less operating expenses) were \$131.7MM, resulting in a gross margin of 60.3%. Encore's 2007 consolidated net income was \$55.4MM, resulting in a profit margin of 55.5%.

Regarding Encore's 2008 income statement, the hotel portfolio disposition continued to impact consolidated revenues, expenses and net income. A further \$15MM of revenue from capital gain on sale of assets was recorded in 2008. Hospitality operations decreased from \$86.7MM in 2007 to \$27.2MM in 2008 due to the portfolio sale. Encore's 2008 consolidated operating income was \$13.7MM, resulting in a gross margin of 22.9%. The consolidated net income for Encore in 2008 was \$4.4MM, resulting in a profit margin of 16.4%.

During 2009, the firm focused on rebuilding its hotel portfolio. Encore's hospitality operations continued to be its largest revenue segment, but revenue was down in comparison with previous years due to the sale of the bulk of its portfolio. The hospitality division generated approximately \$20MM in revenue; representing 50% of Encore's 2009 consolidated revenue of \$41MM. Encore's construction operations were its second largest revenue segment, with \$11MM in revenue. Encore's 2009 consolidated operating loss was -\$2.4MM, representing gross margin of -5.8%. The Company's 2009 consolidated net loss before extraordinary items was -\$7.6MM, representing a profit margin of -18.6%. Encore made further adjustments to the 2009 income statement realizing losses attributed to extraordinary and one-time items, and discontinued operations. These amounts totaled approximately \$5MM, and increased Encore's 2009 consolidated net loss to -\$12.5MM.

Excluding one-time and extraordinary items, and depreciation and amortization, Encore's 2009 consolidated net loss was -\$4.0mm. Encore management attributes the loss to the decline in revenue from its remaining hotels due to the broader economic decline seen in 2009. Encore has seen an improvement in pricing at its hotels and is projecting an operating profit in 2010. Encore's hotel portfolio currently consists of five properties totaling more than 600 existing rooms. Two of the five existing hotels underwent renovations in 2008 that impacted stabilization in 2009. The remaining three properties were built by Encore. Two of the hotels were completed in 2009, and the third hotel was completed in April 2010. Encore expects these properties to stabilize during 4Q 2010 and 2Q 2011.

The following is Encore's three year consolidated income statement.

Encore Enterprises Inc
Consolidated Income Statements

	FY Ended December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
<i>(Amounts in USD \$ millions)</i>			
Operating Revenues			
Hospitality	19.67	27.19	86.74
Construction Draws	11.17	4.87	8.28
Gain on sale of assets	-	15.66	102.62
Others	9.92	12.39	20.79
Total Operating Revenues	<u>40.75</u>	<u>60.11</u>	<u>218.44</u>
Operating Expenses			
Cost of sales (Direct Expenses)	24.07	22.06	27.75
Payroll	11.03	12.29	23.17
Selling, General & Administrative	8.01	12.01	35.82
Total Operating Expenses	<u>43.11</u>	<u>46.36</u>	<u>86.74</u>
Operating Income (Loss)	<u>(2.36)</u>	<u>13.74</u>	<u>131.70</u>
Taxes	-	4.20	3.41
Interest	1.69	1.92	59.98
Depreciation & Amortization	3.53	3.22	12.91
Net Income (Loss) from Continuing Operations	<u>(7.58)</u>	<u>4.40</u>	<u>55.41</u>
Minority interest in earnings	-	-	0.11
Net Income before discontinued ops and extraordinary items	<u>(7.58)</u>	<u>4.40</u>	<u>55.52</u>
<u>Income (Loss) from Discontinued Operations:</u>			
Hotel properties sold in 2007	(1.27)	-	-
Multi-Family project dead deal costs	(0.73)	-	-
Net Income/(Loss) from Discontinued Ops.	<u>(2.00)</u>	<u>-</u>	<u>-</u>
<u>Income (Loss) from Extraordinary items:</u>			
Capital invested in new projects	(2.15)	-	-
Non recurring expenses & provisions	(0.65)	-	-
Net loss attributable to non controlling interest	(0.73)	-	-
Transfer & Disposition of assets	0.64	-	-
Net Income (Loss) from Extraordinary items	<u>(2.89)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>(12.47)</u>	<u>4.40</u>	<u>55.52</u>

Balance Sheets

Due to the portfolio sale, Encore was very profitable during 2007 and 2008. In 2007, Encore generated a return on equity of 200.9% and a return on assets of 93.3%. In addition, asset turnover was historically high at 1.7 times. During 2008, Encore 2008's generated a return on equity of 19.5% and a return on assets of 9.1%. However, in 2009, Encore's profitability declined while the group was reinvesting the capital to build up a new portfolio of properties. Due to 2009's net operating loss, return on equity and assets were both negative at -28.4% and -12.9% respectively. Furthermore, the asset turnover slowed from 1.7 in 2007 to 0.4 in 2009 as Encore began to acquire properties to rebuild its portfolio by investing in distressed opportunities created by the global financial crisis. Encore's acquisition strategy centers on targeting well located assets that generate significant cash flow and can be acquired well below replacement cost.

Encore's ability to service short-term liabilities was exceptional in 2007 and 2008. Current assets for 2007 and 2008 were 4.31x and 4.91x current liabilities, respectively, due in large part to Encore's resulting cash position from the portfolio sale. In 2009, the ratio of current assets to current liabilities was 1.78, reflecting significant near-term liquidity, albeit less than 2007 and 2008.

Regarding Encore's leverage levels, its ratios of debt-to-assets and long-term debt to assets were consistently at a low level from 2007 to 2009. Encore's long-term debt level was consistently maintained at approximately 49%, and the debt to asset ratio maintained a consistent level of approximately 54%. Encore's consolidated 2007, 2008, and 2009 balance sheets are reflected below.

Summary Terms of the Term Loan(s)

A summary of the Term Loan Agreement follows:

Borrower: [] ("***Borrower***"), a wholly-owned subsidiary of Encore Enterprises, Inc.

Commitment Amount: \$15,000,000

Interest Rate: 6.50% fixed, per annum (the "***Base Rate***"). Interest shall be paid current based on 4.0% fixed, per annum (the "***Current Rate***"). The remaining 2.5% (the "***Accrued Rate***") shall accrue on a simple, non-compounding basis and be paid in full at maturity.

Default Interest Rate: Three percent (3.0%) per annum in excess of the Base Rate, fixed and paid current.

Interest rate calculation basis: Actual / 360

Term: Five (5) years

Collateral:

The Term Loan(s) shall be secured by a perfected first priority security interest in all assets of the Borrower and its subsidiaries, including, without limitation, all tangible and intangible assets, real and personal property, accounts, receivables, chattel paper, documents, deposit accounts, equipment, general intangibles, instruments, intellectual property, inventory, investment property, letter-of-credit rights, and all other assets and the proceeds thereof]

Term Loan(s) prepayment:

The Term Loan(s) may not be prepaid without the Lender's consent. In the event Lender consents to a prepayment, Borrower shall pay to Lender a fee (the "**Prepayment Fee**") equal to one-half of one percent (0.5%) of the then-outstanding balance of the Term Loan(s) or the portion thereof to be prepaid.

Other indebtedness:

All terms of any financing for Borrower other than the Term Loan(s) shall be subject to Lender approval.

Guarantor:

Encore, Borrower and each of their direct and indirect domestic and foreign subsidiaries designated by Lender, whether now existing or later formed, other than real estate investment entities, shall jointly and severally guaranty the obligations of the Borrower under the Term Loan(s).]

Springing Reserve:

[Note: Will insert; focus on net worth / liquidity]

Fund Cash Flow Projections from Term Loans

Based on the terms of the Term Loan Agreement, the cash flow projections for the Fund are as set forth in the table below.

Pro Forma Fund Cash Flows				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Principal Investment		(15,000,000)		(15,000,000)					
Current Interest	4.00%	3,000,000		600,000	600,000	600,000	600,000	600,000	600,000
Accrued Interest	2.50%	1,875,000		375,000	375,000	375,000	375,000	375,000	375,000
Cumulative Accrued Interest				375,000	750,000	1,125,000	1,500,000	1,875,000	
Principal Repayment		15,000,000							15,000,000
	IRR	Multiple	Profit						
Total Gross Cash Flows	6.2%	1.33 x	4,875,000	(15,000,000)	600,000	600,000	600,000	600,000	17,475,000
Less Civitas Asset Management Fee	2.00%		(1,500,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
	IRR	Multiple	Profit						
Net Cash Flows available for Distribution	4.3%	1.23 x	3,375,000	(15,000,000)	300,000	300,000	300,000	300,000	17,175,000
Investor Preferred Return	2.00%		(1,500,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Payment of Preferred Return			1,500,000	300,000	300,000	300,000	300,000	300,000	300,000
Unpaid and Accrued Preferred Return				-	-	-	-	-	-
Return of Investor Capital			15,000,000						15,000,000
Profit to Investor	80%		1,200,000						1,200,000
Civitas Performance Payment	20%		675,000						675,000
	IRR	Multiple	Profit						
Net EB-5 Investor Returns	3.5%	1.18 x	2,700,000	(15,000,000)	300,000	300,000	300,000	300,000	16,500,000

Job Creation and TEA Status

EB-5 Program rules require creation of not less than ten (10) full-time (*i.e.*, 35 hours per week) jobs per EB-5 investor. It is anticipated that the Fund will have 30 investors, meaning the Fund would need to create, via the Term Loan(s) to the Borrower, at least 300 full-time jobs in order to meet this requirement. The Term Loan documents require the Borrower to hire at least 250 new full-time employees within eighteen (18) months of the loan's closing date (as provided in the Term Loan Agreement). The Borrower intends to meet this requirement by hiring employees into a call center operation.

The Manager has commissioned Evans, Carroll & Associates, Inc. ("*Evans Carroll*") to conduct an econometric study of the Borrower's proposed capital spending strategy (the "*Economic Study*") in order to ensure that the Fund and its investors will comply with EB-5 job-creation requirements. A copy of Executive Summary section of the Economic Study is attached hereto as [Appendix C]. A summary of the job creation associated with the Fund and the Term Loan(s), as excerpted from the Economic Study, appears in the table below:

As described in the table above, it is projected that the total number of direct jobs to be created in connection with the Fund and the Term Loan(s) will be 250 and the total number of indirect and induced jobs projected to be created in connection therewith will be 183. Therefore, the total projected number of jobs to be created in connection with the Fund and the Term Loan(s) is 433. Assuming that the Fund is fully subscribed, this amount of jobs exceeds the minimum number of jobs required to be created (*i.e.*, 300), by approximately 44%.

TEA Qualification

The Borrower and the call center intended to create the aforementioned jobs will be located in a targeted employment area (as such term is used at 8 CFR 204.6(e), a "*TEA*") within the CDRC. The Manager has commissioned Evans Carroll to conduct an analysis of census tracts within the CDRC (the "*TEA Study*") in order to determine whether the Fund's Term Loan(s) to the Borrower qualifies for the \$500,000 minimum investment under EB-5 Program rules, rather than the standard \$1MM. Based on the results of the TEA Study, attached as [Appendix D], the Borrower is located in a TEA and, therefore, investors in the Fund are permitted to participate in the EB-5 Program by investing a minimum of \$500,000. Accordingly, the minimum investment in the Fund is \$500,000.

Approved Industries for Investment

As described in the CDRC Approval Letter attached hereto as [Appendix B], the CDRC is approved to invest in twelve industry sectors. The Manager believes that the Fund's Term Loan(s) to the Borrower is a permitted

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investment because it falls into the following approved industry sectors:

- *Headquarters, Management and Administrative Operations.* The Borrower is a new commercial enterprise headquartered within the CDRC. Its investment activities will be managed from its Dallas location within the aforementioned TEA. In addition, its call center will provide administrative support to Encore's operations, both locally and around the country.
- *Telecommunications.* The call center to be established by the Borrower is a telecommunications operation.

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III. MANAGEMENT OF THE FUND

The General Partner and The Manager

The General Partner has appointed the Manager to manage and operate the Fund. The Manager has established an Investment Committee of seasoned professionals who are responsible for overseeing the Manager's investments on behalf of its clients, including the Term Loans made by the Fund to the Borrower. In overseeing investments (including the Term Loan(s)), the Manager also utilizes from time to time the expertise of its Advisory Board. The composition of the Investment Committee and the Advisory Board are set forth below.

The Manager will be primarily responsible for the Fund's day-to-day operations, with input from the Investment Committee and Advisory Board, as needed. The Manager generally implements its business strategy and performs services and activities relating to the Fund's operations and investment in accordance with the terms of the management agreement between the Manager and the Fund. Under the management agreement, the General Partner delegates its management authority in respect of the Fund's operations, including the Fund's investment activities as described in this Memorandum, to the Manager for the duration of the Fund's term. **[Keep it basic]**. Under the agreement, the Fund agrees to provide the Manager with all of the benefits of the Partnership Agreement, applicable to it as a delegate of the General Partner, including, without limitation, the right to reimbursement of expenses and indemnification provided under the Partnership Agreement.

Management Team

The General Partner and Manager are controlled by Jason T. Barnes and Daniel J. Healy (collectively, the "*Principals*"), who also serve as the members of the Manager's Investment Committee. Daniel J. Healy is responsible for the day-to-day management of the General Partner and Manager. The following are background summaries of the Principals and other managers of Civitas Capital Management, LLC:

Jason T. Barnes. Mr. Barnes is Chairman of Civitas Capital Management, LLC. He is presently a Partner with a Dallas-based international law firm. Throughout his career he has developed relationships with a wide variety of financial institutions, asset managers, principals and high net worth individuals in businesses and transactions that cross industries, markets, geographies and asset classes. Mr. Barnes' practice and experience covers transactions involving over \$25 billion in value, and clients with assets ranging from \$10 million to \$40 billion.

Mr. Barnes has a particular emphasis and level of experience working with the principals and sponsors of investment vehicles both during and after formation. He works with clients to better structure products and offerings for their target market, and assists in the process of identifying and negotiating with prospective investors and partners. In addition to providing advice related to the structural issues, tax-minimization strategies, and regulatory matters that are important to investment funds, Mr. Barnes actively represents such funds in connection with their ongoing equity, debt and acquisition-related investment activities.

In addition, Mr. Barnes has spent years working *pro bono* with funds and managers in the structuring of social-purpose investment vehicles, and the tailoring of mainstream structures to provide "double bottom line" returns to investors. He writes and speaks regularly about this issue, and works as a general matter to educate the investment community on the merits of investments in underserved and emerging markets.

Mr. Barnes graduated from the Georgia Institute of Technology with a Bachelor of Science in Economics, earned his Juris Doctor from the Emory University School of Law, has been a member of the Pro Bono College of the State Bar of Texas since 2001, and has been named a Texas "*Rising Star*" (best lawyers under 40) by *Texas Monthly* magazine every year since 2003. He presently serves as the Chairman of the Finance and Funding Committee of the Mayor's Southern Dallas Task Force, and is actively involved at the board level with

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multiple non-profit organizations.

Daniel J. Healy. Dan Healy is Managing Partner of Civitas Capital Management, LLC. He is responsible for the general management of the firm, including overseeing financial analysis of the firm's investment opportunities, as well as transaction sourcing, asset management and disposition, and compliance with EB-5 Program rules and regulations. Mr. Healy has thirteen years of real estate investment and consulting experience.

Mr. Healy has served as Executive Vice President and Partner with Royalton Real Estate Capital, LLC, a Dallas-based real estate private equity firm where he had broad management and transaction responsibilities. He was responsible for the firm's acquisition strategy for multifamily assets, and completed transactions with a total value in excess of \$100 million for the firm. He also oversaw for asset management of the firm's portfolio and maintained the firm's relationships with its individual and institutional investors.

Previously, Mr. Healy was Executive Vice President with Highland Capital Real Estate Advisors, the real estate private equity arm of Highland Capital Management, L.P., a private investment firm with more than \$30 billion in assets under management. There, he sourced, structured and monitored a variety of notable transactions. Together with Jim Crigler, Mr. Healy managed an investment portfolio of more than \$600 million, including approximately \$150 million in equity investments.

Mr. Healy is also experienced with securities compliance. At Highland, Mr. Healy oversaw the development of a licensed broker-dealer platform for an affiliated company, and served as its Chief Compliance Officer.

Mr. Healy holds a Bachelor of Arts in Government and Politics, *summa cum laude*, from the University of Texas at Dallas, and a Master of Business Administration from Southern Methodist University.

Gabriel Hidalgo. Mr. Hidalgo is Managing Director for Investments with Civitas Capital Management, LLC. He is responsible for evaluating prospective investments and asset management for the firm's portfolio. With respect to the Term Loan(s), Mr. Hidalgo will supervise servicing and operations.

Prior to joining Civitas, Mr. Hidalgo was [] with Macfarlin Capital Partners, LP, a Dallas-based real estate private equity firm. There he was responsible for asset management of a \$___ real estate investment portfolio consisting of []. Mr. Hidalgo is experienced with all aspects of asset management, including financial analysis, budgeting, operational planning, financing and workouts.

Prior to his tenure at Macfarlin, Mr. Hidalgo worked for five years with CSG Investments, Inc., the investment advisor to Beal Bank, controlled by well-known investor Andrew Beal. At CSG, Mr. Hidalgo.

Mr. Hidalgo holds a Master of Business Administration degree from the Cox School of Business at Southern Methodist University, as well as a Bachelor of [] in [] from Texas A&M University.

James C. Crigler, III. Jim Crigler is Managing Director of Business Development for Civitas Capital Management, LLC. Among other things, he is responsible for sourcing and evaluating transactions for the firm. Mr. Crigler has ten years of investment experience.

Mr. Crigler's background is diverse, providing Civitas and its investors with a broad range of skills. Prior to joining Civitas, Mr. Crigler worked with Mr. Healy as a Partner with Royalton Real Estate Capital, LLC and Senior Vice President with Highland Capital Management, L.P. In both positions, he was responsible for identifying investments and managing relationships with the firm's institutional investors, which included insurance companies, private funds and pension funds.

Mr. Crigler also has substantial experience with corporate financial analysis. Prior to his tenure at Highland, Mr. Crigler worked for six years with MCM Associates, a New York-based long/short hedge fund focused on

small-capitalization stocks. Mr. Crigler was responsible for financial analysis of potential investments.

A native of Louisiana, Mr. Crigler holds a Bachelor of Science in Finance from Louisiana State University. He has also completed graduate coursework in finance and accounting at New York University.

Advisory Board

The Manager has formed an Advisory Board (the "*Advisory Board*") that at the Manager's request considers and comments on such matters as the financial statements and appraisal reports, the status of outstanding investments, and the economic and financial trends and conditions affecting investments. No fees will be paid to the members of the Advisory Committee, although the Fund will pay its pro rata share of all reasonable expenses, if any, associated with the Advisory Board's meetings and of the members attending them. The current members of the Advisory Board are as follows:

Rafael M. Anchia. Mr. Anchia is a Senior Advisor to the Manager and Chairman of the Advisory Board. Mr. Anchia is a partner at Haynes and Boone, LLP, an international law firm. He represents financial institutions and public and private funds in a variety of transactions involving, among other things, senior and subordinated debt and equity, domestic and international syndications and distressed debt acquisitions and sales. He also represents issuers and underwriters on tax-exempt bond transactions. He is also actively involved in community affairs and public service. Representing District 7 on the Dallas Independent School District Board of Trustees from 2001 to 2004, he oversaw a \$1 billion budget, 19,000 employees and almost 220 schools in the nation's 12th largest school district. Mr. Anchia was recently elected to his third term as Texas State Representative for District 103, which includes parts of Dallas, Irving, Carrollton and Farmers Branch. Texas Monthly named Mr. Anchia "Rookie of the Year" during the 79th Legislative Session and one of the "10 Best Legislators" during the 80th Legislative Session. He was named an American Marshall Memorial Fellow in 2001, a Broad Foundation Fellow in 2003, LULAC National "Man of the Year" in 2005, a Flemming Institute Fellow in 2006, and an Aspen Institute Rodel Fellow in 2007. He also presently serves as the National Chairman of the National Association of Latino Elected Officials, and is Board Secretary for the Dallas-based charitable organization Education is Freedom. Mr. Anchia earned his undergraduate degree from Southern Methodist University and his Juris Doctor from Tulane University.

J. McDonald Williams. J. McDonald "Don" Williams serves as Vice-Chairman of the Advisory Board. Mr. Williams served as the chairman of Trammell Crow Company from 1994 until May 2002. Prior to serving in that role, he was the chief executive officer of Trammell Crow from 1977 to 1994. Mr. Williams received his bachelor of science degree from Abilene Christian University and his L.L.B. from George Washington University Law School. He serves as a director of Tenet Healthcare Corporation, and recently retired as a director of A.H. Belo Corporation after more than twenty years of service. In 1995, Mr. Williams founded the Foundation for Community Empowerment to assist in redeveloping low-income neighborhoods in Dallas. He also serves on the boards of a number of nonprofit organizations, including the Hoblitzelle Foundation.

James W. Keyes. Mr. Keyes is the Chairman and Chief Executive Officer of Blockbuster Inc. The firm is currently undergoing a transformation under his leadership. He is also an Operating Partner at CIC Partners, LP, a private equity firm, where he focuses on retail operations. From May 2000 to November 2005, Mr. Keyes served as the President and Chief Executive Officer of 7-Eleven, Inc.. During his tenure, the company achieved 36 consecutive quarters of same-store sales increases. Mr. Keyes also served as Executive Vice President and Chief Operating Officer of 7-Eleven from May 1998 to April 2000, as Chief Financial Officer from May 1996 to April 1998, and in various other capacities at the firm since 1985. Mr. Keyes also served as a Director of the firm from April 1997 to November 2005. He serves as a member of the Advisory Board of Americas Strategic Alliances, L.L.C. and Southern Methodist University's Edwin L. Cox School of Business. Mr. Keyes serves on the Board of Directors of the American Red Cross.

Brett Lawson. Mr. Lawson was most recently the National Managing Partner of Strategic Initiatives for Tatum,

LLC, a national executive services firm and a leader in the delivery of finance, accounting, technology and recruiting services in and around the CFO suite. During his tenure at Tatum, Mr. Lawson provided strategic and operational leadership for Tatum's national consulting practice, and was instrumental in Tatum's transformational expansion from providing CFO outsourcing services to a full-service executive services firm.

Prior to his tenure at Tatum, Mr. Lawson was a Partner in The Controller Group (TCG), a Texas-based professional services firm focused on accounting, technology and recruiting services. TCG was twice named to the Dallas 100, which honors the 100 fastest-growing private firms (#13 and #11). TCG was acquired by Tatum CFO, the predecessor to Tatum, LLC, in 2006. Mr. Lawson began his career with Ernst & Young in the UK, where he focused on retail and manufacturing businesses in public company space, before transferring to the Dallas office for a two-year rotation. Before returning to the US in 2003, Mr. Lawson spent a year within the Education and Training department of Ernst & Young, instructing internal staff on global audit methodology and related soft skills. Mr. Lawson graduated from the University of Warwick in the UK and is a Chartered Accountant.

G. Brint Ryan. Mr. Ryan is the Founder, Chief Executive Officer and Managing Principal of Ryan Co., the leading tax services firm in North America, with the largest transactional tax practice in the United States and Canada.

Mr. Ryan is a Member of the Taxpayer Advisory Group for the Texas Comptroller of Public Accounts; a Member of the Accounting Advisory Board of the University of North Texas; a Member of the Business Administration Advisory Board of the University of North Texas; and a Member of the UNT Dallas Founders Circle of the University of North Texas; a Member of the Industry/Practitioner Liaison Group for the Texas Comptroller of Public Accounts; and Chairman of the Accounting Advisory Board of the University of North Texas.

Mr. Ryan is a frequent speaker on various tax topics, including for the following organizations: Institute for Professionals in Taxation; National Business Institute; Tax Executives Institute; and Texas Society of Certified Public Accountants – Dallas, El Paso, Fort Worth, and Houston Chapters. Mr. Ryan has also received numerous awards, including the Distinguished Alumnus Award, University of North Texas (2009); Outstanding Alumnus Service Award, University of North Texas (2003); Alumnus of the Year, Department of Accounting, University of North Texas (1997); Distinguished Alumnus, Beta Pi Chapter, Beta Alpha Psi; and Salute to Excellence Award for CPE Presentations, Houston Chapter, TSCPA.

Mr. Ryan is a member of the American Institute of Certified Public Accountants; the Dallas/Fort Worth State Tax Association – Executive Director (1993–1995); Institute for Professionals in Taxation; Texas Association of Business – Executive Committee; Texas Society of Certified Public Accountants; and Texas Taxpayers and Research Association – Board of Directors.

Mr. Ryan received his Bachelor of Science Degree in Accounting, from the University of North Texas, and his Master of Science Degree in Accounting (Emphasis in Taxation) from the University of North Texas. Mr. Ryan is a Certified Public Accountant (CPA), licensed in the State of Texas.

IV. IMMIGRATION MATTERS

The following is a summary of the application process, requirements and related issues for a qualifying alien to obtain the employment-based fifth preference immigrant classification (the "EB-5 Visa"). This summary should not be considered as legal advice or to address all of the issues associated with obtaining an EB-5 Visa. Investors should seek their own legal counsel with respect to immigration matters and the EB-5 Visa process.

The EB-5 Visa allows qualifying aliens, and any accompanying spouses and children under the age of twenty-one (21) at the time of application, to obtain lawful permanent resident ("LPR") status if the qualifying aliens have invested, or are actively in the process of investing, in a new commercial enterprise (see Immigration and Nationality Act ("INA") §§ 203(b)(5)(A) and (C), 8 U.S.C. 1153(b)(5)(A) and (C)). The investment must benefit the United States economy and create full-time jobs for ten (10) or more qualifying employees (see INA § 203(b)(5)(A)(ii), and 8 U.S.C. 1153(B)(5)(A)(ii)). If the investment is in a rural area or an area that has experienced high unemployment (referred to as a "TEA"), the required capital investment amount is \$500,000 per EB-5 Visa (see INA § 203(b)(5)(C)(ii), 8 U.S.C. 1153(b)(5)(C)(ii) and 8 CFR 204.6(f)(2)). To qualify for consideration of direct, indirect and induced job creation in connection with the qualifying investor's EB-5 Visa, the investor must invest in a new commercial enterprise that is located in a geographical region of the United States covered by a "regional center" (as defined by 8 CFR 204.6(e)) approved by the United States Citizenship and Immigration Service ("USCIS") for participation in the USCIS' Foreign Trader, Investor and Regional Center Program (the "EB-5 Program").

A flowchart summarizing the EB-5 Program immigration procedures is attached as [Appendix A]. To qualify for residency, investors must file an I-526 Petition at their designated USCIS processing center. Tax returns and substantial documentation evidencing that an investor's funds intended for investment in the Fund were derived from lawful sources must be filed. Such evidence may include information concerning real estate transactions, business income, proceeds from the sale of a business, employment income, investments, bank accounts and dealings, licenses or similar evidence. If investment funds are from a gift or inheritance, an appropriate affidavit and/or other evidence will be required to be filed.

Persons applying for United States residency must demonstrate that they are admissible to the United States in accordance with Section 212 of the Immigration and Nationality Act. Section 212 sets forth various grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa or entering the United States. Aliens precluded from entering the United States include: (a) persons who are determined to have a communicable disease of public health significance; (b) persons who are found to have, or have had, a physical or mental disorder, and behavior associated with the disorder which poses, or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior; (c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime; (d) persons who have been convicted of violating any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same; (e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude, persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances; (f) persons engaged in prostitution or commercialized vice; (g) persons who have committed in the United States certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity; (h) persons excludable on grounds related to national security, related grounds, or terrorist activities; (i) persons determined to be excludable by the Secretary of State of the United States on grounds related to foreign policy; (j) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide; (k) persons who are likely to become a public charge at any time after entry; (l) persons who were previously deported or excluded and

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deported from the United States; (m) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the United States or other benefit under the Immigration Act; (n) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law; (o) certain aliens who have departed the United States to avoid or evade U.S. military service or training; (p) persons who are practicing polygamists; and (q) persons who were unlawfully present in the United States for periods in excess of 180 days.

Following approval of an investor's I-526 Petition, the investor must apply for an immigrant visa or permanent resident status. If the investor is domiciled outside of the United States, then the application is filed at the appropriate U.S. Consulate. If the investor is domiciled in the United States, then the application is filed at the appropriate office of the USCIS. The Consular Interview Process, or the USCIS adjustment of status process, as applicable, (the "*Visa Process*"), is designed to enable the U.S. Government to determine whether the investor is inadmissible to the United States as explained above. As part of this process, the investor is subjected to medical, police, security and immigration history checks. Upon approval, the investor (and spouse and children) are granted conditional permanent residency status.

Each prospective investor should review these substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor notwithstanding eligibility for immigration based on an investment in the Fund.

Investors who have been granted conditional permanent residency status must file a petition to remove the condition (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. However, the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments.

There can be no assurance that an I-526 Petition will be approved, that an investor will successfully complete the Visa Process, or that upon the approval thereof that the conditions attaching thereto will be removed.

V. INVESTOR SUBSCRIPTION PROCEDURE

Information Provided

Prior to the consummation of the offering, the Fund will provide to each prospective investor, and to such investors' representatives and advisers, the opportunity to ask questions regarding the terms and conditions of this offering and to obtain any additional information required. Any questions or requests for information should be directed to Civitas Encore Fund, LP, c/o Civitas Capital Management, LLC, 900 Jackson Street, Suite 150, Dallas, Texas 75202, Attention: Managing Director – Investor Relations.

No other persons have been authorized to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund. Copies of the Partnership Agreement and the Fund's subscription application materials (including the subscription agreement) (the "**Subscription Documents**") for the purchase of Interests will be made available upon request. Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision. During the course of the transaction, and prior to sale, each purchaser of an Interest is invited to ask questions of the General Partner and the Manager concerning the terms and conditions of the offering, and to obtain any additional information necessary or to verify the accuracy of the information furnished in this Memorandum.

Investor Suitability

Only persons of adequate financial means who have no need for liquidity with respect to this investment should consider purchasing the Interests offered hereby, because (i) an investment in the Interests involves certain risks (see "**Risk Factors**"), and (ii) a market for the Interests does not exist and is not likely to develop. This offering is intended to be a "private offering" and therefore exempt from registration under the Securities Act and applicable state securities laws.

This offering is limited to investors who meet the qualification criteria set forth in the Fund's subscription application materials, which must be completed prior to the making of any investment in the Fund.

The Fund will not register as an "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), by reason of the provisions of Section 3(c)(1) thereof. Accordingly, the Fund is currently limited to no more than 99 beneficial owners, as provided by the Investment Company Act.

Offers and sales of Interests will not be registered under the laws of any jurisdiction. Neither the securities commission of any non-U.S. jurisdiction nor any other agency has reviewed or passed upon the merits of this offering. Certain information required by the securities laws of certain jurisdictions outside the United States is included in the "**Important Notices**" section of this Memorandum.

Only the General Partner may accept subscriptions, and the General Partner will have the absolute right and sole discretion to refuse to accept any subscription (or any portion thereof) from you or any other person and for any reason. The General Partner is entitled to rely exclusively upon the accuracy of your representations provided in the subscription application materials. The General Partner may, but under no circumstances shall be obligated to, require additional evidence that a prospective investor meets the Fund's eligibility criteria at any time prior to acceptance of a prospective investor's subscription. You are not obligated to supply any information so requested by the General Partner, but the General Partner may reject a subscription from you or any person who fails to supply such information.

Subscription Procedure

To subscribe for an Interest, you must complete and submit the Subscription Documents to the General Partner.

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These materials must be delivered to Civitas Encore Fund, LP, c/o Civitas Capital Management, LLC, 900 Jackson Street, Suite 150, Dallas, Texas 75202, Attention: Managing Director – Investor Relations.

Each person subscribing for an Interest must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund. All payments should be in the form of a wire transfer, following the wiring instructions as indicated in the subscription application materials. The minimum Capital Contribution (*exclusive* of fees) is \$500,000.

Subject to applicable state securities laws, you may not revoke any subscription that you deliver to the General Partner. However, the General Partner may reject any subscription, in whole or in part, at its sole discretion.

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VI. RISK FACTORS

An investment in the Fund involves a high degree of risk, and is suitable only for investors of substantial means who have no need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. References herein to "the Fund", "we", "our", "us" and like terms include, as the context may require, the Fund, the General Partner, the Manager, or any other investment vehicles established by the Fund.

We make no warranty regarding your satisfaction of the EB-5 Program requirements and we have not and will not provide you with any legal advice regarding your immigration status or the tax consequences to you of an investment in the Fund. Prior to investing you must consult your personal immigration lawyer and tax consultant.

In addition to factors set forth elsewhere in this Memorandum, prospective investors should carefully consider the following.

Risks Related to Immigration Status

As a Limited Partner, you will be subject to certain general immigration risks faced by all immigrants to the United States.

The process of obtaining conditional resident status and permanent resident status involves many factors and circumstances that are not within the control of the Fund. These include the investor's past history, source of investment funds, immigration visa backlogs, potential changes in immigration laws and regulations, including those specific to the EB-5 Program and quotas established by the United States government limiting the number of visas available to qualified individuals seeking conditional resident status under the EB-5 program. Although the Fund has been structured with the objective of providing Limited Partners with eligibility for conditional and subsequent permanent resident status under U.S. immigration laws, no assurance can be given that each Limited Partner will obtain approval of his or her particular immigrant petition. Purchase of an Interest does not guarantee conditional or permanent residency in the United States. Furthermore, no assurances or advice can be given that conditional resident status will be converted to permanent resident status.

The EB-5 Program and other immigration laws can be discontinued or changed at any time.

The EB-5 Program is a creation of the Federal Government and, as such, the United States Congress and/or other governmental agencies may discontinue some or all immigration programs, or the United States Congress and/or other governmental agencies may change the requirements of existing programs. Changes to and/or elimination of immigration program(s) may adversely affect an investor who invests in an Interest. The U.S. Congress and/or other government agencies may discontinue or change some or all of the EB-5 Program or the elements of the EB-5 Program that apply specifically to the Immigrant Investor Pilot Program (the "**Pilot Program**"), pursuant to which the USCIS has approved the CDRC. Changes to and/or elimination of either the EB-5 Program or the Pilot Program may adversely affect the holders of Interests and/or jeopardize their ability to receive LPR status.

You must have rights under the limited partnership agreement of the Fund sufficient to meet the USCIS requirement of holding a policymaking position.

The EB-5 Program requires an investor to hold a policymaking or management position in the Fund. Although the General Partner believes that each investor, as the holder of an Interest (with all associated rights of a Limited Partner), is provided with the powers and duties under the Partnership Agreement sufficient to meet the USCIS requirement that an investor is actively participating in policymaking or management of a new

commercial enterprise, there can be no assurance that the USCIS will agree with such position.

An investment in the Interests, and approval of the I-526 petition, is only the first step towards acquiring conditional permanent resident status.

After approval of an I-526 petition, each investor must file a Form I-485, *Application to Register Permanent Residence or Adjust Status ("I-485")* with the USCIS if the investor is already residing in the United States in valid non-immigrant status. If the investor is living outside the United States, then he or she must obtain a conditional immigrant visa through an application filed with the U.S. Department of State followed by an interview at a U.S. embassy or consulate. An EB-5 immigrant investor's background (or that of an immediate family member) may not meet the USCIS or the Department of State criteria for temporary or permanent residency in the United States.

It is a requirement of the EB-5 Program that an immigrant investor's source of investment funds be lawfully obtained.

Each investor must demonstrate to the Manager and USCIS that the funds they invest in the Fund were obtained through lawful means. Each investor must document to the satisfaction of the Manager and USCIS, the source of his or her funds. The Manager and the investor's U.S. immigration attorney may make a preliminary assessment of the adequacy of an investor's source of funds, but the ultimate decision will be made solely by USCIS. Each investor must agree to provide information and documents to the Manager, and to allow the Manager to make further investigation concerning the investor's source of funds and the personal and business background of the investor and accompanying family members. Failure to do so will materially and adversely affect the investor's chances of obtaining the approval of their I-526 petition.

The City of Dallas Regional Center is a new regional center and has limited experience with the EB-5 Program.

The CDRC was designated as a "regional center" by the USCIS on September 8, 2009. Accordingly, the CDRC has limited operating history, which could lead to delays for investors in the process of obtaining a conditional or permanent green card.

Achieving your immigration goal of conditional and permanent resident status will depend upon the ability of the Borrower to use the Term Loan(s) to create the jobs necessary to fulfill the obligations of the EB-5 Program.

In order for an investment to qualify an investor for LPR status, the investor must be able to demonstrate that its investment created the number of full-time jobs required by the EB-5 Program. Each investor in the Fund who petitions for permanent residency in the U.S. under the EB-5 Program must, through reasonable methodologies, demonstrate that no fewer than ten (10) direct, indirect and/or induced jobs are or will be created as a result of his or her investment. Based upon independent economic analysis commissioned by the Manager, the Manager believes this investment should create the requisite number of jobs per investor, although there can be no assurance that the Borrower will ultimately create such requisite number of jobs.

The Evans Carroll Economic Study, estimates that the Borrower will create approximately 433 direct, indirect and induced jobs. The economic analysis is based upon the Borrower's proposed activity, the amount of capital that will be spent in the local economy, general assumptions regarding the national economy, and other circumstances affecting the Borrower and its business. There is no assurance that the economic analysis or the assumptions upon which it is based are accurate or that the actual number of direct employees and indirect job creation will reflect or even come close to the number predicted in such analysis. Depending on the disparity there may be insufficient employment to remove conditional permanent resident status, resulting in a delay or denial of unconditional permanent residency for any investor.

Each investor remains subject to all applicable rules and regulations concerning qualification for participation

in U.S. visa programs.

Each prospective investor should review substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor notwithstanding eligibility for immigration based on an investment in the Fund. Investors who have been granted conditional permanent residency status must file a petition to remove the conditions (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. Although the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments, there can be no assurance that an I-526 petition will be approved, that an investor will successfully complete the Visa Process, or that upon the approval thereof that the conditions attaching thereto will be removed.

As a result of participation in the EB-5 Program, and your investment in the Fund, you may be required to pay income taxes in the United States on your worldwide income.

As an EB-5 Program participant, and when you become a resident of the U.S. generally, you will have to pay taxes in the United States based on your worldwide income. Further, even in situations where you are not classified as a resident for U.S. tax purposes, you will be subject to U.S. income taxes and withholding on your allocable share of profits and losses from the Fund. Further, as a resident alien, you will be subject to U.S. estate taxes and gift taxes and non-resident aliens may also be subject to U.S. estate tax on their Interest as U.S. situs property. You should consult your personal tax advisor about the tax consequences of an investment in the Fund. Further information about these matters is included in this Memorandum under the heading "Tax Matters."

General Risks

The Fund has no operating history.

The Fund is a newly formed limited partnership and has no operating history to report to prospective investors. Notwithstanding any prior operating experience or experience that the Principals may have in making investments of the type expected to be made by the Fund, any such prior experience was obtained under different market conditions and under a different organizational structure. There can be no assurance that the Fund will achieve its objectives or achieve positive results of any kind.

Investors will only have rights of "limited partners" under the Fund's organizational documents.

Limited Partner investors will be "limited partners" as contemplated by the Texas Business Organizations Code, and shall have all rights afforded to limited partners under the Texas Business Organizations Code. In all cases, Limited Partners are subject to the rights of the General Partner, as set forth in the Partnership Agreement.

The Fund will indemnify the General Partner and the Manager for liabilities associated with the Fund.

The Fund will be required to indemnify the General Partner and its members, managers and affiliates for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse affect on the returns to the Limited Partners. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the capital contributions of the Limited Partners. If the assets of the Fund are insufficient, then the General Partner may be entitled to recall

capital previously returned to the Limited Partners.

There may be conflicts of interest that arise between the Fund and the business of the General Partner or Manager.

Instances may arise where the interests of the General Partner and/or Manager may potentially or actually conflict with the interests of the Fund and the Limited Partners.

Neither the Fund nor the Manager are registered with Federal agencies.

The Fund is not subject to the provisions of the Investment Company Act in reliance upon the exception specified in Section 3(c)(1) of such act. The Subscription Documents and the Partnership Agreement will contain representations and restrictions on transfer designed to assure that the Fund will qualify for such exemptions. Neither the General Partner nor the Manager is required to, but may, be registered as an investment adviser under the Investment Advisers Act.

Investment Risks

All of the proceeds of this offering will be loaned to a single corporate borrower, so your investment will not be diversified.

The Fund will use substantially all of the capital contributed by the Limited Partners to fund a Term Loan(s) (and related transaction expenses) to the Borrower and, as a result, the Fund will not have asset diversification. The lack of diversification could adversely affect the value of the Interests of the Limited Partners if, for example, the Borrower is adversely affected by a downturn in the U.S. economy that negatively impacts the performance of its real estate investments. Certain real estate investments, such as retail properties and hospitality properties, are directly correlated to the health of the U.S. economy. If the U.S. suffers a prolonged recession, then a property's tenants may be unable to satisfy their obligations under leases, or may see a decline in visitors and occupancy rates, and the value of, or cash flow from, the real estate investments could be materially diminished and the Limited Partners' Interest negatively affected.

The Fund's ability to pay Limited Partners the targeted annual distributions on their Interests will depend upon the cash flow we receive from the Borrower.

We expect the Fund to receive a 6.50% per annum interest payment on the Term Loan(s), two percent (2%) of which we expect will be available to satisfy preference payments owing to Limited Partners under the Partnership Agreement. Should the Borrower's activities not realize sufficient cash flow to allow the Borrower to make payments to the Fund on the Term Loan(s), the Fund may be unable to pay the entire amount of the targeted distribution. This distribution right is cumulative, so to the extent that we do not generate sufficient profit and cash flow to distribute the targeted distribution, we will be required to do so in future years if sufficient cash flow is available.

The repayment of the Term Loan(s) on the Maturity Date depends on whether or not the Borrower receives sufficient proceeds from its business activities.

The Borrower intends to conduct its activities in a manner that allows the Borrower to pay the Term Loan(s) in full on the Maturity Date. If the Borrower does not have sufficient capital to repay the Term Loan(s) and the Guarantor fails to repay the Term Loan(s) on the Borrower's behalf, you could lose all or some portion of your investment in the Fund.

You will not be able to transfer your Interests.

As a Limited Partner, you will not have the right to transfer your Interests without the consent of the General Partner and, even if such consent is granted, and it is unlikely that any market for Interests will exist. Accordingly, your investment in the Fund will be highly illiquid.

The Borrower is a newly formed entity with no operating history.

The Borrower is a newly-formed entity with no record of historical operating success or profits. There can be no assurance that the business activities of the Borrower will be successful.

General Real Estate Risks

The Borrower will use a substantial portion of the Term Loan(s) proceeds to make investments in or related to real property (“Collateral Investments”), which investments will be part of the collateral securing the Term Loan(s). The value of this collateral is subject to certain risks involving real property, as follows.

Uncontrollable Factors Affecting Performance and Value.

Real property investments are subject to varying degrees of risk. The yield available from the Borrower’s investments in real property depends on the amount of income earned and capital appreciation generated by such property as well as the expenses incurred in connection therewith. If a property does not generate income sufficient to meet operating expenses, including debt service and capital expenditures, then the value of the Fund’s associated collateral could be adversely affected. Income from, and the value of, Collateral Investments may be adversely affected by the general economic climate, local conditions such as oversupply, or a reduction in demand for such properties in the areas in which they are located, the attractiveness of the Borrower’s properties to potential tenants, competition from other properties, the Borrower’s ability to provide adequate maintenance and insurance and increases in operating costs (including insurance premiums, utilities and real estate taxes). In addition, revenues from properties and real estate values are affected by such factors as the cost of compliance with regulations and the potential for liability under applicable laws, including changes in tax laws, and are also affected by interest rate levels and the availability of financing. The Borrower’s income from Collateral Investments would be adversely affected if a significant number of tenants were unable to pay rent or if a significant portion of space was vacant and could not be rented on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property.

Adverse economic and other conditions in the market could negatively affect occupancy levels and lease rates associated with Collateral Investments and, therefore, reduce the value of the Fund’s collateral for the Term Loan(s).

The Fund’s operating results depend largely on the Borrower’s ability to pay amounts owing to the Fund under the Term Loan(s), which will likely depend in part on the occupancy levels and lease rates associated with Collateral Investments. Adverse economic or other conditions in the markets in which Collateral Investments are located may lower their occupancy levels and, therefore, limit the Fund’s ability to collect amounts due. The following factors, among others, may negatively affect the performance and value of Collateral Investments and, therefore, the value of the Fund’s collateral for the Term Loan(s):

- local or regional real estate market conditions involving property leasing;
- periods of economic slowdown or recession or rising interest rates or the public perception that any of these events may occur could result in general decline in rents or an increase in tenant defaults;
- increased operating costs, including need for capital improvements, insurance premiums, real estate taxes and utilities;

- changes in supply of, or demand for, similar or competing properties in an area;
- the impact of environmental protection laws;
- earthquake and other natural disasters, terrorist acts, civil disturbances or acts of war which may result in uninsured or underinsured losses; and
- changes in tax, real estate and zoning laws.

The Collateral Investments may be negatively impacted if unexpected changes to government regulations are made.

Governmental authorities at the federal, state and local levels are actively involved in the promulgation and enforcement of regulations relating to land use, zoning restrictions and environmental protection. Regulations may be promulgated which would have the effect of restricting or curtailing certain usages of existing structures, or requiring that such structures be renovated or altered in some fashion. Such regulations could have the effect of increasing the expenses, and of lowering the profitability, of any of the properties affected thereby, which could include Collateral Investments. If governmental authorities were to institute rent controls or other economic controls applicable to Collateral Investments, the value of such investments as collateral for the Fund's Term Loan(s) to the Borrower could be adversely affected.

The Borrower, its Collateral Investments, and/or the financial condition of the Guarantor may be negatively impacted by unexpected changes in environmental regulations.

The Fund has not engaged environmental experts to conduct on-site studies and studies of the history and current usage of any real property owned by Encore and is, instead, relying on the environmental diligence conducted by Encore. As a result, there may be a risk of contamination at such properties and the costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations. Further, the Fund will not conduct environmental due diligence with respect to future Collateral Investments, and will rely on the Borrower to do so.

Certain Tax Related Risks

Uncertain Tax Liability. The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the IRS or other applicable taxing authority, there could be a materially adverse effect on the Fund, and a Limited Partner might be found to have a different tax liability for that year than that reported on its federal income tax return.

Tax Audit. An audit of the Fund by the Internal Revenue Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Fund and may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner's investment in the Fund. If audit adjustments result in an increase in a Limited Partner's income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund's tax returns will be borne by the Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by that Limited Partner.

Tax on Profits Whether or Not Distributed or Received. If the Fund has taxable income in a fiscal year, each Limited Partner will be taxed on this income in accordance with its distributive share of the Fund's profits, whether or not such profits have been distributed. It is therefore possible that the Limited Partners could incur income tax liabilities without receiving sufficient distributions from the Fund to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner would need sufficient funds from sources other

than the Fund. Furthermore, the Fund may make investments with respect to which the Fund recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Fund may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Partners.

Delayed Schedules K-1. The Fund will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Fund may be unable to provide final Schedules K-1 to Limited Partners for any given tax year until significantly after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but if the General Partner chooses to have the Fund's financial statements audited, final Schedules K-1 may not be available until completion of such audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state, and local levels.

Tax Changes. The federal income tax laws are the subject of continuing scrutiny and proposals for amendment and significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Fund and/or the Limited Partners. An assessment of the effect of any tax law changes must await the enactment of such legislation. Even without new legislation, the IRS might issue new regulations, or a court might issue new interpretations of the law, possibly with retroactive effect, which could affect an investment in the Fund by a Limited Partner.

Complexity of Taxation. The tax aspects of an investment in the Fund are complicated and complex, and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "Tax Matters" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests and to consult their own tax advisors.

VII. CONFLICTS OF INTEREST

The Manager is an affiliate of the General Partner of the Fund. The Manager manages, and expects to continue to manage, other client accounts, some of which have objectives similar to those of the Fund, including other collective investment vehicles that may be managed by the General Partner and/or the Manager or any of their affiliates and in which the General Partner and/or the Manager or any of their affiliates may have an equity interest. As a result, the Manager, the General Partner, the Principals and their affiliates may be subject to conflicts of interest in connection with their relationships with the Fund and its investors, including through the Manager's receipt of Administration Fees and its management of investments or portfolio companies in which the Fund does not have an interest. The Manager and its Principals are required to devote such time to the Fund as is consistent with the Fund achieving its investment objectives, and will employ a disciplined policy of managing conflicts of interest which relies heavily on involvement of its Advisory Committee.

In addition to the Management Fee paid to the Manager and the Carried Interest Distributions to the General Partner, the Manager will receive the Other Fees from the Borrower. In addition, the Manager is paid directly the Administrative Fee from investors in the Fund. The Fund does not receive or otherwise share in any of the Other Fees and none of the Other Fees are used to offset any of the Management Fees or the Administrative Fees paid to the Manager.

Spencer Crain Cabbage Healy & McNamara, PLLC ("*Spencer Crain*"), 1201 Elm Street, Suite 4100, Lockbox 50, Dallas, Texas 75201, has been appointed as the Fund's counsel in connection with immigration matters and certain other matters for which it is specifically engaged. Spencer Crain also acts as counsel to the General Partner, the Manager and certain of their affiliates (collectively, the "*Civitas Entities*") with respect to immigration matters and certain other matters for which it is engaged from time to time. The Manager has negotiated a flat fee arrangement with Spencer Crain pursuant to which the firm has agreed to represent potential investors in the Fund in connection with their participation in the EB-5 Program. Potential investors are not required to employ Spencer Crain and may choose any immigration attorney. Potential investors who choose to employ Spencer Crain will be required to execute a waiver as to any conflicts with Spencer Crain's representation of the Fund and the Civitas Entities. A partner of Spencer Crain is an immediate family member of Daniel J. Healy, a Principal.

Akin Gump Strauss Hauer & Feld LLP ("*Akin Gump*"), 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, has been appointed as the Fund's counsel in connection with the offering of interests in the Fund and certain other matters for which it is specifically engaged. Akin Gump also acts as counsel to the Civitas Entities on matters for which Akin Gump is engaged from time to time. Akin Gump has not and does not provide any advice to the Civitas Entities with respect to immigration matters. Akin Gump disclaims any obligation to verify the Civitas Entities' compliance with their obligations either under applicable law or the governing documents of the Fund. In acting as counsel to the Civitas Entities, Akin Gump has not represented and will not represent any Limited Partners. No independent counsel has been retained to represent the Limited Partners. Accordingly, potential investors and Limited Partners have not had the benefit of independent counsel in the structuring of the Fund or determination of the relative interests, rights and obligations of the General Partner, the Manager and the Limited Partners.

In assisting in the preparation of this Memorandum, Akin Gump has relied on information provided by the Civitas Entities and certain of the Fund's other service providers (including, without limitation, the Principals' biographical data, summaries of market conditions, the planned investment strategy of the Fund, information related to the Borrower and Encore and immigration matters) without verification and does not express a view as to whether such information is accurate or complete.

IX. TAX MATTERS

CIRCULAR 230 NOTICE

The tax discussion contained in this Memorandum is not given in the form of a covered opinion within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any discussion contained in this Memorandum for the purpose of avoiding U.S. federal tax penalties. The tax discussion contained in this Memorandum was written to support the promotion or marketing of the transactions or matters described in this Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

CAUTION: THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND ARE PARTICULARLY COMPLEX. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD NOT CONSIDER THIS DISCUSSION AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS, ATTORNEYS OR ACCOUNTANTS ON MATTERS RELATING TO AN INVESTMENT IN THE FUND WITH SPECIAL REFERENCE TO THEIR OWN SITUATION.

Introduction

The following is a summary of certain aspects of the taxation of the Fund and its Limited Partners arising from the purchase, ownership and disposition of an Interest in the Fund that should be considered by a prospective investor that is a U.S. person (as defined below) who is an individual. The Fund has not sought a ruling from the Internal Revenue Service (the "*Service*") or any similar state, local or foreign authority with respect to any of the tax issues affecting the Limited Partners or the Fund, nor has it obtained an opinion of counsel with respect to any U.S. federal, state, local, or foreign tax issues.

This summary is based on the Internal Revenue Code of 1986, as amended (the "*Code*"), the Treasury regulations promulgated under the Code (the "*Treasury Regulations*"), judicial decisions, administrative rulings and state and local tax laws in force on the date of this Memorandum, all of which are subject to change (possibly with retroactive effect). Changes in existing laws or regulations and their interpretation may occur after the date of this Memorandum and could alter the income tax consequences of an investment in the Fund. This discussion does not address all of the tax consequences that may be relevant to a particular investor, nor does it address, unless specifically indicated, the tax consequences to an entity such as a partnership, corporation, or LLC. Unless otherwise expressly provided herein, this discussion does not address possible state, local or foreign tax consequences of the purchase, ownership or disposition of Interests, some or all of which may be material to particular investors. This discussion also does not address the potential application of the U.S. federal alternative minimum tax to the Fund or the Limited Partners. There is uncertainty concerning certain tax aspects of the Fund, and there can be no assurance that the Service will not challenge the positions taken by the Fund.

For purposes of this discussion, a "U.S. person" means a citizen or resident of the United States

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that is an individual. The term “non-U.S. person” means any individual that is not a “U.S. person” for U.S. federal income tax purposes.

Special rules may apply in the case of non-U.S. persons (i) that conduct a trade or business in the United States or that have an office or fixed place of business in the United States, (ii) that have a tax home in the United States, or (iii) that are former citizens or long-term residents of the United States. Such persons are urged to consult their own U.S. tax advisors before investing in the Fund.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE U.S. FEDERAL, STATE, LOCAL AND ANY FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND IN SUCH INVESTOR'S PARTICULAR SITUATION.

Certain United States Taxation Matters

Classification of the Fund

The General Partner believes that under the provisions of the Code and the Treasury Regulations as currently in effect, the Fund should be treated for U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

The remainder of this discussion assumes that the Fund will be treated in its entirety as a partnership for U.S. federal income tax purposes and that the Limited Partner will be a U.S. person. However, for informational purposes, a short summary of the potential tax consequences to a Limited Partner that is a non-U.S. person is included at the end of this discussion.

U.S. Federal Income Taxation of the Fund and Limited Partners

As a partnership, the Fund will not be subject to U.S. federal income tax. Each Limited Partner will be required to report separately on its income tax return its distributive share of the Fund's net long-term capital gain or loss, net short-term capital gain or loss and net ordinary income and deductions and credits in accordance with the allocations set forth in the Partnership Agreement. Each Limited Partner will be liable for any taxes owed upon its distributive share of the income or gains realized by the Fund, and may claim deductions for its distributive share of the Fund's losses and deductions and credits for its distributive share of the Fund's credits, to the extent allowed under the Code. Each Limited Partner will be taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

The Fund will file an annual partnership information return with the Service that reports the results of its operations for the taxable year, and will distribute annually to each Limited Partner a form showing its distributive share of such Fund items of income, gain, loss, deduction or credit. The General Partner will have the authority to decide how to report the Fund items on the Fund's tax returns, and all Limited Partners will be required under the Partnership Agreement to treat the items consistently on their own returns. An audit by the Service of the tax treatment of the Fund's income and deductions generally will be determined at the Fund level in a single proceeding rather than by individual audits of the Limited Partners. In this regard, the General Partner, as the “Tax Matters Partner,” will have the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners'

tax liabilities with respect to Fund items.

Under the Partnership Agreement, the General Partner has the authority to elect on behalf of the Fund, under Code section 754, to adjust the tax basis of the Fund's assets in connection with certain distributions to Limited Partners or certain transfers of Interests. Such an election, if made, could affect the amount of a Limited Partner's distributive share of the gain or loss recognized by the Fund upon the disposition of its assets.

Prospective investors that are subject to the alternative minimum tax (the "AMT") should consider the tax consequences of an investment in the Fund in view of their AMT position, taking into account the special rules that apply in computing the AMT.

Taxation of Distributions and Withdrawals

Cash nonliquidating distributions and withdrawals, to the extent they do not exceed a Limited Partner's basis in its Interest, will not result in taxable income to that Limited Partner, but will reduce its tax basis in its Interest by the amount distributed or withdrawn. Cash distributed to a Limited Partner in excess of the basis of its Interest is generally taxable as capital gain.

Upon the withdrawal of a Limited Partner receiving a cash liquidating distribution from the Fund, such Limited Partner generally will recognize capital gain or loss to the extent of the difference between the proceeds received by the withdrawing Limited Partner and such Limited Partner's adjusted tax basis in its Interest. Such capital gain or loss will be short-term or long-term depending upon the Limited Partner's holding period (or holding periods) for its Interest. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Treasury Regulations).

Assuming the Fund has not made an election pursuant to Code section 754, distributions of property or cash by the Fund to a Limited Partner upon withdrawal of its Interest in certain circumstances where the Fund has a substantial built-in loss may require the Fund to reduce the tax basis of its remaining property.

Limitations on Losses and Deductions

Limited Partners may be limited in their ability to deduct expenses or losses of the Fund. For instance, if or to the extent that the Fund's operations do not constitute a "trade or business" within the meaning of Code section 162 and other provisions of the Code, an individual Limited Partner's distributive share of the Fund's expenses (including any amounts that are treated for tax purposes as expenses of the Fund) would be deductible only as itemized deductions, subject to the limitations of Code sections 67 and 68. Itemized deductions are non-deductible in computing such Limited Partner's alternative minimum taxable income and alternative minimum tax liability.

Further, income, gains and losses of the Fund generally will not be treated as passive income or losses for purposes of the passive activity loss limitations of Code section 469. Accordingly, Limited Partners that have passive activity losses from other activities are restricted in their ability to use such losses to offset income and gains from the Fund, although losses of the Fund will not be subject to the passive activity loss limitation.

The Fund may incur certain expenses in connection with its organization and the marketing of

its Interests. Amounts paid or incurred to organize a partnership are not deductible, but may, by election of the Fund, be capitalized and amortized over a period of not less than 180 months. Amounts paid or incurred to market Interests that qualify as "syndication expenses" are not deductible or amortizable.

Investor Tax Filings and Record Retention.

The U.S. Treasury Department has adopted Treasury Regulations designed to assist the Service in identifying abusive tax shelter transactions. In general, the Treasury Regulations require investors in specified transactions (including partners in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. Significant monetary penalties (in addition to penalties that generally may be applicable as a result of a failure to comply with the applicable Treasury Regulations) may be imposed for failure to comply with these tax filing and record retention rules.

Although the Fund does not expect to enter into transactions that will subject the Fund and certain investors to the special tax filing and record retention rules, these Treasury Regulations are broad in scope. Additionally, under these Treasury Regulations, an investor's recognition of loss upon its disposition of its Interest could cause the investor to become subject to special tax filing and record retention rules. The General Partner intends to provide information to investors necessary to enable investors to satisfy any tax filing and record retention requirements that may arise as a result of any transactions entered into by the Fund.

State and Local Taxes

In addition to the U.S. federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Limited Partner's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident.

Limited Partners or the Fund may be subject to state and/or local franchise, withholding, income, capital gain or other tax payment obligations and filing requirements in those jurisdictions where the Fund owns real estate assets or is otherwise regarded as doing business or earning income. Credits for these taxes may not be available (or may be subject to limitations) in the jurisdictions in which Limited Partners or the Fund, as applicable, are residents. Each potential investor is urged to consult with its own tax advisor in this regard.

Texas Franchise Taxation of the Fund and Limited Partners Generally

The General Partner believes that the Fund will not be subject to the Texas franchise tax because it believes that the Fund will be treated as a passive entity under the Texas franchise tax rules. Texas franchise tax defines a passive entity as either a general partnership, limited partnership or a trust (other than a business trust) with at least 90% of its U.S. federal gross income arising from a list of sources including interest, dividends, option premiums, cash settlements, gains from selling securities, capital gains from the sale of real property, gains from selling commodities, and distributive shares of income from other partnerships. Additionally, a passive entity can derive no more than 10%

of its U.S. federal gross income from an active trade or business. If the Fund meets these requirements, it should be treated as a passive entity, not subject to the Texas franchise tax.

Changes in existing laws, rules or regulations and their interpretation may occur after the date of this Memorandum (possibly with retroactive effect) and could alter the Texas franchise tax consequences of an investment in the Fund. Each prospective Limited Partner is urged to consult its tax advisor regarding its potential exposure to the Texas franchise tax.

Other Taxes

The Fund and its Limited Partners may be subject to other taxes, such as the AMT, and estate, inheritance or intangible property taxes, that may be imposed by various domestic jurisdictions, as well as foreign withholding or gains taxes. Each prospective investor should consider the potential consequences of such taxes on an investment in the Fund. It is the responsibility of each prospective investor to satisfy itself as to, among other things, the legal and tax consequences of an investment in the Fund, under the laws of the state(s) of its domicile and its residence, by obtaining advice from its own tax counsel or other advisor, and to file all appropriate tax returns that may be required.

Tax Returns; Tax Audits

The General Partner decides how to report Fund items of income, gain, loss, deduction or credit on the Fund's tax returns, and all Limited Partners are required to treat the items consistently on their own returns. If the income tax returns of the Fund are audited by the Service, the tax treatment of Fund income and deductions generally is determined at the Fund level in a single proceeding rather than by individual audits of the Limited Partners. The General Partner, as the "Tax Matters Partner," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Limited Partners. In addition, the Tax Matters Partner has the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners' tax liabilities with respect to Fund items.

In certain cases, the Fund may be required to file a statement with the Service, disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Limited Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the Fund level in a single proceeding, rather than by individual audits of the Limited Partners.

United States Income Tax Considerations For Non-U.S. Investors

Although the General Partner expects that all Limited Partners will be U.S. persons for the entire period during which the Limited Partner is a partner in the Fund, if Limited Partner does not qualify as a U.S. person (for example, because the Limited Partner does not become or remain a legal permanent resident of the United States) such Limited Partner would be treated as a non-U.S. person for purposes of U.S. federal income taxation. The federal income tax treatment applicable to a non-U.S. person investing in the Fund is highly complex and will vary depending on the particular circumstances of such investor and the effect of any applicable income tax treaties. Each non-U.S. investor should consult his or her own tax advisor as to the advisability of investing in the Fund. The federal income tax treatment will generally depend on whether the Fund is deemed to be engaged in a

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United States trade or business. This determination must be made annually. The Code does not define what constitutes a United States trade or business; rather, this determination is based upon an examination of the facts and circumstances attending the Fund's operations and activities. It is anticipated that the Fund will not be engaged in a United States trade or business. In limited circumstances, a non-U.S. Limited Partner who is present in the United States for 183 days or more during a taxable year may be subject to U.S. income tax at a flat rate of 30% on gains realized on a disposition of an Interest in such year. Limited Partners who at the time of their death are not citizens, former citizens or residents of the United States should not be subject, by reason of the ownership of an Interest, to any U.S. federal gift or estate taxes.

Tax Consequences to Non-U.S. Investors if the Fund is Engaged in a U.S. Trade or Business

If in any year the Fund is deemed to be engaged in a United States trade or business, a non-U.S. investor will also be considered to be engaged in a United States trade or business. Thus, the investor would be required to file a United States federal income tax return and would be subject to tax at graduated rates on its distributive share of net income from the Fund that was "effectively connected" with such trade or business. In addition, if the Fund has "effectively connected" income that is allocable to a non-U.S. investor, then the Fund must pay a federal withholding tax, presently equal to 30%, and any applicable state withholding of the adjusted "effectively connected" taxable income that is allocable to that non-U.S. investor.

In determining the investor's United States taxable income, the investor would be permitted the same deductions allowed a United States resident individual or corporation to the extent the deductions are effectively connected with a United States trade or business. However, a prerequisite to receiving the benefit of deductions is the filing of a true and accurate United States income tax return. Any Fund losses that are not effectively connected with a United States trade or business would not be deductible from the investor's United States source income. Additionally, non-U.S. investors may be subject to federal and state estate, inheritance or gift taxes, state, and local income taxes and to the alternative minimum tax.

If a non-U.S. investor is subject to United States income tax on its distributive share of Fund income at regular United States rates and is required to file United States income tax returns, such non-U.S. investor's share of Fund taxable income is not subject to the 30% withholding tax discussed above, provided the non-U.S. investor completes and files in duplicate with the Fund Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States). This form must be filed with the Fund annually for each year in which the non-U.S. investor is a Limited Partner.

If a non-U.S. Limited Partner has filed a Form W-8ECI to claim exemption from the 30% withholding, that Limited Partner is deemed to have "effectively connected" income subject to withholding. The Fund must make installment payments of withholding tax based on the amount of effectively connected income allocable to its non-U.S. Limited Partners, without regard to whether distributions are made during the Fund's taxable year and the non-U.S. Limited Partners' distributive share of the Fund's tax credits. The non-U.S. Limited Partner's share of any withholding tax paid by the Fund will be treated as distributed to that Limited Partner and will be offset against the non-U.S. Limited Partner's share of cash distributions. Withholding is not required on any amount subject to the 30% withholding discussed earlier. The amount withheld attributable to a non-U.S. Limited Partner is creditable against the United States income tax liability of that non-U.S. Limited Partner subject to

certain limitations. Withholding is not required with respect to a particular Limited Partner if that Limited Partner provides a valid Form W-9, "Request for Taxpayer Identification Number and Certification."

For tax treaty purposes, a non-U.S. Limited Partner may be deemed to have a "permanent establishment" in the United States for any year in which the Fund is engaged in a United States trade or business.

Withholding on Dispositions of United States Real Property Interests

The Fund may own real property as the result of foreclosure on a Term Loan. Under the Foreign Investment in Real Property Tax Act ("*FIRPTA*"), nonresident aliens are subject to withholding on dispositions of United States real property interests (a "*USRPI*"). For this purpose, United States real property owned by the Fund will be treated as held proportionately by its Limited Partners. Therefore, a non-U.S. Limited Partner may be subject to withholding when such Limited Partner sells or exchanges his or her Interests to a United States person. The Fund is required to deduct and withhold from any cash distribution an amount presently equal to 35% for United States tax purposes and any state applicable state withholding to the extent the cash distribution is attributable to gain from the sale of a United States real property interest that is allocable to a non-U.S. Limited Partner. If the gain is effectively connected with a United States trade or business and the Fund makes installment payments of withholding tax, the Fund is not required to withhold tax on cash distributions. See "*Tax Consequences to Non-U.S. Investors if the Fund is Engaged in a United States Trade or Business*" above.

In addition, to the extent attributable to USRPIs owned by the Fund, the amount realized on a sale or exchange by a non-U.S. Limited Partner of its Interest would be treated as received in exchange for a USRPI. Gain or loss to the extent so attributable would therefore be subject to federal net income tax and the gross proceeds from such sale or exchange may become subject to a 10% withholding tax. However, if 50% or more of the value of the gross assets of the Partnership consists of USRPIs and 90% or more of the value of the gross assets of the Partnership consists of USRPIs plus cash or equivalents, then each Interest will be treated in its entirety as a USRPI for purposes of such withholding tax. As a result, the entire proceeds of such sale generally would be subject to a 10% withholding tax. The 10% withholding tax imposed on the transferee of a USRPI is refundable to the transferor of such USRPI if the withheld tax is greater than the tax incurred by the transferor on the disposition of the USRPI. However, to claim such refund, the transferor must file a U.S. income tax return.

Miscellaneous Considerations

In determining the advisability of an investment in the Fund, foreign investors should consult their own tax advisors concerning (i) whether they will be treated as being engaged in a United States trade or business or having a permanent establishment in the United States, (ii) whether gain from the sale of Interests is effectively connected with their conduct of a United States trade or business or a permanent establishment in the United States, (iii) the income tax consequences relating to the ownership of Interests in their own particular circumstances, and (iv) the tax consequences of owning Interests under the internal tax laws of the non-U.S. investor's home country.

Future Tax Legislation; Necessity of Obtaining Professional Advice

Future amendments to the Code, other legislation, new or amended Treasury Regulations, administrative rulings or decisions by the Service or judicial decisions may adversely affect the U.S. federal

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income tax aspects of an investment in the Fund, with or without advance notice, retroactively or prospectively. The foregoing analysis is not intended as a substitute for careful tax planning. The tax matters relating to the Fund are complex and are subject to varying interpretations. There can be no assurance that the Service will agree with each position taken by the Fund with respect to the tax treatment of Fund items and transactions. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Limited Partners will vary with the particular circumstances of each Limited Partner and, in reviewing this Memorandum and any exhibits hereto, these matters should be considered.

Accordingly, each prospective investor must consult with and rely solely on its professional tax advisers with respect to the tax results of its investment in the Fund. In no event will the Fund, the General Partner, the Manager, or their affiliates, counsel or other professional advisers be liable to any Limited Partner for any U.S. federal, state, local or foreign tax consequences of an investment in the Fund, whether or not such consequences are as described above.

The foregoing is a summary of some of the important tax rules and considerations affecting the Limited Partners, the Fund and the Fund's proposed operations. This summary does not purport to be a complete analysis of all relevant tax rules and considerations, which will vary with the particular circumstances of each Limited Partner, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding an Interest. The foregoing does not fully address tax considerations affecting investors that are not U.S. persons. Each prospective investor in the Fund is urged to consult its own tax advisor in order to understand fully the U.S. federal, state, local and any foreign tax consequences of such an investment in its particular situation.

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X. ANTI-MONEY LAUNDERING COMPLIANCE

In response to increased regulatory concerns with respect to the identification of sources of funds used to make an investment in the Fund, the General Partner and/or its affiliates have implemented policies and procedures (“*AML Program*”) designed to guard against and identify money laundering activities. Pursuant to the Fund’s AML Program, the General Partner and/or its affiliates will request prospective investors and, in some instances, existing Limited Partners to provide additional documentation verifying, among other things, such person’s identity and the source of funds used to purchase its Interest in the Fund. The General Partner may decline to accept a subscription based upon this information, or if this information is not provided.

Pursuant to the Fund’s AML Program, the General Partner and/or its affiliates will undertake enhanced due diligence procedures prior to accepting investors the General Partner believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a “non-cooperative jurisdiction” or other jurisdictions designated by the Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Fund’s AML Program prohibits the acceptance of subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- the Annex to Executive Order 13224;
- such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction they are domiciled in or which have no physical presence.

Governmental regulators are continuing to consider appropriate measures to implement anti-money laundering laws as they apply to private investment funds such as the Fund. The General Partner and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by governmental regulators. The specific policies and procedures that the Fund may be required to implement remain unclear, although such steps may include additional measures to confirm the identity of each investor, including the principal beneficial owners of the investor, if applicable, and/or reporting suspicious transactions to governmental regulators.

The requirements for the General Partner to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the General Partner has in deciding whether to accept subscriptions.

Appendix A

Summary of EB-5 Program Immigration Procedures

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Appendix B

CDRC Approval Letter

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Appendix C

Evans Carroll Economic Study

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Appendix D

Evans Carroll TEA Study

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CIVITAS ENCORE FUND, LP

A Texas Limited Partnership

Limited Partnership Agreement

Dated as of [_____, 2010]

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NOTICE

NEITHER CIVITAS ENCORE FUND, LP NOR THE LIMITED PARTNER INTERESTS THEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY FOREIGN JURISDICTION. THE OFFERING OF SUCH LIMITED PARTNER INTERESTS IS BEING MADE IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING, AND ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS.

THE DELIVERY OF THIS LIMITED PARTNERSHIP AGREEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY OFFER, SOLICITATION OR SALE OF INTERESTS IN CIVITAS ENCORE FUND, LP IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE OR FOREIGN SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS SET FORTH IN THIS LIMITED PARTNERSHIP AGREEMENT.

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**LIMITED PARTNERSHIP AGREEMENT
OF
CIVITAS ENCORE FUND, LP**

This LIMITED PARTNERSHIP AGREEMENT (this "*Agreement*"), dated and effective as of [_____] 2010 (the "*Effective Date*"), is by and among Civitas Encore Fund GP, LP, a Texas limited partnership (the "*General Partner*"), Daniel J. Healy, as Organizational Limited Partner, and those Persons who are hereafter admitted as additional limited partners in accordance with this Agreement.

Preliminary Statements

A. The City of Dallas Regional Center ("*CDRC*") is a "regional center," as such term is defined at 8 CFR 204.6(e), and was approved by the United States Citizenship and Immigration Service ("*USCIS*") on September 9, 2009.

B. The CDRC is the official EB-5 regional center affiliated with the City of Dallas, Texas (the "*City of Dallas*").

C. The Manager is the exclusive manager of the CDRC pursuant to that certain CDRC Management Contract dated [_____] August 10, 2009 (the "*CDRC Management Contract*").

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D. Pursuant to the CDRC Management Contract, the Manager identifies, evaluates and manages investments for the CDRC which comply with the laws, rules and regulations governing the EB-5 Program, and makes such investments available to qualified EB-5 investors through private partnerships such as the Partnership.

E. The Limited Partners desire to participate in the EB-5 Program through the CDRC by investing in the Partnership, and the General Partner and Manager desire to facilitate such participation.

In consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. The following capitalized terms shall have the following meanings when used in this Agreement: "*Administrative Fee*" means the amount indicated in an applicable Limited Partner's Subscription Agreement, which is payable directly to the Manager.

"*Advisers Act*" means the Investment Advisers Act of 1940, as amended from time to time.

"*Affiliate*" of any Person means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person, and the term "Affiliated" has a correlative meaning. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Agreement*" means this Limited Partnership Agreement, as amended from time to time.

"*Authorized Representative*" has the meaning set forth in Section 3.9(a).

"**Borrower**" means [____], a [____] that is ~~an affiliate~~ a wholly-owned subsidiary of the Parent.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in Dallas, Texas are authorized by law to close.

"**Capital Account**" has the meaning set forth in Section 7.4(a)

"**Capital Contribution**" means, with respect to any Partner, a cash contribution made by such Partner pursuant to Article VI.

"**Carried Interest**" has the meaning set forth in Section 7.1(d).

"**Cash Equivalents**" means securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof).

"**CDRC**" has the meaning set forth in the ~~recitals~~ Preliminary Statements.

"**CDRC Management Contract**" has the meaning set forth in the Preliminary Statements.

"**Certificate**" means the certificate of formation of the Partnership.

"**City of Dallas**" has the meaning set forth in the Preliminary Statements.

"**Closing Date**" means the date a Limited Partner, other than the Organizational Limited Partner, is admitted to the Partnership.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**EB-5 Program**" means that certain program designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a "regional center," as such term is defined at 8 CFR 204.6(e), approved under the USCIS' Foreign Trader, Investor and Regional Center Immigrant Investor Pilot Program as provided in 8 CFR 204.6(e).

"**Fiscal Quarter**" means each three month period ending on the last day of March, June, September and December; provided that (i) the first Fiscal Quarter commences on the Closing Date and continues until the next following last day of March, June, September or December, whichever is earliest, and (ii) upon termination of the Partnership, "**Fiscal Quarter**" means the period from the most recent of the last day of March, June, September or December to the date of termination.

"**Fiscal Year**" has the meaning set forth in Section 2.7.

"**General Partner**" has the meaning set forth in the preamble.

"**General Partner Expenses**" means all administrative and overhead expenses associated with the operation of the General Partner and/or the Manager for the services provided by the General Partner or the Manager to the Partnership.

"**Indemnified Party**" has the meaning set forth in Section 9.1(a).

"Interest" means the entire ownership interest of a Partner in the Partnership at the relevant time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement.

"Investment Company Act" means the Investment Company Act of 1940, as amended from time to time.

"Investment Percentage" of any Partner means the percentage derived by (i) dividing the Capital Contribution of such Partner by the aggregate Capital Contributions of all Partners (except as otherwise provided herein), and (ii) multiplying such quotient by 100.

"Limited Partner" means, at any time, any Person who is at such time a limited partner of the Partnership and shown as such on the books and records of the Partnership in its capacity as a limited partner of the Partnership. For purposes of the TBOC, the Limited Partners constitute a single class or group of limited partners.

"Majority in Interest" means Limited Partners representing over 50% of the aggregate Investment Percentages of the Limited Partners, without regard to the number of such Limited Partners holding such Investment Percentage.

"Management Fee" means an amount calculated at an annual rate of two percent (2.0%) of the aggregate Capital Contributions of the Limited Partners, which amount shall be based on the Capital Contributions of Limited Partners as of the beginning of such Fiscal Quarter (or on the Closing Date in the case of the Partnership's first Fiscal Quarter). The Management Fee for Limited Partners admitted after the Closing Date will be calculated as though such Limited Partner was admitted at the Closing Date.

"Manager" means Civitas Capital Management, LLC, a Texas limited liability company.

"Management Agreement" means the Management Agreement by and among the Partnership, the General Partner and the Manager, pursuant to which the General Partner has delegated certain of the General Partner's authority for the making and monitoring of performance of the Term Loan Agreement and other matters set forth in such agreement.

"Marketable Securities" means Securities that are (A) traded on a securities exchange or listed on either the National Market or the SmallCap Market of the National Association of Securities Dealers Automated Quotation System, and (B) not subject to material legal or contractual restrictions on transferability.

"Net Cash Flow" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Partnership from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from the Term Loan(s) or any other Fund investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of the Borrower or other Fund investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, and (ii) the sum of (a) all Partnership Expenses then due and owing, (b) the Management Fee then due and owing, and (c) to fund any reserves as may be determined by the General Partner in accordance with this Agreement.

“Operating Expenses” means all cash expenditures of every kind and nature which the Partnership shall pay, including, without limitation, debt service, audit and legal expenses.

“Organizational Expenses” means all costs and expenses incurred in connection with the organization of the Partnership and the offering of Interests, including legal and accounting fees, printing and production costs, travel and out-of-pocket expenses and all allocated expenses incurred by the General Partner or the Partnership in connection with the private placement of the Interests in the Partnership.

“Organizational Limited Partner” means ~~Dan Healy~~ Daniel J. Healy, in his capacity as organizational limited partner.

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“Other Agreement” has the meaning set forth in Section 13.11.

“Parent” means Encore Enterprises, Inc., a Mississippi corporation.

“Partners” means the General Partner and the Limited Partners, where no distinction is required by the context in which the term is used herein.

“Partnership” means Civitas Encore Fund, LP, as such partnership may from time to time be constituted.

“Partnership Expenses” has the meaning set forth in Section 4.1(a).

“Person” means any individual, partnership, corporation, limited liability company, trust or other entity.

“Reserves” means the amounts used to pay or establish reserves for future Operating Expenses, including debt payments, repayment of loans to Partners, capital improvements, replacements and contingencies, if any, all as reasonably determined by the General Partner.

“Substituted Limited Partner” has the meaning set forth in Section 12.2.

“Tax Matters Partner” has the meaning set forth in Section 3.1(c).

“TBOC” means the Texas Business Organizations Code, as amended from time to time (or any corresponding provisions of succeeding law).

“Term Loan Agreement” means that certain Term Loan Agreement by and between the Partnership and [_____] a [_____] entity, dated as of [_____] 2010, as amended from time to time.

“Term Loan(s)” shall mean each loan made by the Partnership to the Borrower under the terms of the Term Loan Agreement.

“Transfer” has the meaning set forth in Section 11.1(a).

“Treasury Bill Rate” means, with respect to any calendar month, a rate of interest, determined and adjusted monthly by the General Partner as of the fifth Business Day of each month, equal to the annual coupon equivalent yield on 13-week U.S. Treasury bills resulting from the most recent auction of such instruments prior to the monthly determination date.

"USCIS" has the meaning set forth in the Preliminary Statements.

"Visa Process" means the Consular Interview Process or the USCIS adjustment of status process with respect to the EB-5 Program.

ARTICLE II FORMATION, NAME, PURPOSES AND OFFICES

Section 2.1 Formation of Limited Partnership.

(a) The parties hereto hereby agree to form the Partnership as a limited partnership under and pursuant to the TBOC and the provisions of this Agreement and agree that the rights and liabilities of the Partners are to be as provided in the TBOC except as provided herein. Except in connection with a dissolution hereunder, the General Partner must attempt to cause the Partnership to maintain its status as a limited partnership under Texas law.

(b) The General Partner has executed, acknowledged and filed with the Secretary of State of the State of Texas a Certificate and will execute, acknowledge and file any amendments thereto as may be required by the TBOC and any other instruments, documents and certificates which, in the opinion of the Partnership's legal counsel, may from time to time be required by the laws of the United States of America, the State of Texas or any other jurisdiction in which the Partnership determines to do business, or any political subdivision or agency thereof, or which such legal counsel may deem necessary or appropriate to effectuate, implement and continue the valid and subsisting existence and business of the Partnership.

(c) The parties hereto acknowledge that they intend that the Partnership be taxed as a partnership and not as an association taxable as a corporation for federal income tax purposes. No election may be made to treat the Partnership as other than a partnership for federal income tax purposes.

Section 2.2 Partnership Name. The name of the Partnership is Civitas Encore Fund, LP. The Partnership may have such other name as the General Partner may at any time determine. No value is to be placed upon the Partnership's name or the goodwill attached to it for the purpose of determining the value of any Partner's Capital Account or Interest Office. **Registered Agent.** The street address of the registered office of the Partnership is 900 Jackson Street, Suite 150, Dallas, Texas 75202, and the name of its registered agent at such address is Daniel J. Healy. The General Partner may change the registered office or registered agent of the Partnership at any time in its sole discretion. **Purposes of the Partnership.** The Partnership is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Partnership is (i) providing the Term Loan(s) to the Borrower, and, (ii) engaging in any lawful act or activity for which limited partnerships may be formed under the TBOC and engaging in any and all activities necessary or incidental to the foregoing. **Liability of the Partners Generally.**

(a) Except as otherwise provided in the TBOC, the General Partner has the liabilities of a partner in a partnership without limited partners to Persons other than the Partnership and the Limited Partners. Except as otherwise provided in this Agreement or the TBOC, the General Partner has the liabilities of a partner in a partnership without limited partners to the Partnership and the Limited Partners.

(b) Except as expressly provided in this Agreement and the TBOC, no Limited Partner (or former Limited Partner) is obligated to make any Capital Contribution or has any liability for the debts and obligations of the Partnership.

Section 2.6 Term. The Partnership will have an initial term of five (5) years from the final funding of the Term Loan pursuant to the Term Loan Agreement, subject to an option permitting the General Partner to extend the term for up to two (2) additional one-year periods for purposes of liquidating the Loan(s). Fiscal Year. The fiscal year ("*Fiscal Year*") of the Partnership for financial statement and federal income tax purposes begins on January 1st and ends on December 31st of each year, except for short taxable years in the years of the Partnership's formation and termination and as otherwise required by the Code, unless the General Partner elects another Fiscal Year for the Partnership which is a permissible tax year under the Code. Admission of Limited Partners.

(a) Upon the admission of Persons subscribing for Interests as Limited Partners to the Partnership, the Organizational Limited Partner will withdraw from the Partnership and will be entitled to receive the return of its Capital Contribution without interest or deduction.

(b) Each person subscribing for an Interest must deliver its subscription amount (*i.e.*, an amount equal to the minimum capital contribution), as payment for its Interest, directly to an escrow account of the Fund as provided in the Partnership's subscription application materials. The subscription amount will be held in escrow until the USCIS approves the subscriber's I-526 Petition for participation in the EB-5 Program. If the subscriber's petition is approved and the subscriber's subscription for an Interest has been accepted by the General Partner, then at such time the subscription amount shall be distributed to the Partnership, the subscription amount shall be booked as a Capital Contribution and the subscriber formally admitted as a Limited Partner of the Partnership. In the event that a subscriber's I-526 Petition is not approved or the subscriber's subscription otherwise rejected by the General Partner, the subscription amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Partnership. No Person will be admitted as a Limited Partner unless the Administrative Fee applicable to such Person has been received by the Manager.

Section 2.9 Actions by the Partnership. The Partnership may execute, deliver, and perform all contracts, agreements and other undertakings and engage in all activities and transactions as may in the opinion of the General Partner be necessary or advisable to carry out its objects.

ARTICLE III MANAGEMENT AND OPERATION OF THE PARTNERSHIP

Section 3.1 Management Generally.

(a) Subject to the terms and conditions of this Agreement, the General Partner has complete and exclusive power and responsibility, to the fullest extent permitted by the TBOC (i) for all investment and investment management decisions to be undertaken on behalf of the Partnership and (ii) for managing and administering the affairs of the Partnership, and has the power and authority to do all things that the General Partner considers necessary or desirable to carry out its duties hereunder and to achieve the purposes of the Partnership.

(b) Without limiting the generality of the General Partner's duties and obligations hereunder and notwithstanding anything to the contrary contained herein, the General Partner has full power and authority to execute, deliver and perform such contracts, agreements and other undertakings on behalf of the Partnership, without the consent or approval of any other Partner, and to engage in all activities and transactions, as it may deem necessary or advisable for, or as may be incidental to, the conduct of the business and affairs of the Partnership, including, without in any manner limiting the generality of the foregoing, (i) contracts, agreements, undertakings and transactions with any Partner or with any other Person having any business, financial or other relationship with any Partner or Partners, (ii) agreements with each Limited Partner in connection with its purchase of a Limited Partner Interest, including a

subscription agreement wherein such Limited Partner agrees to be bound by the terms of this Agreement, (iii) any agreements to induce any Person to purchase a Limited Partner Interest, and (iv) the Management Agreement delegating to the Manager certain of the powers and authority vested by this Agreement in the General Partner as the General Partner and the Manager may agree from time to time, each without any further act, approval or vote of any Person.

(c) The General Partner is the "*Tax Matters Partner*" for purposes of Section 6231(a)(7) of the Code. The Tax Matters Partner has the exclusive authority and discretion to make any elections required or permitted to be made by the Partnership under any provisions of the Code or any other applicable laws. The General Partner is specifically directed and authorized to take whatever steps the General Partner, in its sole discretion, deems necessary or desirable to perfect such designation, including filing any forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under Treasury regulations. Expenses of all administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Tax Matters Partner are Partnership Expenses. The cost of any resulting audits or adjustments of a Limited Partner's tax return will be borne solely by the affected Limited Partner.

Section 3.2 Authority of the General Partner

(a) Subject to Section 3.1, the General Partner may delegate to any Person or Persons (including Affiliates of the General Partner) all or any of the powers, rights, privileges, duties and discretion vested in it in this Article III and such delegation may be made upon such terms and conditions as the General Partner may determine in its sole discretion; except that the General Partner must remain responsible for making decisions with respect to the Borrower; and except that no such delegation may modify the obligations or liabilities of the General Partner as general partner of the Partnership under the TBOC and under this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, may enter into and perform any subscription agreements with potential limited partners and any Other Agreements, as determined by the General Partner, in its sole discretion, all without any further act, vote, or approval of any other Partner or other Person.

Section 3.3 Regulatory and Tax Matters. The General Partner agrees to use commercially reasonable efforts to operate the Partnership in such a way that the Partnership would not be required to register as an investment company under the Investment Company Act. The General Partner is hereby authorized to take any action it has determined in good faith to be necessary or desirable in order for the Partnership not to be in violation of the Investment Company Act or for the General Partner not to be in violation of the Advisers Act, including making structural, operating or other changes in the Partnership, assisting in or requiring the sale in whole or in part of any Limited Partner's Interest, or dissolving the Partnership (pursuant to Section 10.1(b)). ~~Borrowings~~ Except as set forth in this Section 3.4, the Partnership must not incur any indebtedness for borrowed money.

(b) The Partnership may borrow funds if the General Partner determines, in its sole discretion, that funds are necessary to make or otherwise facilitate the Term Loan(s) or to pay a Partnership Expense prior to the time all such funds are otherwise to be made available by the Partners in accordance with Article VI.

(c) The General Partner must cause the Partnership to repay any borrowings made under Section 3.4(b) as promptly as practicable (but in any event within five Business Days) after funds for such repayment become available to the Partnership.

(d) The Partnership may borrow funds as contemplated in this Section 3.4 from any source selected by, and upon terms satisfactory to, the General Partner in its sole discretion, including from any Limited Partner.

Section 3.5 Other Activities of the Partners and their Affiliates.

(a) The General Partner is not required to devote its full time to the affairs of the Partnership, but must devote such of its time to the business and affairs of the Partnership as it, in its discretion exercised in good faith, determines to be necessary to conduct the affairs of the Partnership for the benefit of the Partnership and the Partners.

(b) The General Partner, the Manager, their Affiliates, and the respective members, managers, partners, officers, and employees of each of them may act as director, consultant, advisor, investment banker or in any other capacity to the Borrower.

(c) Each Partner agrees that any other Partner and any partner, manager, director, officer, shareholder, member, Affiliate or employee of any Partner, may engage in or possess an interest in other business ventures or commercial dealings of every kind and description, independently or with others, including management of other accounts, investment in, or financing, acquisition and disposition of Securities, investment and management counseling, brokerage services, serving as directors, officers, advisers or agents of other companies, partners of any partnership or trustee of any trust, or entering into any other commercial arrangements, whether or not any such activities may conflict with any interest of the parties hereto with respect to the Partnership.

Section 3.6 Books and Records; Accounting Method.

(a) The General Partner must keep or cause to be kept at the address of the General Partner (or at such other place as the General Partner must advise the other Partners in writing) full and accurate books and records of the Partnership. Such books and records must be available, upon reasonable notice to the General Partner, for inspection at reasonable times during business hours by each Limited Partner or its duly authorized agents or representatives for a purpose reasonably related to such Limited Partner's interest in the Partnership.

(b) The Partnership's books of account, for purposes of the reports to be given to Limited Partners pursuant to Section 8.1, must be kept in accordance with the accounting method used by the Partnership for United States federal income tax purposes.

Section 3.7 Partnership Tax Returns. The General Partner must cause to be prepared and timely filed all tax returns required to be filed for the Partnership. The General Partner may, in its sole discretion, make, or refrain from making, any income or other tax elections for the Partnership that it deems necessary or advisable, including any election pursuant to Section 754 of the Code, and must take such action and make any election as may be required to ensure that the Partnership is classified as a partnership for Federal income tax purposes.

Section 3.8 Reliance by Third Parties. Persons dealing with the Partnership are entitled to rely conclusively upon the power and authority of the General Partner as herein set forth. Confidentiality. Each Limited Partner agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its interest in the Partnership or for purposes of filing such Limited Partner's tax returns) or disclose to any Person, any information or matter relating to the Partnership and its affairs and any information or matter related to the Borrower (other than disclosure to such Limited Partner's directors, employees, agents, advisors, or representatives responsible for matters

relating to the Partnership or to any other Person approved in writing by the General Partner (each such Person being hereinafter referred to as an "**Authorized Representative**"); provided that (i) such Limited Partner and its Authorized Representatives may make such disclosure to the extent that (x) the information to be disclosed is publicly known at the time of proposed disclosure by such Limited Partner or Authorized Representative, (y) the information otherwise is or becomes legally known to such Limited Partner other than through disclosure by the Partnership, any General Partner, the Borrower, or any Affiliate of, or other party that is subject to (and the Limited Partner is aware is subject to) a confidentiality agreement with, any of the foregoing entities, or (z) such Limited Partner is required by law or in response to any governmental agency request or in connection with an examination by regulatory authorities, provided that such agency, regulatory authorities or association is aware of the confidential nature of the information disclosed, (ii) each Limited Partner will be permitted, after written notice to the General Partner, to correct any false or misleading information that becomes public concerning such Limited Partner's relationship to the Partnership, the General Partner, or the Borrower, and (iii) such Limited Partner (and each employee, representative, or other agent of the Limited Partner) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Partnership and all material of any kind (including opinions or other tax analyses that are provided to the Limited Partner relating to such tax treatment and tax structure). Prior to making any disclosure required by law, each Limited Partner must use its reasonable best efforts to notify the General Partner of such disclosure. Prior to any disclosure to any Authorized Representative, each Limited Partner must use its reasonable best efforts to advise such Authorized Representative of the obligations set forth in this Section 3.9(a).

(b) Except as provided in Section 3.9(a)(iii) above, the General Partner may, to the maximum extent permitted by applicable law or this Agreement, keep confidential from any Limited Partner any information the disclosure of which (i) the Partnership or the General Partner is required by law, agreement, or otherwise to keep confidential, (ii) the General Partner reasonably believes may have an adverse effect on the Partnership, any General Partner, or any Affiliate of any General Partner, or (iii) the General Partner otherwise in good faith believes is not in the best interest of the Partnership or could damage the Partnership or its business; provided that, in the event of any litigation between the Partnership or the General Partner on the one hand and any Limited Partner on the other, no Limited Partner will be deemed to have waived any right to discovery of such information solely on the basis of this Section 3.9(b).

ARTICLE IV FEES AND EXPENSES

Section 4.1 Partnership Expenses.

(a) The Partnership is responsible for all "**Partnership Expenses**," which include the following:

(i) Organizational Expenses;

(ii) all out-of-pocket costs of the administration of the Partnership, including accounting, audit, tax return preparation and legal expenses, costs of holding any meetings of Partners, costs of any liability insurance obtained on behalf of the Partnership and/or the General Partner with respect to any Indemnified Party, costs associated with the maintenance of books and records of the Partnership, and costs associated with the preparation and dispatch to the Partners of checks, financial reports and notices and providing other information to existing and prospective Limited Partners;

(iii) all expenses incurred in connection with the registration, qualification or exemption of the Partnership under any applicable laws;

(iv) all expenses incurred in connection with the preparation of alterations and amendments to this Agreement or the Certificate;

(v) subject to any applicable provisions of Article IX, all expenses incurred in connection with any litigation involving the Partnership (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(vi) all expenses for indemnity or contribution payable by the Partnership to any Person, whether payable under this Agreement or otherwise (including any insurance coverage therefore) and whether payable in connection with any litigation involving the Partnership or otherwise;

(vii) all expenses incurred in connection with administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Tax Matters Partner, all expenses incurred by the Tax Matters Partner, and any audit with respect to taxes;

(viii) all expenses incurred in connection with the dissolution and liquidation of the Partnership;

(ix) all expenses incurred on account of taxes, fees or other governmental charges of the Partnership; and

(x) all expenses that are not normal Operating Expenses or not General Partner Expenses.

(b) Partnership Expenses do not include General Partner Expenses which will be borne by the General Partner and/or the Manager as provided in Section 4.2.

(c) The General Partner has the discretion to pay Partnership Expenses from Capital Contributions, Net Cash Flow, or any other funds or other assets of the Partnership determined by the General Partner in its sole discretion to be available for such purpose. The General Partner is entitled to reimbursement from the Partnership for any Partnership Expenses paid by it or its Affiliates on behalf of the Partnership.

(d) Partnership Expenses are allocated among the Partners as provided in Section 7.4(b).

Section 4.2 General Partner Expenses.

(a) The General Partner and/or the Manager are responsible for and must pay all General Partner Expenses.

(b) General Partner Expenses paid by the General Partner and/or the Manager are not accounted for as contributions to or income of the Partnership and in no way affect the Capital Account of the General Partner or any Limited Partner hereunder, and any such payments do not constitute Capital Contributions for purposes of this Agreement.

Section 4.3 Administrative Fee. Each Limited Partner (other than the Organizational Limited Partner) must pay the applicable Administrative Fee directly to the Manager at the time of subscription

for an Interest. Allocation of Management Fee. The Manager is entitled to receive from the Partnership as compensation for its services to the Partnership the Management Fee payable as of the beginning of each Fiscal Quarter. As of the first day of each Fiscal Quarter, each Limited Partner's Management Fee for each Fiscal Quarter shall be debited against the Capital Account of each such Limited Partner Reserves; Adjustments for Certain Future Events.

(a) Appropriate Reserves may be created, accrued, and charged against the Capital Accounts of the Partners for contingent liabilities, such Reserves to be in the amounts that the General Partner, in its sole discretion, deems necessary or appropriate. The General Partner may increase or reduce any such reserve from time to time by such amounts as the General Partner in its discretion deems necessary or appropriate. At the sole discretion of the General Partner, the amount of any such reserve, or any increase or decrease therein, may be charged or credited, as appropriate, to the Capital Accounts of those parties who are Partners at the time when such reserve is created, increased, or decreased, as the case may be, or alternatively may be charged or credited to those parties who were Partners at the time of the act or omission giving rise to the contingent liability for which the reserve was established.

(b) If the General Partner in its sole discretion determines that it is equitable to treat an amount to be paid or received as being applicable to one or more prior periods, then such amount may be proportionately charged or credited, as appropriate, to those parties who were Partners during such prior period or periods.

(c) If any amount is to be charged or credited to a party who is no longer a Partner, such amount must be paid by or to such party, as the case may be, in cash, with interest at the Treasury Bill Rate in effect at that time from the date on which the General Partner determines that such charge or credit is required. In the case of a charge, the former Partner is obligated to pay the amount of the charge, plus interest as provided above, to the Partnership on demand; provided that (i) in no event is a former Partner obligated to make a payment exceeding the amount of its Capital Account at the time to which the charge relates, and (ii) no such demand may be made, if the applicable limitation period under the TBOC, if any, has expired. To the extent the Partnership fails to collect, in full, any amount required to be charged to such former Partner pursuant to paragraph (a) or (b) of this Section 4.5, whether due to the expiration of the applicable limitation period, if any, or for any other reason whatsoever, the deficiency may be charged proportionately to the Capital Accounts of the current Partners.

ARTICLE V INVESTMENTS AND INVESTMENT OPPORTUNITIES

Section 5.1 Investments Generally. The assets of the Partnership are, to the extent not required for the payment of Partnership Expenses (as determined by the General Partner in its sole discretion), and subject to Section 3.3, to be used to fund the Term Loan(s) as the General Partner determines in its sole discretion, provided that the General Partner shall not exercise its discretion in such a manner that would result in any Limited Partner's violation of the rules or regulations governing the EB-5 Program. For further clarification, the Partners agree that the Partnership will invest substantially all of its assets in the Term Loan(s), other than Partnership assets used to pay Partnership Expenses.

Section 5.2 Temporary Investment of Funds. Subject to a determination by the General Partner in its sole discretion as to the amount of cash required in connection with the conduct of the Partnership's business, the General Partner must invest all cash held by the Partnership, including all amounts being held by the Partnership for funding the Term Loan(s), payment of Partnership Expenses, or distribution to the Partners, in Cash Equivalents (other than amounts of cash necessary to meet day-to-day expenses). Subsequent Investment Opportunities. Nothing in this Agreement is intended to prevent the General Partner, the Manager, or their Affiliates from soliciting participation from investors in, or

participating in the organization and management of, any other investment vehicle.

CAPITAL CONTRIBUTIONS

Section 6.1 Capital Contributions.

(a) The required contribution of each Limited Partner (other than the Organizational Limited Partner) to the capital of the Partnership is \$500,000, or such lesser amount as the General Partner, in its discretion, may permit.

(b) The Partners may make additional contributions to the capital of the Partnership at such times and in such amounts as the General Partner, in its sole discretion, may permit. Subject to any contrary provision of the TBOC or as may be required pursuant to the rules and regulations of the EB-5 Program, no Limited Partner shall be obligated to make any additional contribution to the capital of the Partnership.

(c) The General Partner has the right at any time to make additional contributions to the capital of the Partnership as a Limited Partner or General Partner and is required to make additional capital contributions from time to time to the extent necessary to maintain the balance of its Capital Account at an amount that (i) results in the General Partner's Partnership Percentage being not less than one percent (1%) or (ii) is equal to \$250,000, whichever is less. Except as provided above or in the TBOC, the General Partner is not required or obligated to make any additional contributions to the capital of the Partnership.

(d) Except as otherwise permitted by the General Partner, in its sole discretion, Capital Contributions are payable (i) in cash, and (ii) in one installment that is due as of the date of admission of such Person as a Limited Partner of the Partnership.

Section 6.2 Rights of Partners in Capital.

(a) No Partner is entitled to interest on Capital Contributions.

(b) No Partner has the right to the return of any Capital Contributions except (i) upon withdrawal of such Partner pursuant to Section 10.4 or (ii) upon the dissolution of the Partnership pursuant to Section 10.1. The entitlement to any such return at such time is limited to the value of the Capital Account of the Partner. The General Partner is not liable for the return of any such amounts.

(c) Each Limited Partner acknowledges and agrees that it shall have no recourse against the Partnership, the General Partner, the Manager, the Borrower or the Parent (or any of their respective affiliates) in the event that the Borrower defaults on the Term Loan pursuant to the Term Loan Agreement, and that only the General Partner, on behalf of the Partnership, may pursue any available remedies under the Term Loan Agreement and applicable law.

ARTICLE VII DISTRIBUTIONS; CAPITAL ACCOUNTS; ALLOCATIONS

Section 7.1 Distributions to Partners. Subject to Section 7.2 and Section 7.3, the General Partner shall make distributions to Limited Partners at such times and in such amounts as the General Partner determines. Distributions shall be allocated among all Partners in proportion to their Investment Percentages. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

(a)(b) First, 100% to the applicable Limited Partner until the excess of (A) the cumulative distributions to such Limited Partner of Net Cash Flow over (B) such Limited Partner's aggregate Capital Contributions equals a 2% per annum cumulative non-compounded return on such Limited Partner's aggregate Capital Contributions;

(b)(c) Second, 100% to the applicable Limited Partner until such Limited Partner has received distributions of Net Cash Flow equal to such Limited Partner's aggregate unreturned Capital Contributions;

(c)(d) Third, 100% to the General Partner to the extent necessary so that the General Partner has received an amount equal to 25% of the cumulative distributions of Net Cash Flow with respect to such Limited Partner; and

(d)(e) Thereafter, 80% to such Limited Partner and 20% to the General Partner (the amounts distributed to the General Partner under Section 7.1(c) and (d) shall be collectively referred to as, "*Carried Interest*").

Section 7.2 In-Kind Distributions. At the discretion of the General Partner, certain Marketable Securities may be distributed to the Partners prior to the liquidation of the Partnership. Upon liquidation of the Partnership pursuant to Section 10.2, distributions may be made in-kind on a pro rata basis.

Section 7.3 Other General Principles of Distribution.

(a) Notwithstanding anything in this Agreement to the contrary, in no event will distributions be made to a Limited Partner if the result would, in the sole discretion of the General Partner, cause a violation of EB-5 Program rules, or otherwise jeopardize the Visa Process.

(b) The General Partner may retain all or such portion of the Net Cash Flow as it determines to be necessary or appropriate for the Partnership to meet its anticipated obligations (including in respect of any indemnity provisions).

(c) Notwithstanding anything else contained in this Agreement, the General Partner may, in its sole discretion, withhold from any distribution of cash or property in-kind to any Partner pursuant to this Agreement, the following amounts:

(i) any amounts due from such Partner to the Partnership or the General Partner pursuant to this Agreement to the extent not otherwise paid; and

(ii) any amounts required to pay or reimburse the Partnership or the General Partner for the payment of any taxes properly attributable to such Partner (including withholding taxes).

(d) Notwithstanding anything else in this Agreement, all amounts withheld by the General Partner pursuant to Section 7.3(c) and all amounts that the General Partner determines in good faith to be properly attributable to any Limited Partner that are withheld or otherwise paid by any Person pursuant to the Code or any provision of any state, local or foreign tax law, are treated as if such amounts were realized and recognized by the Partnership and distributed to such Limited Partner and do not constitute Partnership Expenses for any purposes under this Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, the Partnership must not make any distributions, including distributions after dissolution, except to the extent permitted under the TBOC.

Section 7.4 Capital Accounts; Allocations.

(a) There is for each Partner on the books and records of the Partnership a capital account (a "*Capital Account*"), which is initially zero. The Capital Account of each Partner is:

- (i) credited with any Capital Contributions to the Partnership by such Partner;
- (ii) credited with any allocations of income, profit or gain made to such Partner;
- (iii) debited by the amount of cash (or the fair value of other property as determined by the General Partner pursuant to Section 7.2) distributed to such Partner; and
- (iv) debited by any allocation of expense, deduction or loss made to such Partner.

(b) Subject to the provisions of Section 4.1 and this Section 7.4, the amount of any Partnership Expenses borne by the Partnership is allocated to each Partner, pro rata in accordance with such Partner's Investment Percentage; provided that, the General Partner may allocate any such Partnership Expense on a basis other than stated in this Section 7.4(b) if the General Partner determines in its sole discretion that such allocation is clearly more equitable in light of the purposes for which such Partnership Expenses were incurred.

(c) In the Fiscal Year prior to dissolution of the Partnership, the Partnership's remaining net income or net loss (after giving effect to paragraphs (a) and (b) above) and each item of income, gain, loss, deduction or expense included in the determination is allocated among the Partners in a manner consistent with the corresponding distributions made or to be made pursuant to this Article VII. Without limiting the generality of the foregoing, the following principles are applied:

(i) Allocations as between the General Partner and Limited Partners are determined separately for each Limited Partner.

(ii) Allocations of income, profit, gain or loss are made between Limited Partners and the General Partner in such a manner that, if the Partnership were wound up and its assets distributed in accordance with the Partners' positive Capital Account balances immediately after such allocation, such distributions would, as nearly as possible, be equal to the distributions that would be made pursuant to this Article VII.

(d) Upon the dissolution of the Partnership, the realized gains and losses of the Partnership attributable to the Borrower shall be allocated among the Partners in a manner consistent with the provisions of this Article VII.

Section 7.5 Tax Allocations. For federal, state, and local income tax purposes, each item of income, gain, loss, deduction and credit of the Partnership are allocated among the Partners as nearly as possible in the same manner as the corresponding item of income, expense, gain or loss is allocated pursuant to the other provisions of this Article VII. It is intended that the Capital Accounts will be maintained at all times in accordance with Section 704 of the Code and applicable Treasury regulations thereunder, and that the provisions hereof relating to the Capital Accounts be interpreted in a manner consistent therewith. The General Partner is authorized to make appropriate amendments to the

allocations of items pursuant to this Section 7.5 in its sole discretion to comply with Section 704 of the Code or applicable Treasury regulations thereunder; provided that, no such change has an adverse effect upon the amount distributable to any Partner hereunder.

(b) Notwithstanding anything else contained in this Article VII, if any Partner has a deficit Capital Account for any fiscal period as a result of any adjustment of the type described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4) through (6), then the Partnership's income and gain will be specially allocated to such Partner in an amount and manner sufficient to eliminate such deficit as quickly as possible. Any special allocation of items of income or gain pursuant to this paragraph is taken into account in computing subsequent allocations pursuant to this Article VII so that the cumulative net amount of all items allocated to each Partner is, to the extent possible, equal to the amount that would have been allocated to such Partner if there had never been any allocation pursuant to this paragraph (b).

(c) The Partners intend that the Partnership be taxed as a "partnership" for federal income tax purposes. The General Partner must not cause the Partnership to elect to be taxable as an "association" or "corporation" or permit activities within its control that would result in the Partnership being a "publicly traded partnership" under the tax rules.

ARTICLE VIII REPORTS TO LIMITED PARTNERS

Section 8.1 Reports; Method of Delivery. All financial reports provided to the Limited Partners pursuant to this Section 8.1 shall be prepared in accordance with U.S. generally accepted accounting principles. The General Partner may elect to provide any reports pursuant to this Article VIII via electronic mail, posting on a secure website, or other electronic means; provided that, upon any Partner's written request, the General Partner shall mail a hard copy of any report required to be provided hereunder to such Partner.

Section 8.2 Audited Reports. The General Partner, in its sole discretion, may (but is not required to) cause the books of account and records of the Partnership to be audited as of the end of any Fiscal Year by the Partnership's independent certified public accountants. The independent public accountant selected by the General Partner may also provide services to the General Partner or its Affiliates.

Section 8.3 Schedule K-1. The General Partner must use commercially reasonable efforts to prepare or cause to be prepared and transmit, as soon as practicable after the end of each Fiscal Year, a United States federal income tax Form K-1 for each Partner. The General Partner must provide such materials to (i) each Partner and (ii) each former Partner (or its successors, assigns, heirs or personal representatives) who may require such information in preparing its Federal income tax return.

Section 8.4 Quarterly Financial Statements. Within forty five (45) days following the end of each Fiscal Quarter, the General Partner shall provide: (a) unaudited, consolidated financial statements of the Partnership; and (b) a brief narrative description of any material events affecting the Partnership or the Interests. For the avoidance of doubt, if a hard copy is requested pursuant to Section 8.1, the General Partner will satisfy the forty five (45) day period if such report is postmarked by the forty fifth (45th) day following the end of the relevant Fiscal Quarter.

Section 8.5 Copies. Each Limited Partner acknowledges and agrees that the General Partner may provide copies of the reports described this Article VIII to the City of Dallas and its representatives and attorneys pursuant to that certain CDRC Management Contract. The parties also acknowledge that

any information provided to the City of Dallas under this Section 8.5 may be subject to open records or similar laws and therefore may become available to the public.

ARTICLE IX EXCULPATION AND INDEMNIFICATION

Section 9.1 Exculation and Indemnification.

(a) None of the General Partner, the Manager, the Tax Matters Partner, the liquidator (as described in Section 10.2), or any Affiliate of any of the foregoing (including each officer, director, member, partner, principal, manager, employee, independent contractor, representative, or agent of any of the foregoing; or any person who controls, directly or indirectly, the General Partner, the Tax Matters Partner, or the liquidator; and the executors, heirs, assigns, successors or other legal representatives of any of the foregoing) (individually, an "*Indemnified Party*" and collectively, the "*Indemnified Parties*") is liable to the Partnership or to the Partners for any losses, claims, damages or liabilities arising (i) by reason of being or having been an Indemnified Party or (ii) from any act or omission performed or omitted by it in connection with this Agreement or the Partnership's business or affairs (including any error in judgment in making any investment decisions), including losses due to the negligence of agents of the Partnership, except for any losses, claims, damages or liabilities primarily attributable to such Indemnified Party's fraud, gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. The foregoing provision does not affect the General Partner's obligation to correct any allocations to the Capital Accounts of the Partners or distributions to the Partners pursuant to Article VII if such allocations or distributions were not made in accordance with this Agreement. The General Partner is not personally liable to any Limited Partner for the repayment of any positive balance in such Limited Partner's Capital Account or for contributions by such Limited Partner to the capital of the Partnership or by reason of any change in the Federal or state income tax laws applicable to the Partnership or its investors.

(b) The Partnership, to the fullest extent permitted by applicable law, indemnifies and holds harmless each Indemnified Party against any losses, claims, damages, liabilities, costs or expenses (including legal fees, judgments and amounts paid in settlement) to which such Indemnified Party may become subject (i) by reason of being or having been an Indemnified Party or (ii) in connection with any matter arising out of or in connection with this Agreement or the Partnership's business or affairs, unless a court of competent jurisdiction, in a judgment that has become final and that is no longer subject to appeal or review, determines that any such loss, claim, damage, liability, cost or expense is primarily attributable to such Indemnified Party's fraud, gross negligence or willful misconduct. If any Indemnified Party becomes involved in any capacity in any action, proceeding or investigation by reason of being or having been an Indemnified Party or in connection with any matter arising out of or in connection with this Agreement or the Partnership's business or affairs, the Partnership will periodically reimburse the Indemnified Party for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided that such Indemnified Party promptly repays to the Partnership the amount of any such reimbursed expenses paid to it to the extent that it is ultimately determined that such Indemnified Party is not entitled to be indemnified by the Partnership in connection with such action, proceeding or investigation as provided in the exception contained in the immediately preceding sentence. If for any reason (other than the fraud, gross negligence or willful misconduct of such Indemnified Party) the foregoing indemnification is unavailable to such Indemnified Party, or insufficient to hold it harmless, then the Partnership must, to the fullest extent permitted by law, contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Partnership, on the one hand, and the Indemnified Party on the other hand or, if such allocation is not

permitted by applicable law, to reflect not only the relative benefits referred to above but also any other relevant equitable considerations.

(c) Each Partner agrees to pay on demand to or for the order of the Partnership or the General Partner any taxes (including withholding taxes) imposed upon the income of or distributions to such Partner, as well as interest, penalties or additions to tax with respect thereto and additional losses, claims, damages or liabilities arising therefrom or incident thereto. Each Partner hereby further agrees to reimburse the Partnership on demand for the amount of any property distributed to such Partner in excess of the amounts distributable to such Partner under the provisions of Article VII.

(d) The indemnity, reimbursement, and contribution obligations of the Partnership under Section 9.1(b):

(i) are in addition to any liability which the Partnership may otherwise have;

(ii) extend upon the same terms and conditions to the officers, directors, stockholders, managers, partners, members, employees, personnel, Affiliates, independent contractors, representatives and agents of each Indemnified Party;

(iii) are binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of such Indemnified Party and any such Persons; and

(iv) are limited to the sum of assets of the Partnership.

(e) Subject to the provisions of the TBOC, nothing in this Article IX (other than Section 9.1(c)) requires any Limited Partner to make any payment to any Person on account of (i) any litigation involving the Partnership (including any amount upon judgment or settlement) or (ii) any indemnity, contribution or similar expense.

(f) The foregoing provisions of this Section 9.1 survive for a period of three years from the date of dissolution of the Partnership, provided that if at the end of such period, there are any actions, proceedings or investigations then pending, the General Partner will so notify the Limited Partners at such time (which notice will include a brief description of each such action, proceeding or investigation and of the liabilities asserted therein) and the foregoing provisions of this Section 9.1 will survive with respect to each such action, proceeding or investigation set forth in such notice (or any related action, proceeding or investigation based upon the same or similar claim) until such date that such action, proceeding or investigation is ultimately resolved; and provided further that the provisions of this Section 9.1 do not affect the obligations of the Limited Partners under the TBOC.

Section 9.2 Jurisdiction. To the fullest extent permitted by applicable law, the General Partner and each Limited Partner hereby agree that any claim, action or proceeding by any Limited Partner seeking any relief whatsoever against any Indemnified Party based on, arising out of or in connection with this Agreement or the Partnership's affairs must be brought only in district court located in Dallas County, Texas (or other appropriate state court located in Dallas County, Texas) or the federal courts located in Dallas County, Texas, and not in any other state or federal court in the United States of America or any court in any other country. EACH PARTNER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. The General Partner and each Limited Partner acknowledge that, in the event of any breach of this provision, such Indemnified Parties have no adequate remedy at law and are entitled to injunctive relief to

enforce the terms of this Article IX.
DURATION AND DISSOLUTION OF THE PARTNERSHIP

Section 10.1 Dissolution. Subject to the TBOC, the Partnership is dissolved and its affairs are wound up upon the earliest of the expiration of the term of the Partnership provided in Section 2.6;

(b) the written election of the General Partner, in its sole discretion, to dissolve the Partnership;

(c) the occurrence of any event which results in the General Partner ceasing to be the general partner of the Partnership under the TBOC, provided that the Partnership is not dissolved and required to be wound up in connection with any such event if (i) at the time of the occurrence of such event there is at least one remaining general partner of the Partnership who is hereby authorized to and does carry on the business of the Partnership, or (ii) within 90 days after the occurrence of such event, a Majority in Interest agree in writing or vote to continue the business of the Partnership and to the appointment, effective as of the date of such event, if required, of one or more additional general partners of the Partnership;

(d) at any time that there are no limited partners, unless the business of the Partnership is continued in accordance with the TBOC; and

(e) the entry of a decree of judicial dissolution pursuant to the TBOC.

Section 10.2 Liquidation of Partnership Interest. Upon dissolution of the Partnership (unless the Partnership is continued in accordance with this Agreement or the provisions of the TBOC), the affairs of the Partnership are wound up and the Partnership is liquidated in an orderly manner. The General Partner is the liquidator and winds up the Partnership's affairs pursuant to this Agreement. If there is no General Partner, or if the General Partner is unable to act as liquidator, a Majority in Interest approves one or more liquidators to act as the liquidator in carrying out such liquidation. In performing its duties, the liquidator is authorized to sell, distribute, exchange or otherwise dispose of the assets of the Partnership in any reasonable manner that the liquidator determines in its sole discretion to be in the best interest of the Partners. During the winding up and liquidation of the Partnership, the Partnership will bear all Partnership Expenses, and the liquidator is entitled to reimbursement from the Partnership for any such costs and expenses paid by it, or its Affiliates on behalf of the Partnership. Distribution Upon Dissolution of the Partnership. Upon dissolution of the Partnership, the liquidator winding up the affairs of the Partnership determines in its sole discretion which assets of the Partnership are sold and which assets of the Partnership are retained for distribution in-kind to the Partners. The value of assets to be distributed in-kind is reasonably determined by the liquidator in good faith. Subject to the TBOC, after all liabilities of the Partnership have been satisfied or duly provided for, the remaining assets of the Partnership are distributed in accordance with Article VII (which generally has the effect of making final distributions in accordance with the positive balances of the Partners' Capital Accounts). Withdrawal of a Limited Partner; Termination of Commitments.

(a) Except as otherwise provided in Article XII, a Limited Partner may not withdraw from the Partnership prior to its termination.

(b) Upon the death or incompetency of an individual Limited Partner, such Limited Partner's executor, administrator, guardian, conservator or other legal representative may exercise all of such Limited Partner's rights for the purpose of settling such Limited Partner's estate or administering such Limited Partner's property.

(c) Except as expressly provided in this Agreement or required by the TBOC, no event affecting a Limited Partner (including bankruptcy or insolvency) affects the Partnership.

ARTICLE XI TRANSFERABILITY OF GENERAL PARTNER'S INTEREST

Section 11.1 Transferability of General Partner's Interest.

(a) Except as otherwise provided herein, the General Partner may not sell, exchange, transfer, assign, or otherwise dispose of all or any portion of its Interest (any sale, exchange, transfer, assignment, or other disposition of an Interest being herein collectively called "*Transfers*") to any Person without the prior approval of a Majority in Interest. If the General Partner so determines in its sole discretion, and such prior approval of a Majority in Interest so provides (if such approval is required for such Transfer), the General Partner may admit any Person to whom the General Partner proposes to make such a Transfer as an additional or substituted general partner of the Partnership to carry on the business of the Partnership. Any transferee of all of the Interest of the General Partner is admitted as a general partner of the Partnership effective immediately prior to the withdrawal of the transferor general partner.

(b) It is understood and agreed that, in its sole discretion, without the prior approval of a Majority in Interest, (i) the General Partner may admit as members of the General Partner Persons who are employed or engaged by the General Partner and that such Persons may share in the Carried Interest of the General Partner hereunder, and (ii) the General Partner may pledge or hypothecate its Interest at any time.

ARTICLE XII TRANSFERABILITY OF A LIMITED PARTNER'S INTEREST

Section 12.1 Restrictions on Transfer.

(a) No Transfer of all or any part of a Limited Partner's Interest in the Partnership may be made without the prior written consent of the General Partner which may be withheld in the General Partner's sole discretion, or granted on such terms as the General Partner determines in its sole discretion. No Limited Partner may pledge or hypothecate its Interest without the prior written consent of the General Partner which may be withheld in the General Partner's sole discretion, or granted on such terms as the General Partner determines in its sole discretion.

(b) Notwithstanding the provisions of Section 12.1(a), a Limited Partner may assign to an Affiliate all or a portion of the economic interests associated with its Interest in the Partnership provided that any such assignee or other transferee will not become a Substituted Limited Partner and provided further that the General Partner is satisfied in its sole discretion that (i) the Limited Partner would not thereby be relieved of any portion of its obligations to the Partnership; (ii) the Partnership would not be required to treat any person other than the Limited Partner as a beneficial owner of its securities for purposes of Section 3(c)(1) of the Investment Company Act; and (iii) there would be no other adverse effect on the Partnership from such Transfer. In connection with any such Transfer, the transferring Limited Partner does not cease to be a limited partner of the Partnership. Any such Transfer is also subject to the provisions of Section 12.2.

Section 12.2 Expenses of Transfer; Indemnification. All expenses, including attorneys' fees and expenses, incurred by the General Partner or the Partnership in connection with any Transfer are borne by the transferring Limited Partner or such Limited Partner's transferee (any such transferee, when admitted and shown as such on the books and records of the Partnership, being hereinafter called a

"Substituted Limited Partner"). In addition, the transferring Limited Partner or such transferee must indemnify the Partnership and the General Partner in a manner satisfactory to the General Partner against any losses, claims, damages or liabilities to which the Partnership or the General Partner may become subject arising out of or based upon any false representation or warranty made by, or breach or failure to comply with any covenant or agreement of, such transferring Limited Partner or such transferee in connection with such Transfer. Recognition of Transfer: Substituted Limited Partners.

(a) The Partnership does not recognize for any purpose any purported Transfer of all or any part of a Limited Partner's Interest in the Partnership and no purchaser, assignee, transferee or other recipient of all or any part of such interest becomes a Substituted Limited Partner hereunder unless:

(i) the conditions of Sections Section 12.1, Section 12.2 and Section 12.3(b) have been satisfied;

(ii) the General Partner has been furnished with the documents effecting such Transfer, in form reasonably satisfactory to the General Partner, executed and acknowledged by both the seller, assignor or transferor and the purchaser, assignee, transferee or other recipient;

(iii) such purchaser, assignee, transferee or other recipient has represented that such Transfer was made in accordance with all applicable laws and regulations;

(iv) all necessary governmental consents have been obtained in respect of such Transfer; and

(v) all necessary instruments reflecting such admission have been filed in each jurisdiction in which such filing is necessary in order to qualify the Partnership to conduct business or to preserve the limited liability of the Limited Partners.

(b) Each Substituted Limited Partner, as a condition to its admission as a Limited Partner, must execute and deliver such documents, in form and substance satisfactory to the General Partner, as the General Partner reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such Substituted Limited Partner to be bound by all the terms and provisions of this Agreement with respect to the interest in the Partnership acquired by such Substituted Limited Partner. The admission of a Substituted Limited Partner does not require the approval of any Limited Partner. Such transferee is admitted as a Substituted Limited Partner when each of the foregoing requirements of this Section 12.3 have been complied with, and as promptly as practicable thereafter the books and records of the Partnership will be changed to reflect the admission of such Substitute Limited Partner. Any Limited Partner who sells, assigns or transfers its entire Interest in accordance with this Section 12.3 thereafter ceases to be a partner of the Partnership.

Section 12.4 Transfers During a Fiscal Year. If any Transfer (other than a pledge or hypothecation) of a Partner's interest in the Partnership occurs at any time other than the end of the Partnership's Fiscal Year, the distributive shares of the various items of Partnership income, gain, loss, and expense as computed for tax purposes and the related cash distributions are to be allocated between the transferor and the transferee on a basis consistent with applicable requirements under Section 706 of the Code; provided that no such allocation is effective unless (i) the transferor and the transferee have given the Partnership written notice, prior to the effective date of such Transfer, stating their agreement that such allocation be made on such proper basis, (ii) the General Partner has consented to such allocation, and (iii) the transferor and the transferee have agreed to reimburse the General Partner and/or the Partnership, as the case may be, for any incremental accounting fees and other expenses incurred by

the General Partner and/or the Partnership, as the case may be, in making such allocation.

MISCELLANEOUS

Section 13.1 Amendments to the Partnership Agreement.

(a) Except as otherwise provided in Section 13.1(b), this Agreement may be amended, or provisions hereof waived, only by a written instrument signed by the General Partner with the approval of a Majority in Interest; provided that, except as otherwise provided in Section 13.1(b), no amendment of this Agreement:

(i) without the approval of all Limited Partners, amends this Section 13.1;

(ii) without the approval of each affected Limited Partner (in addition to the approval of a Majority in Interest), (A) increases the liability of a Limited Partner beyond the liability of such Limited Partner expressly set forth in this Agreement, or otherwise adversely modifies or affects the limited liability of such Partner, (B) decreases the interest in the Partnership of any Limited Partner (other than as provided in this Agreement), (C) changes the Investment Percentage of any Limited Partner (other than as provided in this Agreement), (D) changes the method of distributions or allocations made under Article VII to any Limited Partner or (E) reduces the Capital Account of any Limited Partner other than as contemplated in this Agreement; or

(iii) without the approval of Limited Partners having Investment Percentages representing the percentage of Investment Percentages specified in any provision of this Agreement required for any action or approval of the Partners, amends such provision.

(b) The General Partner may at any time, without the consent of the other Partners:

(i) add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner under this Agreement, for the benefit of the Limited Partners;

(ii) cure any ambiguity or correct or supplement any conflicting provisions of this Agreement, or make other changes that would not, in the reasonable opinion of the General Partner, be materially adverse to the Limited Partners;

(iii) make any changes required by any governmental body or agency which is deemed to be for the benefit or protection of the Limited Partners, including, without limitation, in connection with the EB-5 Program and/or the Visa Process; provided, that no such amendment referred to in this clause (iii) may be made unless it is for the benefit of, or not materially adverse to, the interests of the Limited Partners, such change does not affect the right of the General Partner to manage and control the Partnership's business, does not affect the allocation of profits and losses among the Partners and does not adversely affect the limited liability of the Limited Partners;

(iv) amend this Agreement to reflect a change in the identity of the General Partner following a transfer of a General Partner's partnership interest in accordance with the terms of this Agreement;

(v) amend this Agreement to effect compliance with any applicable law or regulation (including the Investment Advisers Act of 1940, as amended, in the event that the General Partner determines to become a registered investment adviser in the future); and

(vi) restate this Agreement together with any amendments hereto which have been duly adopted in accordance herewith to incorporate such amendments in a single, integrated document.

Section 13.2 Approvals. Each Limited Partner agrees that, except as otherwise specifically provided herein and to the extent permitted by applicable law, for purposes of granting the approval of the Limited Partners with respect to any proposed action of the Partnership (including any such approval as would be required under the Advisers Act), the written approval of a Majority in Interest binds the Partnership and each Limited Partner and has the same legal effect as the written approval of each Partner. **Investment Representation.** Each Partner, by executing this Agreement, represents and warrants that its interest in the Partnership has been acquired by it for its own account, or for the account of a commingled pension trust or other institutional investor previously specified in writing to the Partnership with respect to whom it has full investment discretion, for investment and not with a view to resale or distribution thereof and that it is fully aware that in agreeing to admit it as a Partner, the General Partner and the Partnership are relying upon the truth and accuracy of this representation and warranty. **Successors; Counterparts.** This Agreement (i) is binding as to the executors, administrators, estates, heirs and legal successors of the Partners and (ii) may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart. **Governing Law; Severability.** This Agreement is governed by and construed under the laws of the State of Texas as applied to agreements among the residents of such state made and to be performed entirely within such state, without regard to the principles of conflicts of laws of Texas or any other jurisdiction. In particular, it is construed to the maximum extent possible to comply with all of the terms and conditions of the TBOC. If, nevertheless, it is determined by a court of competent jurisdiction that any provision or wording of this Agreement is invalid or unenforceable under the TBOC or other applicable law, such invalidity or unenforceability does not invalidate the entire Agreement. In that case, this Agreement is construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law and, in the event such term or provision cannot be so limited, this Agreement is construed to omit such invalid or unenforceable provisions. **Filings.** The General Partner must promptly prepare, following the execution and delivery of this Agreement, any documents required to be filed and recorded, or, in the General Partner's view, appropriate for filing and recording, under the TBOC, and the General Partner must promptly cause each such document to be filed and recorded in accordance with the TBOC, and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each state in which the Partnership may hereafter establish a place of business. The General Partner must also promptly cause to be filed, recorded and published such statements of fictitious business name and other notices, certificates, statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction which governs the conduct of its business from time to time. **Power of Attorney.** Each Limited Partner does hereby constitute and appoint the General Partner, its general partner, and its managers and officers, as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign and file a Certificate, any amendment thereof required because of an amendment to this Agreement or in order to effectuate any change in the membership of the Partnership, any amendments to this Agreement pursuant to Section 13.1 and all such other instruments, documents and certificates which may from time to time be required by the laws of the United States of America, the State of Texas or any other state, or any political subdivision or agency thereof, to effectuate, implement and continue the valid and subsisting existence of the Partnership or to terminate the Partnership. Such representatives and attorneys-in-fact do not have any right, power or authority to amend or modify this Agreement when acting in such capacities, other than as specifically provided

herein. The power of attorney granted hereby is coupled with an interest, is irrevocable, and (i) survives and is not affected by the subsequent dissolution, termination or bankruptcy of the Limited Partner (or, if such Limited Partner is an individual, by the subsequent disability or incapacity thereof) granting the same or the transfer of all or any portion of such Limited Partner's interest in the Partnership, and (ii) extends to such Limited Partner's successors, assigns and legal representatives. Notices. All notices, requests and other communications to any party hereunder must be in writing (including a teletype or similar writing) and must be given to such party at its address or teletype number set forth in a schedule filed with the records of the Partnership or such other address or teletype number as such party may hereafter specify for the purpose by notice to the General Partner (if such party is a Limited Partner) or to all the Limited Partners (if such party is a General Partner). Each such notice, request or other communication is effective (i) if given by teletype, when such teletype is transmitted to the teletype number specified pursuant to this Section 13.8, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid; or (iii) if given by any other means, when delivered at the address specified pursuant to this Section 13.8; provided that notices to the General Partner under Article VI are not effective until received. Discretion.

(a) To the fullest extent permitted by law unless otherwise expressly provided for herein, (i) whenever a conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, or a Limited Partner on the other hand, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that the General Partner act in a manner which is, or provides terms which are, fair and reasonable to the Partnership, or any Limited Partner, the General Partner may resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party, including its own interest, to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner do not constitute a breach of this Agreement or any other agreement contemplated herein or by any duty or obligation of the General Partner at law or in equity or otherwise.

(b) To the fullest extent permitted by law, whenever in this Agreement, a Person is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, such Person is entitled to consider only such interests and factors as it desires, including its own interests, and has no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or the Limited Partners, or (ii) in its "good faith" or under another express standard, then such person acts under such express standard and is not subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise.

Section 13.10. Duties and Liabilities. To the extent that at law or in equity an Indemnified Party has duties (including fiduciary duties) and liabilities relating to the Partnership or to a Partner, such Indemnified Party acting under this Agreement is not liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of the Indemnified Parties otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the Indemnified Parties. Should any Indemnified Party breach any of its duties or covenants under this Agreement, each of the Indemnified Parties has 30 days to cure such breach from the date of its receipt of a Partner's written notice regarding such breach, and upon effecting such cure, such breach will be deemed to have not occurred. Each Limited Partner must cooperate at all times with respect to any Indemnified Party's efforts to cure a breach, and must execute such consents, releases, amendments of this Agreement, and other documents as may be reasonably requested for the purpose of curing a breach by any Indemnified Party. Entire Agreement. This Agreement, together with the related subscription agreements between the

Partnership and the Limited Partners, constitutes the full, complete and final agreement and understanding of the Partners and supersedes all prior written or oral agreements between the Partners with respect to the Partnership. Each Partner acknowledges that the General Partner, on its own behalf or on behalf of the Partnership, may agree in letters or other writings with individual Limited Partners (each, an "**Other Agreement**"), and may from time to time hereafter agree in Other Agreements entered into with individual Limited Partners to be admitted to the Partnership, in its sole discretion, to exceptions or departures from the provisions of this Agreement or any subscription agreements at the request of individual Limited Partners (provided that such Other Agreements do not adversely affect any other Limited Partners). Each Other Agreement, as in effect from time to time, is incorporated herein by reference. The parties hereto agree that any such exceptions or departures contained in an Other Agreement with a Limited Partner govern with respect to such Limited Partner notwithstanding the provisions of this Agreement or any subscription agreements. Construction. The titles and subtitles used in this Agreement are used for convenience only and must not be considered in the interpretation of this Agreement. The Partners have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, the Partners intend that this Agreement be construed as if drafted jointly by the Partners and that no presumption or burden of proof arise favoring or disfavoring any Partner by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law is deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" means including without limitation. The word "or" is not exclusive. The Partners intend that each representation, warranty, and covenant contained herein has independent significance. If any Partner has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) that such Person has not breached does not detract from or mitigate the fact that such Person is in breach of the first representation, warranty, or covenant. Merger and Division. The Partnership may merge with, or consolidate into, another Texas limited partnership or other business entity (as defined in Section 2.11(a) of the TBOC) upon the approval by the General Partner and a Majority in Interest. In accordance with Section 2.11 of the TBOC, notwithstanding anything to the contrary contained in this Agreement, an agreement of merger or consolidation approved by the General Partner and a Majority in Interest, may (i) effect any amendment to this Agreement, or (ii) effect the adoption of a new partnership agreement for the Partnership if it is the surviving or resulting limited partnership of the merger or consolidation. Any amendment to this Agreement or adoption of a new partnership agreement made pursuant to the foregoing sentence is effective at the effective time or date of the merger or consolidation. For purposes of any vote required by the Limited Partners in connection with any merger or consolidation, the Limited Partners are treated for purposes of voting as a single class of limited partners. The provisions of this Section 13.13 are not to be construed to limit the accomplishment of a merger or of any of the matters referred to herein by any other means otherwise permitted by law. Not for Benefit of Creditors. The provisions of this Agreement (including this Section 13.14) are intended only for the regulation of relations among Partners and between Partners and former or prospective Partners and the Partnership. Subject to the provisions of Section 9.1 as they apply to an Indemnified Party, this Agreement is not intended for the benefit of non-Partner creditors and no rights are granted to non-Partner creditors under this Agreement. [Remainder of Page Intentionally Left Blank]

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The parties hereto have executed this Agreement as of the day and year first-above written.

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP

By: Civitas Partners, LLC

By: _____

Name:

Title: Manager

LIMITED PARTNERS:

By: Civitas Encore Fund GP, LLC,
Attorney-in-fact for the Limited Partners

By: Civitas Partners, LLC

By: _____

Name:

Title: Manager

ORGANIZATIONAL LIMITED PARTNER:

Daniel J. Healy

DRAFT

ESCROW AGREEMENT
(SUBSCRIPTION ESCROW AGREEMENT)

THIS SUBSCRIPTION ESCROW AGREEMENT (as the same may be amended or modified from time to time pursuant hereto, this "**Agreement**") is made and entered into as of [June __], 2010, by and among Civitas Encore Fund, LP, a Texas limited partnership ("**Issuer**"), Civitas Encore Fund GP, LP, a Texas limited partnership ("**General Partner**", and together with Issuer, sometimes referred to individually as "**Party**" or collectively as the "**Parties**"), and JPMorgan Chase Bank, National Association (the "**Escrow Agent**").

WHEREAS, pursuant to the terms of the Confidential Private Placement Memorandum, the Issuer is offering subscriptions ("**Subscriptions**") to individual investors for its limited partnership interests (the "**Securities**"), in exchange for \$500,000 per individual investor (the "**Proceeds**") until a minimum aggregate amount of \$10,000,000 (the "**Minimum Target Proceeds**"), and a maximum of \$15,000,000 (the "**Target Proceeds**"), is received and accepted by the General Partner;

WHEREAS, the Securities are being offered by the Issuer (the "**Offering**") pursuant to an exemption from the Securities Act of 1933 under Rule 506 of Regulation D on a "best efforts" basis as to the total Proceeds;

WHEREAS, the Offering is commencing on [June __], 2010, and shall terminate upon the receipt of Target Proceeds but no later than June 30, 2011 (the "**Termination Date**");

WHEREAS, the General Partner is an affiliate of Civitas Capital Management, LLC, a Texas limited liability company ("**Civitas**");

WHEREAS, Civitas is the exclusive manager of the City of Dallas Regional Center (the "**CDRC**"), which was approved on September 8, 2009, as a "**Regional Center**" under the Immigrant Investor Pilot Program, as defined at 8 CFR 204.6(m) and more commonly known as the EB-5 Regional Center Program (the "**EB-5 Program**") administered by the U.S. Citizenship and Immigration Service (the "**USCIS**");

WHEREAS, the General Partner has organized the Issuer, and the Issuer is conducting the Offering, in a manner that provides individual subscribers (each, an "**Investor**") with the ability to qualify to receive an employment-based fifth preference visa ("**EB-5 Visa**") under Section 203(b)(5) of the U.S. Immigration and Nationality Act, and otherwise participate in the EB-5 Program;

WHEREAS, in order for an Investor to subscribe for Securities, or participate in the EB-5 Program, it must deliver an executed Subscription Agreement evidencing its Subscription, together with a capital contribution in the amount of \$500,000, to an escrow agent designated by the Issuer;

WHEREAS, in order for an Investor's Subscription to be accepted by the General Partner, the Investor must have (a) submitted a completed Form I-526 to the USCIS, and (b) had its Form I-526 approved by the USCIS and, in the event that such Form I-526 is not submitted by the Investor, or is denied by the USCIS, the Investor's capital contribution must be returned and its Subscription terminated;

WHEREAS, if an Investor's Form I-526 is approved by the USCIS, then the Investor's Subscription shall automatically be accepted by the General Partner (subject to the terms of the applicable Subscription Agreement), and its capital contribution distributed to the Issuer;

WHEREAS, the Issuer and General Partner desire to establish an escrow relationship with Escrow Agent pursuant to which (a) each Investor will deliver via wire transfer to the Escrow Agent for deposit in an account administered by the Escrow Agent (the "**Escrow Account**"), in U.S. Dollars, the Investor's required capital contribution to the Issuer pursuant to its Subscription Agreement, and (b) with respect to each Investor, the Escrow Agent shall either (i) return the Investor's funds on deposit in the Escrow Account to the Investor in the event of a denial of, or failure to file, its Form I-526, or (ii) release such Investor's funds on deposit in the Escrow Account to the Issuer;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Appointment.** The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein. The Issuer represents, warrants and covenants that at all times during the term of this Agreement less than twenty-five percent (25%) of the Investors will be benefit plan investors as defined in 29 CFR 2510.3-101.

2. **Escrowed Funds.** Each Investor must subscribe for not less than \$500,000 in Securities, and is required pursuant to the terms of its Subscription Agreement to deposit all such funds in the Escrow Account via the wire transfer of U.S. Dollars (such funds, the "**Escrow Deposits**").

3. **Disposition and Termination.** The Escrow Agent shall hold all Escrow Deposits in a non-interest bearing account until such funds are required to be disbursed as follows:

(a) If for any reason, on or prior to the Termination Date, the Escrow Agent has not received the Minimum Target Proceeds, then the Escrow Agent, with respect to each Investor, the Escrow Deposits of which have not otherwise been disbursed to such Investor or to the Issuer under this **Section 3** (each, a "**Pending Investor**"), shall disburse to each such Pending Investor by check or wire transfer upon written instruction by Issuer in form of Exhibit A attached hereto, such Pending Investor's Escrow Deposits without any further action of such Pending Investor.

(b) If the Escrow Agent receives a written notice from the Issuer or General Partner indicating that an Investor's Form I-526 was either not filed by such Investor or denied by the USCIS (a "**Visa Failure Notice**"), then the Escrow Agent shall promptly, and in any event within three (3) business days, disburse to such Investor, by check or wire transfer upon written instruction by Issuer in form of Exhibit A attached hereto, such Investor's Escrow Deposits without any further action of such Investor.

(c) If the balance in the Escrow Account reaches an aggregate amount of \$10,000,000, Issuer or General Partner may provide Escrow Agent written notice indicating that each Investor's Form I-526 was accepted by the USCIS (a "**Visa Acceptance Notice**") and Escrow Agent shall promptly, and in any event within three (3) Business Days, disburse the entire balance to the Issuer in the account designated in **Section 10(b)**. Any additional deposit thereafter shall be disbursed on a monthly basis to Issuer without any further action by the Parties.

(d) Upon delivery of the final Escrow Deposits to by the Escrow Agent pursuant to this **Section 3**, this Agreement shall terminate, subject to the provisions of **Section 7(b)**.

4. **Escrow Agent.**

(a) The Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Registration Statement or the Underwriting Agreement (collectively, the "**Underlying Agreements**"), nor shall the Escrow Agent be required to determine if any person or entity has complied with the Underlying Agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of the Underlying Agreements, even though reference thereto may be made in this Agreement. In the event of any conflict between the terms and provisions of this Agreement and those of any of the Underlying Agreements or any other agreement among the Parties, the terms and conditions of this Agreement shall control. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, document, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper Party or Parties without inquiry and without requiring substantiating evidence of any kind. The Escrow Agent shall not be liable to any Party, any beneficiary, any subscriber or other person for refraining from acting upon any instruction setting forth, claiming, containing, objecting to, or related to the transfer or distribution of the Fund, or any portion thereof, unless such instruction shall have been delivered to the Escrow

Agent in accordance with **Section 10** below and the Escrow Agent has been able to satisfy any applicable security procedures as may be required thereunder. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Fund, including, without limitation, the Escrow Deposit nor shall the Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with it hereunder.

(b) The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that a final adjudication of a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of any loss to either Party. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates and agents. The Escrow Agent may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with, or in reliance upon, the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain or believe there is some ambiguity as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be given a direction in writing by the Parties which eliminates such ambiguity or uncertainty to the satisfaction of Escrow Agent or by a final and non-appealable order or judgment of a court of competent jurisdiction. The Parties agree to pursue any redress or recourse in connection with any dispute without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, incidental, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

5. **Succession.**

(a) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty (30) days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect. If the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) days following receipt of the notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the Parties hereto. Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Escrow Deposits (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time of delivery Escrow Agent's obligations hereunder shall cease and terminate, subject to the provisions of **Section 7(b)** below. In accordance with **Section 7(b)** below, the Escrow Agent shall have the right to withhold an amount equal to any amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the termination of this Agreement.

(b) Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business may be transferred, shall be the Escrow Agent under this Agreement without further act.

6. **Compensation and Reimbursement.** The Parties agree, jointly and severally, (a) to pay the Escrow Agent upon the execution of this Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, along with any fees or charges for accounts, including those levied by any governmental authority which the Escrow Agent may impose, charge or pass-through which, unless otherwise agreed in writing shall be as described in **Schedule 2** attached hereto, and (b) to pay or reimburse the Escrow Agent upon request for all expenses, disbursements and advances, including, without limitation reasonable attorney's fees and expenses, incurred or made by it in connection with the performance of this Agreement. The obligations contained in this **Section 6** shall survive the termination of this Agreement and the resignation, replacement or removal of the Escrow Agent.

7. **Indemnity.**

(a) The Parties shall jointly and severally indemnify, defend and save harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, costs or expenses (including, without limitation, the fees and expenses of outside counsel) (collectively "Losses") arising out of or in connection with (i) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except in the case of any Indemnitee to the extent that such Losses are finally adjudicated by a court of competent jurisdiction to have been primarily caused by the gross negligence or willful misconduct of such Indemnitee, or (ii) its following any instructions or other directions, whether joint or singular, from the Parties, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The indemnity obligations set forth in this **Section 7(a)** shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

(b) The Parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in, the [Escrow Deposits] for the payment of any claim for indemnification, fees, expenses and amounts due to the Escrow Agent or an Indemnitee. In furtherance of the foregoing, the Escrow Agent is expressly authorized and directed, but shall not be obligated, to charge against and withdraw from the [Escrow Deposits] for its own account or for the account of an Indemnitee any amounts due to the Escrow Agent or to an Indemnitee under either **Sections 5(a), 6 or 7(a)**.

8. **Patriot Act Disclosure/Taxpayer Identification Numbers/Tax Reporting.**

(a) **Patriot Act Disclosure.** Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("**USA PATRIOT Act**") requires the Escrow Agent to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the Parties acknowledge that Section 326 of the USA PATRIOT Act and the Escrow Agent's identity verification procedures require the Escrow Agent to obtain information which may be used to confirm each Party's identity, including without limitation its name, address and organizational documents ("**Identifying Information**"). The Parties agree to provide the Escrow Agent with and consents to the Escrow Agent obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Escrow Agent.

(b) **Certification and Tax Reporting.** The Parties have provided the Escrow Agent with their respective fully executed Internal Revenue Service ("**IRS**") Form W-8, or W-9 and/or other required documentation. All interest or other income earned under this Agreement shall be allocated to Issuer and reported, as and to the extent required by law, by the Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow Deposits by Issuer, whether or not said income has been distributed during such year. Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

9. **Notices.** All communications hereunder shall be in writing and except for communications from the Parties setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to funds transfer instructions (all of which shall be specifically governed by **Section 10** below), shall be deemed to be duly given after it has been received and the receiving party has had a reasonable time to act upon such communication if it is sent or served:

- (a) by facsimile;
- (b) by overnight courier; or
- (c) by prepaid registered mail, return receipt requested;

to the appropriate notice address set forth below or at such other address as any party hereto may have furnished to the other parties in writing by registered mail, return receipt requested.

If to Issuer: Civitas Encore Fund, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
Attention: Daniel J. Healy
Tel No.: (214) 572-2300
Fax No.: (214) 572-2398

If to General Partner Civitas Encore Fund GP, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
Attention: Daniel J. Healy
Tel No.: (214) 572-2300
Fax No.: (214) 572-2398

If to the Escrow Agent: JPMorgan Chase Bank, N.A.
Escrow Department
712 Main Street 5th Fl South
Houston, TX 77002
Attention: Paul Gilliam
Fax No.: (713) 216-6927

Notwithstanding the above, in the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by an officer of the Escrow Agent or any employee of the Escrow Agent who reports directly to any such officer at the above-referenced office. For purposes of this Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth above is authorized or required by law or executive order to remain closed.

10. **Security Procedures.** Notwithstanding anything to the contrary as set forth in *Section 9*, any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to any such funds transfer instructions that may otherwise be set forth in a written instruction permitted pursuant to *Section 3* of this Agreement, may be given to the Escrow Agent only by confirmed facsimile and no instruction for or related to the transfer or distribution of the Fund, or any portion thereof, shall be deemed delivered and effective unless the Escrow Agent actually shall have received such instruction by facsimile at the number provided to the Parties by the Escrow Agent in accordance with *Section 9* and as further evidenced by a confirmed transmittal to that number.

(a) In the event funds transfer instructions are so received by the Escrow Agent by facsimile, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on *Schedule 1* hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. Each funds transfer instruction shall be executed by an authorized signatory, a list of such authorized signatories is set forth on *Schedule 1*. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. If the Escrow Agent is unable to contact any of the authorized representatives identified in *Schedule 1*, the Escrow Agent is hereby authorized both to receive written instructions from and seek confirmation of such instructions by telephone call-back to any one or more of Issuer or General Partner's executive officers ("*Executive Officers*"), as the case may be, which shall include the titles of Managing Partner or Managing Director, as the Escrow Agent may select. Such "*Executive Officer*" shall deliver to the Escrow Agent a fully executed incumbency certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Issuer or General Partner to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the [Escrow Deposits] for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid,

or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The Parties acknowledge that these security procedures are commercially reasonable.

(b) The Parties acknowledges that the Escrow Agent is authorized to use the following funds transfer instructions to disburse any funds due to Issuer under this Agreement without a verifying call-back as set forth in *Section 10(a)* above:

Issuer's Bank account information:	Bank name:	Texas Capital Bank, NA
	Bank Address:	2000 McKinney Ave., Suite 700, Dallas, TX 75201
	ABA number:	111017979
	Account name:	Civitas Encore Fund, LP
	Account number:	1113036188

(c) Issuer acknowledges that repetitive funds transfer instructions may be given to the Escrow Agent for one or more beneficiaries where only the date of the requested transfer, the amount of funds to be transferred, and/or the description of the payment shall change within the repetitive instructions ("*Standing Settlement Instructions*"). Accordingly, Issuer shall deliver to Escrow Agent such specific Standing Settlement Instructions only for each respective beneficiary as set forth in *Schedule 1*, by facsimile or other written instruction. Escrow Agent may rely solely upon such Standing Settlement Instructions and all identifying information set forth therein for each beneficiary. Escrow Agent and Issuer agree that such Standing Settlement Instructions shall be effective as the funds transfer instructions of Issuer, without requiring a verifying callback, whether or not authorized, if such Standing Settlement Instructions are consistent with previously authenticated Standing Settlement Instructions for that beneficiary.

(d) The Parties and Escrow Agent acknowledge that such Standing Settlement Instructions are a security procedure and are commercially reasonable.

11. **Compliance with Court Orders.** In the event that any of the Escrow Deposits shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, entity, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

12. **Miscellaneous.** Except for changes to funds transfer instructions as provided in *Section 10*, the provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by the Escrow Agent and the Parties. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by the Escrow Agent or any Party, except as provided in *Section 5*, without the prior consent of the Escrow Agent and the other Parties. This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to the principles of conflicts of laws of Texas or any other jurisdiction. Each Party and the Escrow Agent irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Texas. To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution attachment (before or after judgment), or other legal process, such Party shall not claim, and it hereby irrevocably waives, such immunity. **THE PARTIES AND THE ESCROW AGENT FURTHER HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LAWSUIT OR JUDICIAL PROCEEDING ARISING OR RELATING TO THIS AGREEMENT.** No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this

Agreement may be transmitted by facsimile or other electronic transmission, and such facsimile or electronic transmission will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. A person who is not a party to this Agreement shall have no right to enforce any term of this Agreement. The Parties represent, warrant and covenant that each document, notice, instruction or request provided by such Party to Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in **Section 8** above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

ISSUER:

CIVITAS ENCORE FUND, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LP,
a Texas limited partnership,
its general partner

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: _____

Title: _____

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP,
a Texas limited partnership

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: _____

Title: _____

ESCROW AGENT:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

SCHEDULE 1

Telephone Number(s) and authorized signature(s) for Person(s) Designated to give Funds Transfer Instructions

If from Issuer:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840	_____
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593	_____
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039	_____
4. Tina R. Hou	(214) 572-2302; (214) 603-5088	_____

If from General Partner:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840	_____
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593	_____
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039	_____
4. Tina R. Hou	(214) 572-2302; (214) 603-5088	_____

Telephone Number(s) for Call-Backs and Person(s) Designated to Confirm Funds Transfer Instructions

If from Issuer:

<u>Name</u>	<u>Telephone Number</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039
4. Tina R. Hou	(214) 572-2302; (214) 603-5088

If from General Partner:

<u>Name</u>	<u>Telephone Number</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039
4. Tina R. Hou	(214) 572-2302; (214) 603-5088

All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer.

Exhibit A
Release Letter

[Insert Date]

VIA FACSIMILE NO. 713-216-6927

JPMorgan Chase Bank, N.A.
712 Main Street, 5th Floor South
Houston, Texas 77002
Attention: Paul Gilliam, Escrow Services

Ref: Civitas Encore Fund, LP / Civitas Encore Fund GP, LP Escrow No. _____

Dear Sir or Madam:

Reference is made to the Escrow Agreement dated June __, 2010 (the "**Agreement**"), by and among Civitas Encore Fund, LP, a Texas limited partnership ("**Issuer**"), Civitas Encore Fund GP, LP, a Texas limited partnership ("**General Partner**", and together with Issuer, sometimes referred to individually as "**Party**" or collectively as the "**Parties**"), and JPMorgan Chase Bank, National Association (the "**Escrow Agent**").

Issuer or General Partner instructs Escrow Agent to return {Name of Investor} Escrow Deposit due to the following reason:

- ___ Investor's Form I-526 was denied by the U.S. Citizenship and Immigration Service ("**USCIS**")
- ___ Investor's Form I-526 was not filed with USCIS
- ___ The balance representing the aggregate amount greater than or equal to the Minimum Target Proceeds prior to the Termination Date was not met

Escrow Deposit in the amount of \$ _____ is to be disbursed in the following manner:

[Check:]

Client name /address / attention

[Wire:]

Bank Name
Bank address
Routing number
Account name
Account number

If you have any questions , please contact _____.

Remainder of Page Intentionally Left Blank; Signature Page Follows

ISSUER:

CIVITAS ENCORE FUND, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LP,
a Texas limited partnership,
its general partner

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP,
a Texas limited partnership

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

SCHEDULE 2

J.P.Morgan

Schedule of Fees for Escrow Agent Services

Based upon our current understanding of your proposed transaction, our fee proposal is as follows:

Account Acceptance Fee\$

Encompassing review, negotiation and execution of governing documentation, opening of the account, and completion of all due diligence documentation. Payable upon closing.

Annual Administration Fee \$

The Administration Fee covers our usual and customary ministerial duties, including record keeping, distributions, document compliance and such other duties and responsibilities expressly set forth in the governing documents for each transaction. Payable upon closing and annually in advance thereafter, without pro-ratio for partial years.

Extraordinary Services and Out-of-Pocket Expenses

Any additional services beyond our standard services as specified above, and all reasonable out-of-pocket expenses including attorney's or accountant's fees and expenses will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at the Bank's then standard rate. Disbursements, receipts, investments or tax reporting exceeding 25 items per year may be treated as extraordinary services thereby incurring additional charges. The Escrow Agent may impose, charge, pass-through and modify fees and/or charges for any account established and services provided by the Escrow Agent, including but not limited to, transaction, maintenance, balance-deficiency, and service fees and other charges, including those levied by any governmental authority.

Disclosure & Assumptions

- Please note that the fees quoted are based on a review of the transaction documents provided and an internal due diligence review. JPMorgan reserves the right to revise, modify, change and supplement the fees quoted herein if the assumptions underlying the activity in the account, level of balances, market volatility or conditions or other factors change from those used to set our fees.
- The escrow deposit shall be continuously invested in a JPMorgan Chase Bank money market deposit account ("MMDA") or a JPMorgan Chase Bank Cash Compensation account. MMDA and Cash Compensation Accounts have rates of compensation that may vary from time to time based upon market conditions. The Annual Administration Fee would include a supplemental charge up to 25 basis points on the escrow deposit amount if another investment option were to be chosen.
- The Parties acknowledge and agree that they are permitted by U.S. law to make up to six (6) pre-authorized withdrawals or telephonic transfers from an MMDA per calendar month or statement cycle or similar period. If the MMDA can be accessed by checks, drafts, bills of exchange, notes and other financial instruments ("Items"), then no more than three (3) of these six (6) transfers may be made by an Item. The Escrow Agent is required by U.S. law to reserve the right to require at least seven (7) days notice prior to a withdrawal from a money market deposit account.
- Payment of the invoice is due upon receipt.

Compliance

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account. We may ask for information that will enable us to meet the requirements of the Act.

Spencer Crain Cabbage Healy & McNamara pllc

July 20, 2010

USCIS California Service Center
ATTN: EB-5 Unit
24000 Avila Road, 2nd Floor, Room 2312
Laguna Niguel, CA 92677

**REF: IMPROPERLY REJECTED AMENDMENT OF APPROVED REGIONAL CENTER PROPOSAL
AND I-526 EXEMPLAR PETITION WITH SUPPORTING DOCUMENTS**
Regional Center Name: City of Dallas Regional Center
Project Name: Civitas Encore Fund, LP, investment in Encore International Investments,
LLC
**CHANGE OF ADDRESS FOR CITY OF DALLAS REGIONAL CENTER OPERATOR, CIVITAS
CAPITAL MANAGEMENT, LLC**

Our File No. 277-008

Dear EB-5 Duty Officer:

The attached amendment was filed on July 8 and returned to me today. On the advice of the officer handling EB-5 Investor inquiries, I am re-submitting it WITHOUT FEE, since there is no filing fee to file a regional center proposal or to amend it.

Also as advised by your office, I have buried the I-526 "exemplar" petition in the attached documents. I have not had any petitioner sign it, since there is no petitioner for this exemplar. I have not provided a petitioner's name or date of birth for the same reason.

I trust you will review this documentation promptly and advise me of your decision or if any additional documents are needed.

In addition, kindly update your records to reflect that the office location and contact information of the operator and manager of the City of Dallas Regional Center has changed, as follows:

1201 Elm Street, Suite 4100
Dallas, Texas 75270
214.290.0000
214.290.0099 (Fax)

www.spencercrain.com

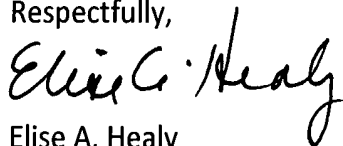
1330 Post Oak, Suite 1600
Houston, Texas 77056
713.963.3669
713.963.4663 (Fax)

New Address:

Civitas Capital Management, LLC
900 Jackson Street Suite 150
Dallas, TX 75202
Daniel J. Healy, Managing Director
Main: 214.572.2300
Direct: 214.572.2301
Fax: 214.572.2398

I appreciate your assistance and look forward to your early response.


Respectfully,



Elise A. Healy
Attorney at Law

Enc: As stated
CC: Dan Healy
By Federal Express



NOTICE TYPE Rejection Notice		NOTICE DATE July 15, 2010	
CASE TYPE I-526, Immigrant Petition by Alien Entrepreneur		USCIS ALIEN NUMBER	
RECEIPT NUMBER WAC1090157267	RECEIVED DATE July 08, 2010	DATE OF BIRTH	PAGE 1 of 1
<p>APPLICANT/PETITIONER NAME AND MAILING ADDRESS</p> <p>ELISE A. HEALY C/O SPENCER CRAIN 1201 ELM ST STE 4100 DALLAS, TX 75270</p> <p>This is in reference to the I-526, Immigrant Petition by Alien Entrepreneur, you submitted. Your I-526, fees, and any supporting documentation is being returned to you for the following reason(s):</p> <p>The check amount is incorrect, or has not been provided. Please review the Form Instructions for fee information. Please resubmit the application/petition package with the appropriate fees to the USCIS address listed on the bottom of this notice.</p> <p>A signature is not contained in the signature block of the application or petition. A signature in the "Signature of person preparing form, if other than above" block is not a valid signature for this purpose. Please sign and resubmit the application with the appropriate fees to the USCIS address listed on the bottom of this notice.</p> <p>The application/petition has not been fully completed. One or more of the following field(s) were not completed:</p> <ul style="list-style-type: none"> - Part 1 Last Name - Part 1 Date of Birth <p>Please ensure that you have answered all questions fully and accurately, and return your application package with appropriate fees and supporting documentation to the USCIS address below.</p> <p>Please be sure to complete the application fully, submit the appropriate fees, and include all required supporting documentation.</p> <p>If you have questions about possible immigration benefits and services, filing information, or USCIS forms, please call the USCIS National Customer Service Center (NCSC) at 1-800-375-5283. If you are hearing impaired, please call the NCSC TDD at 1-800-767-1833. Please also refer to the USCIS website: www.uscis.gov.</p> <p>If you have any questions or comments regarding this notice or the status of your case, please contact our customer service number.</p> <p>You will be notified separately about any other case you may have filed.</p>			
<p>USCIS OFFICE ADDRESS</p> <p>USCIS P. O. Box 660168 Dallas, TX 75266</p>		<p>USCIS CUSTOMER SERVICE NUMBER (800)375-5283 APPLICANT COPY</p> 	

TRN# 2010194085890

BIN# 2901727

**DO NOT OPEN IN
MAILROOM
AMENDMENT TO
REGIONAL CENTER
PROPOSAL—NO FEE
REQUIRED
ROUTE TO EB-5 UNIT**

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



Ship Date: 20JUL10
ActWgt: 3.0 LB
CAD: 4876583/INET3060

CSC

Delivery Address Bar Code



AM JUL 21 2010

Ref # 277-008
Invoice #
PO #
Dept #

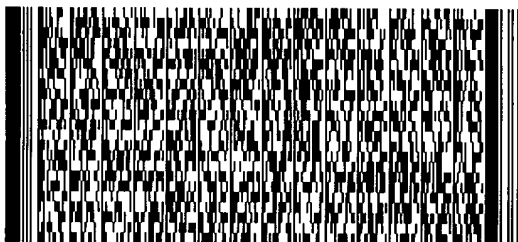
STAMP #120

SHIP TO: (214) 290-0004 BILL SENDER
ATTN: EB-5 UNIT
USCIS CALIFORNIA SERVICE CENTER
24000 AVILA RD
2ND FLOOR, ROOM 2312
LAGUNA NIGUEL, CA 92677

J10201005250225

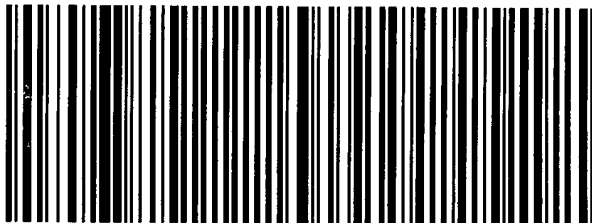
WED - 21 JUL A2
PRIORITY OVERNIGHT

TRK# 7937 4521 1519
0201



92677
CA-US
SNA

A7 JORA



508G1/8007/AA24

After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.



U.S. Citizenship
and Immigration
Services

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: May 24, 2011

Re:

RCW1031910157/City of Dallas
RCW1031910300/City of Dallas (Amendment)
RCW1031910302/City of Dallas (Amendment)
RCW1031910309/City of Dallas (Amendment)

This memo is in reference to request for four (4) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W/RCW-files, please return the W/RCW-files to the California Service Center, attention – SAO George Eberling, Work Station 22141, after your office has fulfilled the FOIA requests.



**U.S. Citizenship
and Immigration
Services**

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: January 5, 2011

Re: W08001180/Regional Center Properties Inc
W09001390/Regional Center Properties Inc (Amendment)
W09001860/New York Proton Regional Center LLC
W09000080/City of Dallas Regional Center
W09001660/City of Dallas Regional Center (Amendment)
W09002190/City of Dallas Regional Center (Amendment)
W09002570/City of Dallas Regional Center (Amendment)
W09001940/Manhattan Regional Center LLC

This memo is in reference to request for eight (8) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W-files, please return the W-files to the California Service Center, attention – SAO George Eberling, Work Station 24064, after your office has fulfilled the FOIA requests.

22 SEPT 2010

AMENDMENT

I-924 Regional Center Proposal

Receipt Number: W09002570 Attorney: ELISE A. HEALY

Regional Center: CITY OF DALLAS RC G-28

General Partner: CITIVAS PRIVATE FUND GP
Requester's Name: PROJECT: FIREBIRD RESTAURANT GROUP LLC

Economic Unit-Organizational Documents for Regional Center _____

Target Non-Target Both

Geographic Area Delineated: CITY OF DALLAS

Economic Growth Analysis NIA

Regional or National Impact- Economic Analysis

Indirect Job Creation:
 Troubled Business Non-Troubled Business

Econometric Model: RIMS II

Economic Analysis of Job Creation: _____

Business Plan:
 Hypothetical Investment Plan Investment Plan

Industries: RESTAURANT - FOOD SERVICE

Activities: BUS. DEVELOPMENT INCLUDING EQUITY FUNDING/
FINANCING
&
LOANING
CAPITAL

Operational Plan:

- Project Evaluation and assessment
- Amount and Source of Regional Center's Capital
- Recruitment and Due Diligence
- Promotional Efforts
- Administrative Oversight

OPTIONAL- Enterprise organizational documents:

- Draft Operating Agreement
- Draft Partnership Agreement DRAFT
- Draft Subscription Agreement
- Draft Escrow Agreement
- List of Escrow Agents
- Draft Offering Letter etc
- Articles of Incorporation etc for Enterprise
- Other relevant documents:

LOAN AGREEMENT 9/9/2010

CONFIDENTIAL PRIVATE OFFERING MEMORANDUM
SEPTEMBER 2010



RECEIPT NUMBER W09002570		CASE TYPE Regional Center Proposal
RECEIPT DATE September 22, 2010		REGIONAL CENTER NAME City of Dallas RC (CDRC) (Amendment)
	PAGE 1 of 1	

Elise A. Healy, Esq.
Spencer Crain Cabbage Healy & McNamara PLLC
1201 Elm St. Ste. 4100, LB 50
Dallas, TX 75270

Notice Type:

Receipt Notice

Receipt Notice - This notice confirms that USCIS received your Regional Center Proposal. If any of the above information is incorrect, send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing Time - The current processing time for this case is estimated at 120 days. Unlike other case types, verification or tracking of this case is not available electronically or on our website. We will notify you by mail when we make a decision on this case or if we need something from you. If you do not receive an initial decision or update from us within our current processing time, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. or contact us at the address below.

Address Change - If your mailing address changes while your case is pending, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. Otherwise, you might not receive notice of our action on this case.

Please save this notice and a copy of any papers that you send to us along with proof of delivery.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
Attn: EB-5 RC Proposal
P.O. BOX 10526
LAGUNA NIGUEL CA 92607-10526

- Please save this notice for your records. Please enclose a copy if you have to write us or a U. S. Consulate about this case, or if you file another application based on this decision.
- You will be notified separately about any other applications or petitions you have filed.

Additional Information

GENERAL.

The filing of an application or petition does not in itself allow a person to enter the United States and does not confer any other right or benefit.

INQUIRIES.

You should contact the office listed on the reverse side of this notice if you have questions about the notice, or questions about the status of your application or petition. *We recommend you call.* However, if you write us, please enclose a copy of this notice with your letter.

APPROVAL OF NONIMMIGRANT PETITION.

Approval of a nonimmigrant petition means that the person for whom it was filed has been found eligible for the requested classification. If this notice indicated we are notifying a U.S. Consulate about the approval for the purpose of visa issuance, and you or the person you filed for have questions about visa issuance, please contact the appropriate U.S. Consulate directly.

APPROVAL OF AN IMMIGRANT PETITION.

Approval of an immigrant petition does not convey any right or status. The approved petition simply establishes a basis upon which the person you filed for can apply for an immigrant or fiance(e) visa or for adjustment of status.

A person is not guaranteed issuance of a visa or a grant of adjustment simply because this petition is approved. Those processes look at additional criteria.

If this notice indicates we have approved the immigrant petition you filed, and have forwarded it to the Department of State Immigrant Visa Processing Center, that office will contact the person you filed the petition for directly with information about visa issuance.

In addition to the information on the reverse of this notice, the instructions for the petition you filed provide additional information about processing after approval of the petition.

For more information about whether a person who is already in the U.S. can apply for adjustment of status, please see Form I-485, *Application to Register Permanent Residence or Adjust Status*.



U.S. Citizenship
and Immigration
Services

Date: **SEP 07 2010**

Daniel J. Healy
Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202

Application: Request to Amend Designation as a Regional Center
Applicant(s): Daniel J. Healy

Re: City of Dallas Regional Center
W09002570

Pursuant to Section 610 of the Appropriations Act of 1993, on September 8, 2009, City of Dallas Regional Center, was approved and designated as a regional center to participate in the Immigrant Investor Pilot Program. In a written request dated September 22, 2010, City of Dallas Regional Center sought to amend its initial Regional Center designation as follows:

To include a capital investment project by Civitas Phoenix Fund LP (which is managed by Civitas Capital Management, LLC) to make a loan to the job-creating entity, Firebird Restaurant Group, LLC in Dallas, Texas. This project will allow immigrant investors in this project to proceed with the filing of their respective Forms I-526, Immigration Petition by Alien Entrepreneur with the appropriate fee. Investors must include evidence of any changes or updates to the project such as changes to the estimated start and completion dates.

Based on its review and analysis of the request to amend the previous City of Dallas Regional Center, business plan, and supplementary evidence, the U.S. Citizenship and Immigration Services (USCIS) amends the designation of the Regional Center as described below. In accepting the amendment, USCIS has updated its records of your Regional Center approval, designation, and business plan to encompass this amendment relative to the investment.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following twelve (12) target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations
4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area. The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, and rural TEAs as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

For any alien requesting the reduced threshold of \$500,000 based upon an investment in a Targeted Employment area, the alien must establish at the time of filing of the I-526 petition that either the investment will be made in a TEA designated area or was in a TEA designated area at the time of the alien's initial investment into the enterprise.

EMPLOYMENT CREATION

The Econometric Model is RIMS II. Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package.

Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

To demonstrate that an individual alien investor is associated with your regional center, each alien entrepreneur petition, in conjunction with addressing all the requirements for that petition, shall contain supporting evidence relating to this project and the regional center designation, as follows:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal, the approved hypothetical business plan and the comprehensive business plan for the specific investment projects.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Offering Memorandum Sample/Draft dated September 22, 2010
 - b. Subscription Agreement Sample/Draft dated September 22, 2010
 - c. Partnership Agreement Sample/Draft dated September 22, 2010
 - d. Escrow Document Sample/Draft dated September 22, 2010
 - e. Operating Agreement Sample/Draft dated December 3, 2008
 - f. Loan Agreement Sample/Draft dated September 9, 2010

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

- c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
- a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
- a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

9. If applicable, the total aggregate of “preserved” or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,

 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,

 - ii. identify and recruit legitimate and viable alien investors, and

 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.

11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center’s hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:
 - the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
 - the management and administration of the RC,
 - the RC structure,
 - the RC mailing address, web site address, email address, phone and fax number,
 - the scope of the RC operations and focus,
 - the RC business plan,
 - any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
 - the economic focus of the RC, or
 - any material change relating to your Regional Center’s basis for its most recent designation and/or reaffirmation by USCIS.

City of Dallas Regional Center/W09002570

Page 7

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Melville", with a horizontal line extending to the right.

Rosemary Langley Melville
Director
California Service Center

cc: Elise A. Healy, Esq.

Spencer Crain Cabbage Healy & McNamara pllc

CONFIDENTIAL

September 21, 2010

BY FEDERAL EXPRESS

USCIS California Service Center
EB-5 Unit
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

Ref: **Exemplar Petition and Request to Amend Approved Regional Center Proposal**
Your File No.: W09002195

Petitioner: Civitas Capital Management, LLC as manager of City of Dallas Regional Center (CDRC)

Investment Project: Firebird Restaurant Group, LLC
Our File No.: 277-010

Dear EB-5 Adjudication Officer:

I represent the City of Dallas Regional Center (CDRC) in its approved application for designation as an EB-5 regional center, dated September 8, 2009; my Form G-28 is on file. No filing fee is required.

I enclose the following documents in connection with the above-captioned matter:

1. Form G-28 executed by Daniel J. Healy, Managing Partner, Civitas Capital Management, LLC, (Civitas) which manages the CDRC on a 10-year, exclusive contract with the City of Dallas (Tab 1);
2. Exemplar Form I-526 executed by Daniel J. Healy with respect to the CDRC's second investment project, a term loan to Borrower, Firebird Restaurant Group, LLC (Firebird) (Tab 2);
3. Term Loan Agreement between Firebird Restaurant Group, LLC and Civitas Phoenix Fund, LP, a limited partnership formed and managed by Civitas Capital Management, LLC for EB-5 investors in the CDRC (Tab 3);
4. A detailed business plan and supporting documents for the Firebird investment project, to establish the following (Tab 4):

1201 Elm Street, Suite 4100
Dallas, Texas 75270
214.290.0000
214.290.0099 (Fax)

www.spencercrain.com

1330 Post Oak, Suite 1600
Houston, Texas 77056
713.963.3669
713.963.4663 (Fax)

AL3100621 REC'D CSC 10SEP22 6:05

- A. That Civitas will pool 17 foreign investors' funds into Civitas Phoenix Fund, LP, a Texas limited partnership formed for the purpose of investing in a new commercial enterprise, Firebird Restaurant Group, LLC, via a term loan of \$8.5 million;
- B. That Borrower, Firebird, is a holding company formed in 2008 and as such qualifies as a new commercial enterprise;
- C. That Firebird owns and manages a chain of TexMex restaurants and as such, the job-creating project is a commercial enterprise within one of the approved CDRC industry clusters;
- D. That Borrower, Firebird, is located in and principally does business in a Targeted Employment Area (TEA) in Dallas, Texas, as are the restaurants that Borrower will remodel, construct and operate, such that EB-5 investors in the project qualify for the lower \$500,000 minimum capital investment amount;
- E. That Borrower, Firebird, will use the EB-5 funds for the job-creating purposes of renovating and operating three (3) existing El Fenix restaurants; constructing and operating four (4) new restaurants, and for working capital to operate its wholly owned subsidiary, El Fenix Corporation;
- F. That over the next 2.5 years, the investment in Firebird will result in an increase in output estimated at \$24.8 million; an annual increase in earnings estimated at \$7.0 million, and the creation of an estimated 294 indirect and induced jobs, based on the economic impact study conducted by Evans Carroll & Associates using the RIMS II "final demand multiplier";
- G. That the investment Fund, Civitas Phoenix Fund, LP, is structured such that foreign nationals' investment funds are at risk in the investment and will remain at risk for the required period, with clear safeguards to ensure that all EB-5 investment funds will be invested in the job-creating activity and no EB-5 investment funds are eroded for the expenses of the regional center, CDRC, or the fund manager, Civitas Capital Management, LLC, or any other purpose.

I. Introduction.

This exemplar petition and the above-listed documents are submitted pursuant to the guidelines set forth in the USCIS *Adjudicator's Field Manual*, §22.4(a)(2)(C), which states that a Regional Center may submit

[A]n "exemplar" Form I-526 petition that contains copies of the commercial enterprise's organizational documents, capital investment offering memoranda, and transfer of capital mechanisms for the transfer of the alien investor's capital into the job creating enterprise.

The purpose of this exemplar petition is to enable USCIS to review the organization, offering and capital transfer documentation of the CDRC's proposed investment in Firebird Restaurant Group, LLC, via a term loan by Civitas Phoenix Fund, LP, to determine if these documents are in compliance with established EB-5 eligibility requirements.

In addition, the *Adjudicator's Field Manual*, §22.4(a)(2)(E)(ii) states that

Some Regional Center Proposals are approved for an industry segment using a hypothetical investment project in order to demonstrate how an actual investment project will be capitalized and operate in a manner that will create at least 10 direct or indirect jobs per alien investor. Individual Form I-526 petitions are then filed with copies of the business plan for the hypothetical investment project as well as the regional center's actual investment project.

If the actual investment project is not different in a material way from the exemplar investment project, then the job creating efficacy of the investment project, if carried through as specified in the business plan will generally be established.

The CDRC proposal, as originally submitted in July 2009, and approved in September 2009, presented only hypothetical investment projects and hypothetical offering documents.

Therefore, this exemplar petition and the supporting documents are intended to permit the USCIS to review an actual CDRC investment project—Civitas Phoenix Fund, LP's term loan to Firebird Restaurant Group, LLC—and determine:

1. Whether the Firebird project as documented herein is an authorized activity within one of the CDRC's permitted industry clusters;
2. Whether the project as documented herein is within a Targeted Employment Area (TEA) in Dallas, Texas, as the term Targeted Employment Area is defined in the regulations, and therefore qualifies for the lower \$500,000 minimum capital contribution;

3. Whether the project as documented herein is in compliance with established EB-5 eligibility requirements, such that when investors submit identical I-526 petitions and identical business plan and supporting documents, the project's job-creating efficacy will be established, if carried-through as specified in the business plan.

The Firebird investment project is an authorized activity within one of the CDRC's permitted industry clusters.

As is stated in the USCIS approval letter of September 9, 2009, the CDRC was approved to "engage in the following economic activities: business development including equity funding/financing and loaning capital." (Tab 4, Appendix A, p. 1). The attached business plan and supporting documents establish that Civitas Capital Management, LLC, as manager of the CDRC, has formed Civitas Phoenix Fund, LP as a vehicle to pool EB-5 capital and make a term loan to the job-creating entity, Firebird Restaurant Group, LLC. (Tab 3, Term Loan Agreement, and Tab 4, Business Plan pp. 3-4).

Among the industry clusters approved for CDRC is *Media, Entertainment & Amenities*, which includes food and drink establishments as set forth in the tables attached at Tab 4, Business Plan, Appendix A.

The borrower in this exemplar petition investment, Firebird Restaurant Group, LLC owns El Fenix Corporation, which in turn owns and operates a chain of Tex-Mex restaurants in Dallas, Texas and in the North Texas area. These restaurants are "food and drink establishments." Therefore, the proposed investment project—to loan capital to Firebird—is a permitted activity within one of the twelve authorized industry clusters stated in the USCIS letter approving the CDRC's designation as a regional center.

The project as documented herein is within a Targeted Employment Area (TEA) in Dallas, Texas, as the term Targeted Employment Area is defined in the regulations, and therefore qualifies for the lower \$500,000 minimum capital contribution.

As defined at 8 CFR §204.6(e), a Targeted Employment Area "means an area which, at the time of investment, is a rural area or an area which has experienced unemployment of at least 150 per cent of the national average rate." The petitioner herein, Civitas Capital Management, LLC, provides evidence that the proposed Firebird investment project is located with an area properly designated as a TEA, as a high unemployment area.

The regulations at 8 CFR 204.6(g)(ii)(B) require that in the case of a petition based on investment in a high unemployment area, the petition must be accompanied by:

A letter from an authorized body of the government of the state in which the new commercial enterprise is located which certifies that the geographic or political subdivision of the metropolitan statistical area or of the city or town

with a population of 20,000 or more in which the enterprise is principally doing business has been designated a high unemployment area. The letter must meet the requirements of **8 CFR 204.6(i)**.

The instant exemplar petition is supported by a letter from the Mayor of Dallas, Tom Leppert, certifying that certain census tracts within the City of Dallas boundaries have been designated as a high unemployment area as defined at 8 CFR 204.6(e). **(Tab 4, Business Plan, Appendix D)**.

Further, Mayor Leppert's letter meets the requirements of 8 CFR 204.6(i), in that it is accompanied by a letter from the current Governor of Texas, Rick Perry, to Barbara Q. Velarde, Chief, USCIS Office of Service Center Operations, delegating to the mayors of cities or towns having a population of 20,000 or more within the state of Texas, the authority to designate an area of high unemployment (at least 150 percent of the national average rate) for purposes of the EB-5 program. Governor Perry's letter was submitted to Ms. Velarde at USCIS on August 19, 2009 and is attached to the Business Plan. **(Tab 4, Business Plan, Appendix D)**.

In addition, Mayor Leppert's letter designating certain census tracts within Dallas is accompanied by a study conducted by Evans, Carroll & Associates, providing a description of the boundaries of the geographic or political subdivision and the method or methods by which the unemployment statistics were obtained. The Evans Carroll study is attached to the Business Plan and will be provided to EB-5 investors in the Firebird project. **(Tab 4, Business Plan, Appendix D)**.

As is described in the Business Plan, the Borrower, Firebird Restaurant Group, LLC, principally does business at 11075 Harry Hines Blvd., Dallas, TX 75229, which is located within Census Tract 99. Census Tract 99 is among the census tracts designated by Mayor Leppert's letter, which specifically includes Census Tracts 98 through 135 in Dallas, among others. Documentation of the Borrower's location within Census Tract 99 from the U.S. Census Bureau is attached at **Tab 4, Business Plan, Appendix D**.

Based on the foregoing and the documentation attached, it is respectfully urged that the CDRC's investment project as documented in the exemplar petition and the Business Plan at Tab 4, is within a properly designated Targeted Employment Area and therefore meets the regulatory requirements to qualify for the lower minimum capital contribution of \$500,000.

The project as documented herein is in compliance with established EB-5 eligibility requirements, such that when investors submit identical I-526 petitions and an identical business plan and supporting documents, the project's job-creating efficacy will be established, if carried through as specified in the business plan.

The instant petition, business plan and supporting documents establish that Civitas Capital Management, LLC, as manager of the CDRC, has formed Civitas Phoenix Fund, LP as a vehicle for foreign investors to make qualifying EB-5 investments in Firebird Restaurant Group, LLC (Firebird). The purpose of the investment is to provide working capital to enable Firebird to

renovate three (3) El Fenix restaurants and to construct four (4) new restaurants, for the purpose of creating new jobs in Dallas, Texas.

As permitted by its regional center designation approval letter, the Fund's investment in Firebird will be in the form of a term loan in the amount of \$8.5 million, i.e., a loan of capital. A copy of the Term Loan Agreement between Civitas Phoenix Fund, LP and Firebird is attached at **Tab 3**.

PLEASE NOTE: In addition to Firebird Restaurant Group, LLC as Borrower, ten (10) other entities are listed as Co-Borrowers on the term loan agreement. (**Tab 3**). **All of these entities are wholly-owned subsidiaries of Firebird Restaurant Group, LLC.** The primary co-borrower is El Fenix Corporation, which directly owns and operates the El Fenix restaurants to be remodeled and will own those to be constructed pursuant to the business plan. El Fenix Corporation will thus directly engage in the job-creating activity, described more fully below.

The remaining nine (9) entities listed as Co-Borrowers on the Term Loan Agreement are not operating companies and have no employees. **These are single purpose entities that exist solely to own the real estate on which certain of the El Fenix restaurants operate.** They are additional Co-Borrowers on the note in order to enhance the security position of the EB-5 investors, since the Term Loan Agreement obligates these real estate owning entities to repay the loan. However, none of the EB-5 investors' funds will be diverted to these co-borrowers. See **Tab 4, Business Plan, p. 11 and Tab 3, Term Loan Agreement, §5.9 Use of Proceeds, p. 20.**

Firebird Restaurant Group, LLC is a holding company formed in 2008 to acquire the assets of El Fenix Corporation from the Martinez family, who founded the El Fenix restaurant chain. Firebird's organizational documents as a Texas limited liability documents are attached at **Tab 4, Business Plan, Appendix B.**

As a holding company formed in 2008, the Borrower, Firebird Restaurant Group, LLC, qualifies as a new commercial enterprise as that term is defined at 8 CFR §204.6(e):

New means established after November 29, 1990.

Commercial enterprise means any for-profit activity formed for the ongoing conduct of lawful business including, but not limited to, a sole proprietorship, partnership (whether limited or general), **holding company**, joint venture, corporation, business trust, or other entity which may be publicly or privately owned. **This definition includes a commercial enterprise consisting of a holding company and its wholly-owned subsidiaries, provided that each such subsidiary is engaged in a for-profit activity formed for the ongoing conduct of a lawful business.** This definition shall not include a noncommercial activity such as owning and operating a personal residence.

(Emphasis added)

Summary of the Terms for the Civitas Phoenix Fund, LP Loan to Firebird Restaurant Group, LLC:

As is documented in the Term Loan Agreement (**Tab 3**) and in the Business Plan at p. 13 (**Tab 4**), when fully subscribed, the Fund will loan \$8.5 million to Borrower at an interest rate of 8%, of which 5% will be paid quarterly and 3% accrued and paid at maturity. The term of the loan is four (4) years. It is subordinated to a \$24.5 million senior loan, collateralized by all of Borrower's equity interests and personally guaranteed by the managing member of the Borrower, Mr. Michael D. Karns. (**Tab 4, Business Plan, p. 13**).

El Fenix Corporation, as the sole operating company of the Borrower, will use the loan proceeds to renovate three existing restaurants and to open four new ones in Dallas, Texas. The locations and sub-market details of the existing restaurants to be renovated are documented in the Business Plan at p. 12, and for the new construction at pp 20-24. Details concerning the market position of the El Fenix chain in Dallas, and the competitive analysis of the Dallas area restaurant market are presented in the Business Plan at pp. 16-17. Five year financial projections for the Borrower, including income statement, balance sheet and cash flow statement are provided in the Business Plan, pp 31-33. See **Tab 4, Business Plan**.

Essentially, the infusion of lower cost EB-5 capital will enable the Borrower to renovate and expand restaurant operations at all seven locations, and thus to finance consequent job creation through enhanced cash flow over the life of the loan.

The CDRC's investment project documented in the attached Term Loan Agreement, the Business Plan, and supporting documents meets the statutory and regulatory requirements for a qualifying EB-5 regional center investment, for the following reasons:

- A loan of capital in the restaurant industry is an approved investment activity and industry sector for the CDRC.
- The capital will be loaned to a Borrower located and principally doing business within the CDRC.
- The capital loaned will be used to renovate and expand the Borrower's restaurant operations in Dallas, TX, thereby creating new full time employment for US workers.
- The EB-5 capital loaned to the Borrower will be at risk of loss in the event the Borrower defaults and the guarantor fails to repay the loan.

Civitas Phoenix Fund, LP limited partnership interests qualify as an investment of capital as defined in the regulations governing the EB-5 program:

Each foreign national who subscribes to the Civitas Phoenix Fund will execute the offering documents provided in the attached Business Plan at **Appendix E**. As set forth in the private placement memorandum, the minimum investment amount is \$500,000.

This amount excludes any administrative or legal fees, which each investor is required to pay separately from his or her investment funds. (Tab 4, Appendix E)

Civitas Capital Management has created an escrow account with JP Morgan Chase Bank. All EB-5 investors' investment funds will be wired to and held in this escrow account, under the escrow agreement provided in the Business Plan at Appendix F. When an investor's funds have been received in the escrow account, the investor will be accepted as a limited partner in the Civitas Phoenix Fund, LP, and he or she can then file the I-526 petition. Each investor will have all of the rights, obligations and duties of a limited partner under the Uniform Limited Partnership Act. When each limited partner's I-526 petition is approved by USCIS, the investment funds will be transferred to Civitas Capital Management, LLC, which is the General Partner of the Fund making the loan. In the event an investor's I-526 petition is denied, the escrow agent, upon receiving notice of the denial from Civitas Capital Management, LLC, is obligated to return the investment funds to the investor.

Job Creation Estimates Based on RIMS II "Final Demand Multiplier":

The primary job creating activity of the Borrower is the construction associated with the remodeling of three existing restaurants and with the development of the four new restaurants, and hiring employees for the restaurant jobs projected to be created over the next 2.5 years.

As is documented in the Evans Carroll study, *Economic Impact of Remodeling, Opening and Operating the Seven El Fenix Restaurants as part of the Dallas EB-5 Regional Center*, the hard construction costs for the renovation and new restaurants will be \$4.532 million. Because these projects will take less than two years to complete, only the indirect and induced jobs can be included in the EB-5 job count. Hence, the Evans Carroll study uses the reduced final demand multiplier of 10.15 for the Dallas construction industry, to estimate 46 indirect and induced jobs will result from the planned construction projects. (Tab 4, Business Plan, Appendix C, Executive Summary, p. 3).

The Borrower estimates total annual restaurant revenues in the second year of operation at \$8.29 million. (Id.) This is based on additional revenue from the four new restaurants and the incremental income from the renovation and improved performance of the three existing restaurants. The Evans Carroll economic impact study uses the RIMS II final demand multiplier for restaurants in Dallas (29.91) to derive an estimated 248 indirect and induced jobs generated by restaurant operations, assuming the restaurants are completed and fully staffed within two and a half years from loan closing.

The total number of indirect and induced new jobs generated by the renovation, new construction and operation of the seven El Fenix restaurants is therefore forecast to be 294. See Tab 4, Business Plan, Appendix C, Tabulations of Principal Results, p. 4.

Additional economic impacts include \$7.037 million increase in total household income; \$2.394 million in additional demand for professional and business support services, and \$463,000 in additional demand for utility services and maintenance and repair.

Based on the Evans Carroll study, the 294 indirect and direct jobs to be created more than meet the EB-5 requirement of 10 jobs for each of the 17 investors in the Fund, per the EB-5 regulations. Specifically, the regulations at 8 CFR §204.6(m)(iv)and(v) require that regional center proposals:

(iv) Contain[s] a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

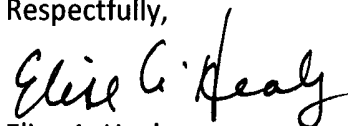
(v) [Be] supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

It is respectfully urged that the Evans Carroll economic study provides the required detailed prediction as to how the CDRC, through the Civitas Phoenix Fund, LP's capital investment in Firebird Restaurant Group, LLC, will have a positive impact on the regional center's economy. In addition, the study is supported by an economically and statistically valid forecasting tool, i.e., the RIMS II final demand multiplier, such that the forecasted creation of 294 indirect and induced jobs and the increase in household earnings and demand for business services, utilities and maintenance and repair, are sufficiently supported.

I trust the attached documentation will be promptly and favorably reviewed so that this important investment project can go forward, and qualified EB-5 investors can submit their individual petitions, with business plan and supporting documents that are substantially identical to those submitted here.

Should you require any additional information, do not hesitate to contact me directly.

Respectfully,



Elise A. Healy

Attorney at Law

CC: Daniel J. Healy, Managing Partner, Civitas Capital Management, LLC

213408

**INDEX OF EXHIBITS
I-526 EXEMPLAR PETITION**

NEW COMMERCIAL ENTERPRISE: CIVITAS PHOENIX FUND, LP (LENDER)
JOB-CREATING ENTITY: FIREBIRD RESTAURANT GROUP, LLC (BORROWER)

- TAB 1 Form G-28 executed by Daniel J. Healy, Managing Partner, Civitas Capital Management, LLC as manager of the City of Dallas Regional Center (CDRC);

- TAB 2 Exemplar Form I-526 executed by Daniel J. Healy, Managing Partner, Civitas Capital Management, LLC describing the planned EB-5 investment project, whereby Civitas Phoenix Fund, LP, when fully subscribed by 17 EB-5 investors, will loan \$8.5 million for a term of four years to Firebird Restaurant Group, LLC

- TAB 3 Term Loan Agreement between Firebird Restaurant Group, LLC (Borrower) and Civitas Phoenix Fund, LLC, describing the terms of the loan in detail

- TAB 4 Detailed business plan and supporting documents

**G-28, Notice of Entry of Appearance
as Attorney or Accredited Representative**

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): I-526 EXEMPLAR PETITION CBP - List the specific matter in which appearance is entered:
 ICE - List the specific matter in which appearance is entered: _____

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent					A Number or Receipt Number, if any	<input checked="" type="checkbox"/> Petitioner
Name: Last	First	Middle				<input type="checkbox"/> Applicant
CIVITAS CAPITAL MANAGEMENT, LLC						<input type="checkbox"/> Respondent
Address: Street Number and Street Name	Apt. No.	City	State	Zip Code		
900 Jackson St.	Suite 150	Dallas	TX	75202		

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent

Date 9/20/2010

Part 2. Information about Attorney or Accredited Representative (Check applicable item(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Texas Supreme Court
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative Elise A. Healy	Attorney Bar Number(s), if any TX 09329480
Signature of Attorney or Accredited Representative <i>Elise A. Healy</i>	Date <u>9-21-2010</u>
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code) Spencer Crain Cubbage Healy & McNamara PLLC 1201 Elm Street, Suite 4100, LB 50 Dallas TX 75270	
Phone Number (Include area code) 214.290.0004	Fax Number, if any (Include area code) 214.290.0099
E-Mail Address, if any ehealy@spencercrain.com	

Form I-526, Immigrant Petition by Alien Entrepreneur

Department of Homeland Security U.S. Citizenship and Immigration Services

Do Not Write in This Block - For USCIS Use Only (Except G-28 Block Below)

Classification, Action Block, Fee Receipt, Priority Date, To be completed by Attorney or Representative, if any

Remarks:

START HERE - Type or print in black ink.

Part 1. Information About You

Family Name, Given Name, Middle Name

In care of Street Number and Name:

Address, Apt. Number

City, State or Province, Country, Zip/Postal Code

Date of Birth, Country of Birth, Social Security #, A #

If you are in the United States, provide the following information: Date of Arrival, I-94 #

Current Nonimmigrant Status, Date Current Status Expires, Daytime Phone #

Part 2. Application Type (Check one)

- a. This petition is based on an investment in a commercial enterprise in a targeted employment area... b. This petition is based on an investment in a commercial enterprise in an area... c. This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

Part 3. Information About Your Investment

Name of commercial enterprise in which funds are invested

Street Address

Phone # with Area Code, Business organized as

Kind of business, Date established, IRS Tax #

RECEIVED: RESUBMITTED: RELOCATED: SENT REC'D



Part 3. Information About Your Investment (Continued)

Date of your initial investment (mm/dd/yyyy)	Investment in Process	Amount of your initial investment \$	500,000.00n per investor
Your total capital investment in the enterprise to date \$	8.5 million planned	Percentage of the enterprise you own	N/A

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership, and whether or not the person is seeking classification under section 203(b)(5). **NOTE:** A "natural" party would be an individual person, and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in **Part 2** that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and State:

County State

Part 4. Additional Information About the Enterprise

Type of Enterprise (check one):

- New commercial enterprise resulting from the creation of a new business.
- New commercial enterprise resulting from the purchase of an existing business.
- New commercial enterprise resulting from a capital investment in an existing business.

Composition of the Petitioner's Investment:

Total amount in U.S. bank account	\$	500,000.00 (escrow account)
Total value of all assets purchased for use in the enterprise.....	\$	
Total value of all property transferred from abroad to the new enterprise.....	\$	
Total of all debt financing.....	\$	
Total stock purchases.....	\$	
Other (explain on separate paper).....	\$	
Total	\$	500,000.00

Income:

When you made the investment.....	Gross	\$	<input type="text"/>	Net	\$	<input type="text"/>
Now.....	Gross	\$	<input type="text"/>	Net	\$	<input type="text"/>

Net worth:

When you made investment.....	Gross	\$	<input type="text"/>	Now	\$	<input type="text"/>
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Part 5. Employment Creation Information

Number of full-time employees in the enterprise in U.S. (excluding you, your spouse, sons, and daughters)

When you made your initial investment? Now Difference

How many of these new jobs were created by your investment? How many additional new jobs will be created by your additional investment?

What is your position, office, or title with the new commercial enterprise?

Each EB-5 investor in Civitas Phoenix Fund, LP will be a limited partner when offering documents are signed, funds escrowed, and individual I-526 petition is filed.

Briefly describe your duties, activities, and responsibilities.

As limited partner, each EB-5 investor will have all of the rights, duties and obligations of limited partners as described in the Uniform Limited Partnership Act

What is your salary? \$ What is the cost of your benefits? \$

Part 6. Processing Information

Check One:

- The person named in Part 1 is now in the United States, and an application to adjust status to permanent resident will be filed if this petition is approved.
- If the petition is approved and the person named in Part 1 wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality:

Country of current residence or, if now in the United States, last permanent residence abroad:

If you provided a United States address in Part 1, print the person's foreign address:

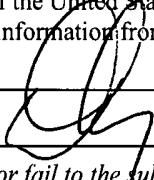
If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet:

Are you in deportation or removal proceedings? Yes (Explain on separate paper) No

Have you ever worked in the United States without permission? Yes (Explain on separate paper) No

Part 7. Signature Read the information on penalties in the instructions before completing this section.

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit I am seeking.

Signature  Date

NOTE: If you do not completely fill out this form or fail to submit the required documents listed in the instructions, you may not be found eligible for the immigration benefit you are seeking and this petition may be denied.

Part 8. Signature of Person Preparing Form, If Other Than Above (Sign below)

I declare that I prepared this application at the request of the above person, and it is based on all information of which I have knowledge.

Signature Print Your Name Date

Firm Name Daytime phone # with area code

Address



TERM LOAN AGREEMENT

dated as of [_____], 2010

between

Firebird Restaurant Group, LLC
El Fenix Corporation
Firebird Harry Hines, Inc.
Firebird Downtown, Inc.
Martinez Brothers Investments, Inc.
Firebird Ridglea, Inc.
Firebird Mesquite, Inc.
Firebird Grapevine, Inc.
Firebird Arlington, Inc.
Firebird Lewisville, Inc.
Firebird McKinney, Inc.
as Borrower

and

Civitas Phoenix Fund, LP
as Lender

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TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT (this "*Agreement*") is made and entered into as of [_____] , 2010 by and between Firebird Restaurant Group, LLC, a Texas limited liability company ("*Firebird*"), El Fenix Corporation, a Texas corporation ("*El Fenix*"), Firebird Harry Hines, Inc., a Texas corporation ("*Harry Hines*"), Firebird Downtown, Inc., a Texas corporations ("*Downtown*"), Martinez Brothers Investments, Inc., a Texas corporation ("*Martinez*"), Firebird Ridglea, Inc., a Texas corporation ("*Ridglea*"), Firebird Mesquite, Inc., a Texas corporation ("*Mesquite*"), Firebird Grapevine, Inc., a Texas corporation ("*Grapevine*"), Firebird Arlington, Inc., a Texas corporation ("*Arlington*"), Firebird Lewisville, Inc., a Texas corporation ("*Lewisville*"), and Firebird McKinney, Inc., a Texas corporation ("*McKinney*", and collectively, jointly and severally with Firebird, El Fenix, Harry Hines, Downtown, Martinez, Ridglea, Mesquite, Grapevine, Arlington and Lewisville, "*Borrower*") and Civitas Phoenix Fund, LP, a Texas limited partnership ("*Lender*").

WITNESSETH:

WHEREAS, Borrower has requested that Lender, and Lender has agreed, subject to the terms and conditions of this Agreement, to make a term loan to Borrower in the principal amount of \$8,500,000;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Borrower and Lender agree as follows:

ARTICLE I DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions. In addition to the other terms defined herein, the following terms used herein have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"*Affiliate*" means, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

"*Approved Accounts*" means any account(s) designated in writing by Borrower and approved in writing by Lender, so long as Lender has a perfected security interest in the funds held in such account(s).

"*Business Day*" means any day other than a Saturday, Sunday or other day on which commercial banks in Dallas, Texas are authorized or required by law to close.

"*Capital Lease Obligations*" of any Person means all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"*Cash Equivalents*" means any of the following, which must be payable in Dollars: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations, the timely payment of principal and interest of which is fully guaranteed by the United States of America; (b) interest bearing demand or time deposits (including certificates of deposit) which are held in banks having general obligations rated at least "A-1" or equivalent by S&P or Moody's; (c) commercial paper rated (on

the date of acquisition thereof) at least A-1 or P-1 or equivalent by S&P or Moody's and/or guaranteed by the FDIC, respectively (or an equivalent rating by another nationally recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating commercial paper), maturing not more than 90 days from the date of creation thereof; and (d) demand deposit accounts maintained in the ordinary course of business.

"Change in Control" means the occurrence of one or more of the following events: (a) any sale, lease, exchange or other transfer (in a single transaction or a series of related transactions) of all or substantially all of the assets of Borrower or any of its Subsidiaries to any Person or "group" (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder in effect on the date hereof), or (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or "group" (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) (other than any of its Affiliates) of a majority of the outstanding shares of the voting stock of Borrower.

"Change in Law" means (a) the adoption of any applicable law, rule or regulation after the date of this Agreement, (b) any change in any applicable law, rule or regulation, or any change in the interpretation or application thereof, by any Governmental Authority after the date of this Agreement, or (c) compliance by Lender (or for purposes of Section 2.10(b), by Lender's holding company, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"City Closing Fee" means \$118,750.

"City of Dallas Regional Center" means that certain "Regional Center" affiliated with the City of Dallas, Texas and approved by the United States Citizenship and Immigration Service on September 8, 2009.

"Closing Date" means the date on which each of the conditions precedent set forth in Section 3.1 have been satisfied or waived in accordance with Section 9.2.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms **"Controlling"**, **"Controlled by"**, and **"under common Control with"** have meanings correlative thereto.

"Current Rate" has the meaning set forth in Section 2.3(a).

"Deeds of Trust" means each Deed of Trust, Security Agreement and Assignment of Leases and Rents executed by the Grantor named therein for the benefit of Lender, pursuant to which Lender receives a perfected, second priority Lien on each Owned Property to secure the Obligations.

"Default" means any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Default Interest" has the meaning set forth in Section 2.3(b).

“**Disposition**” and “**Dispose**” means any sale, lease, abandonment, transfer, disposal, exchange or other transfer of any ownership or leasehold interest in or control of any asset, including any sale and leaseback transaction.

“**Dollar(s)**” and the sign “**\$**” means lawful money of the United States of America.

“**EB-5 Program**” means that certain program designed specifically to serve non-U.S. citizens seeking to immigrate to the United States by making a qualifying investment through a “regional center,” as such term is defined at 8 CFR 204.6(e), approved under the USCIS’ Immigrant Investor Pilot Program, as provided at 8 CFR 204.6(m).

“**EBITDA**” means earnings before interest, taxes, depreciation and amortization, calculated in accordance with GAAP.

“**Economic Impact Study**” means that certain economic study to be conducted at Borrower’s sole cost and expense by an economist engaged by Lender.

“**Environmental Laws**” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating to the protection of the environment, the management, Release or threatened Release of any Hazardous Material into the environment.

“**Environmental Liability**” means any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, fines, penalties or indemnities), of Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment, or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated), which together with Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“**ERISA Event**” means: (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Borrower or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Borrower or any ERISA Affiliate of any valid notice, concerning the imposition of Withdrawal Liability or a

determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Event of Default” has the meaning provided in Article VIII.

“Exchange Agreement” means that certain Exchange Agreement dated May 30, 2008, among Michael D. Karns, Firebird, Firebird Investment Group, LLC and the “Investors” party thereto.

“Excluded Tax” means a “Tax on the overall net income” of a Person as defined in the definition of “Tax”.

“Fee Letter” means that certain letter agreement dated as of the date hereof executed by Borrower in favor of Lender, as the same may be amended from time to time.

“Financial Statements” means for any Person during any relevant period, a consolidated balance sheet and the related statements of income or operations, shareholders’ equity and cash flows for such period prepared in accordance with GAAP and in detail reasonably acceptable to Lender.

“Fiscal Quarter” means the three-calendar-month periods ending on March 31, June 30, September 30 and December 31 of each calendar year.

“Fiscal Year” means the twelve-calendar month period beginning on January 1 of each year and ending on December 31 of each year.

“Fixed Charges” means interest expense plus current maturities of long term debt plus operating lease expense plus rent expense, each as calculated in accordance with GAAP.

“GAAP” means generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.2 hereof.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantors” means the Individual Guarantor and each Subsidiary Guarantor.

“Guaranty Agreement” means each Guaranty Agreement substantially in the form of Exhibit A, executed by the Guarantors in favor of Lender.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Transaction” of any Person means any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default

swap, credit default option, total return swap, credit spread transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement.

“Indebtedness” of any Person means, without duplication (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (d) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (e) all Capital Lease Obligations of such Person, (f) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (g) all guarantees by such Person of Indebtedness of others, (h) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, and (i) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor.

“Indemnitee” has the meaning set forth in Section 9.3(b).

“Individual Guarantor” means Michael D. Karns.

“Intercreditor and Subordination Agreement” means that certain Intercreditor and Subordination Agreement of even date herewith, among Borrower, Lender and Senior Lender.

“Investments” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or acquisition of all or substantially all of the assets of any Person, (b) any direct or indirect purchase or other acquisition of, or a beneficial interest in, any equity interest or other securities of any Person, or (c) any direct or indirect loan, advance, or capital contribution to or investment in any other Person, including without limitation the incurrence or sufferance of Indebtedness of any other Person.

“Leased Property” means the leased real property described on Schedule 4.13.

“Leasehold Deeds of Trust” means each Leasehold Deed of Trust, Security Agreement and Assignment of Leases and Rents executed by the Grantor named therein for the benefit of Lender, pursuant to which Lender receives a perfected, second priority Lien on each of the Leased Properties to secure the Obligations.

“Lien” means any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of the foregoing (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

“Loan Documents” means, collectively, this Agreement, the Term Loan Note, the Deeds of Trust, the Leasehold Deeds of Trust, the Guaranty Agreement, the Fee Letter, the Pledge Agreement, the Security Agreement, the Uniform Commercial Code Financing Statements, the Intercreditor and Subordination Agreement and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

“Loan Parties” means Borrower and each Guarantor, and **“Loan Party”** means any one of the Loan Parties.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (a) the business, results of operations, financial condition, prospects, assets or liabilities of Borrower and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform its payment obligations under the Loan Documents, (c) the rights and remedies of Lender under the Loan Documents or (d) the legality, validity or enforceability of the Loan Documents.

“Maturity Date” means the earliest to occur of (a) the fourth anniversary of the Closing Date and (b) the date that the principal balance of the Term Loan is accelerated as provided in Section 8.1 of this Agreement.

“Mortgaged Property” means the Owned Property and the Leased Property.

“Multiemployer Plan” has the meaning set forth in Section 4001(a)(3) of ERISA.

“Net Worth” means, for any Person as of any date, total assets minus total liabilities.

“Obligations” means all amounts owed by Borrower to Lender pursuant to or in connection with this Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations under letters of credit, all fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, together with all renewals, extensions, modifications or refinancings thereof.

“Other Taxes” means any and all present or future stamp, registration, recording, filing, transfer, documentary, excise or property Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to or in connection with, any Loan Document.

“Owned Property” means the owned real property described on Schedule 4.13.

“Payment Office” means the office of Lender located at 900 Jackson Street, Suite 150, Dallas, Texas 75202 or such other location as to which Lender shall have given written notice to Borrower.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

“Permitted Encumbrances” means,

(a) Liens imposed by law for taxes and other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(b) Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law or contract created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(d) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of Borrower and its Subsidiaries taken as a whole;

(e) Capital Lease Obligations expressly permitted by this Agreement; and

(f) Liens arising from filings of UCC financing statements relating to leases that are not prohibited by this Agreement.

“Permitted Investments” means investments in existing and to-be-developed El Fenix restaurants and in related real property and personal property related to the operation thereof; provided that (i) no portion of any such investment will consist of publicly traded securities or permit the use of funds that would violate any law, rule, or regulation related to the EB-5 Program, (ii) the investment is consistent with Borrower’s current business plan, and (iii) no default has occurred or would result under the Senior Loan Documents as a result of such investment.

“Person” means any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Pledge Agreement” means each Pledge Agreement substantially in the form of Exhibit B executed by Borrower and Individual Guarantor in favor of Lender, pursuant to which Lender receives a perfected, first priority Lien in all stock or other equity interest in Borrower to secure the Obligations, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Prepayment Fee” means (i) if the prepayment is on or prior to the last day of the thirtieth month following the Closing Date, an amount equal to two percent (2.0%) of the then outstanding balance of principal and interest on the Term Loan or the portion thereof being prepaid, and (ii) if the prepayment is after the last day of the thirtieth month following the Closing Date, an amount equal to one percent (1.0%) of the then outstanding balance of principal and interest on the Term Loan or the portion thereof being repaid.

“Put/Call Rights” means the “Put Right” and the “Call Right” as such terms are defined in the Exchange Agreement.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

“Release” means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

“Responsible Officer” means any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer or a vice president of Borrower or such other representative of Borrower as may be designated in writing by any one of the foregoing and reasonably acceptable to Lender; and, with respect to the financial covenants only, the chief financial officer or the treasurer of Borrower.

“Restaurant” means each individual El Fenix restaurant owned by Borrower in the Target Employment Area.

“Security Agreement” means the Security Agreement dated as of the date hereof and substantially in the form of Exhibit D made by Borrower in favor of Lender, pursuant to which Lender receives a perfected, second priority Lien on substantially all personal property of Borrower to secure the Obligation, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Senior Lender” means [_____].

“Senior Liens” means the Liens granted by Borrower to Senior Lender to secure the Senior Loan.

“Senior Loan” means that certain loan from Senior Lender to Borrower of even date herewith in the original principal amount of \$[_____].

“Senior Loan Documents” means that certain [describe Loan Agreement] and the other documents executed in connection with the Senior Loan.

“Solvent” means, as to any Person on a particular date, that any such Person (a) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature, (b) owns property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies), and (c) does not believe that it will incur debts or liabilities beyond its ability to pay such debts or liabilities as they mature.

“Subordinated Indebtedness” means all Indebtedness of Borrower that has been expressly and validly subordinated to the Obligations pursuant to documents in form and substance acceptable to Lender.

“Subsidiary” means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of a majority of the directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a **“Subsidiary”** or to **“Subsidiaries”** shall refer to a Subsidiary or Subsidiaries of Borrower.

“**Subsidiary Guarantor**” means each Subsidiary of Borrower that executes a Guaranty Agreement after the Closing Date pursuant to Section 5.15.

“**Surveys**” means surveys of the Owned Property in form and substance acceptable to Lender.

“**Target Employment Area**” means the area within the City of Dallas, Texas designated as a “targeted employment area” under the EB-5 Program, and described on Schedule 1.1 hereto.

“**Tax**” means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed; provided, “Tax on the overall net income” of a Person shall be construed as a reference to a tax imposed by the jurisdiction in which that Person is organized or in which that Person’s applicable principal office is located or in which that Person is deemed to be doing business (other than a jurisdiction in which such Person is treated as doing business as a result of its entering into any Loan Document or its participation in the transactions governed thereby) on all or part of the net income, profits or gains (whether worldwide, or only insofar as such income, profits or gains are considered to arise in or to relate to a particular jurisdiction, or otherwise) of that Person.

“**Tax-Related Person**” means any Person (including a beneficial owner of an interest in a pass-through entity) whose income is realized through or determined by reference to Lender.

“**Term Loan**” means the loan made by Lender to Borrower under the terms of this Agreement.

“**Term Loan Commitment**” means \$8,500,000; provided that, if the aggregate amount of subscriptions by investors who have been approved under the EB-5 Program does not equal or exceed \$8,500,000, the Term Loan Commitment shall be \$0.

“**Term Loan Note**” means a promissory note of Borrower, in the form of Exhibit C, payable to the order of Lender in the principal amount of \$8,500,000 or as much thereof as may be advanced and outstanding thereunder, as the same may be amended from time to time.

“**Title Company**” means the Title Company (and its issuing agent, if applicable) issuing the Title Policy, which shall be acceptable to Lender in its sole and absolute discretion.

“**Title Policy**” means a mortgagee policy of title insurance issued by the Title Company, on a coinsurance or reinsurance basis (with direct access endorsement or rights) if and as required by Lender, in the maximum amount of the Term Loan Commitment insuring that the Deeds of Trust constitute a valid lien covering the Land and Improvements subject only to those exceptions which Lender may approve in writing and containing such endorsements as Lender may require.

“**Withdrawal Liability**” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2. Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for such changes approved by Borrower’s independent public accountants) with the most recent consolidated financial statement of Borrower delivered pursuant to Section 5.1(a); provided, that if Borrower notifies Lender that Borrower wishes to amend any covenant in Article VII to eliminate the effect of any change

in GAAP on the operation of such covenant (or if Lender notifies Borrower that it wishes to amend Article VII for such purpose), then Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to Borrower and Lender.

Section 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (c) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (d) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, and (e) all references to a specific time shall be construed to refer to the time in the city and state of Lender's principal office, unless otherwise indicated.

ARTICLE II AMOUNT AND TERMS OF THE TERM LOAN

Section 2.1. Term Loan and Term Loan Note.

(a) Subject to the terms and conditions set forth in this Agreement, Lender agrees to make the Term Loan to Borrower on the Closing Date in an amount not to exceed the Term Loan Commitment. Any amount subsequently repaid or prepaid may not be reborrowed and shall reduce the Term Loan Commitment by the amount of such repayment or prepayment. Subject to acceleration pursuant to Section 8.1, all amounts owed hereunder with respect to the Term Loan shall be paid in full no later than the Maturity Date.

(b) Borrower's obligation to pay the principal of and interest on the Term Loan shall be evidenced by the records of Lender and by the Term Loan Note. The entries made in such records shall be prima facie evidence of the existence and amounts of the obligations of Borrower therein recorded; provided, that the failure or delay of Lender in maintaining or making entries into any such record or on such schedule or any error therein shall not in any manner affect the obligation of Borrower to repay the Term Loan (both principal and unpaid accrued interest) in accordance with the terms of this Agreement.

Section 2.2. Repayment, Optional Prepayments and Mandatory Prepayments of Term Loan.

(a) The outstanding principal amount of the Term Loan together with accrued and unpaid interest thereon shall be due and payable on the Maturity Date.

(b) Borrower shall not have the right, at any time, to prepay the Term Loan, in whole or in part, without receiving Lender's prior written consent, which consent may be withheld in Lender's

sole discretion with respect to ensuring Lender's and its investors' compliance with the regulations governing the EB-5 Program, but otherwise shall not be unreasonably withheld. Upon any permitted prepayment, Borrower shall also pay to Lender the applicable Prepayment Fee.

Section 2.3. Interest on Loans.

(a) Borrower shall pay interest on the Term Loan at an aggregate rate of 8.0% per annum, of which 5% (the "**Current Rate**") shall be due and payable quarterly in arrears and the remaining 3% shall accrue on a non-compounding basis and shall be due and payable on the earliest of (i) the Maturity Date and (ii) the occurrence of an Event of Default.

(b) While an Event of Default exists or after acceleration as provided in this Agreement, Borrower shall pay interest ("**Default Interest**") on the Term Loan at a rate of 16% per annum.

(c) All interest on the principal amount of the Term Loan shall accrue from and including the Closing Date to but excluding the date of any repayment thereof. The Current Rate interest shall be due and payable on the last Business Day of each Fiscal Quarter, and on the Maturity Date. All Default Interest shall be payable on demand.

Section 2.4. Computation of Interest and Fees. All computations of interest and fees hereunder shall be made on the basis of a year of 360 days and in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by Lender of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.5. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of any interest rate hereunder against assets of, deposits with or for the account of, or credit extended by, Lender; or

(ii) impose on Lender any other condition affecting this Agreement or the Term Loan; and the result of the foregoing is to increase the cost to Lender of making, continuing or maintaining the Term Loan or to reduce the amount received or receivable by Lender hereunder (whether of principal, interest or any other amount);

then Borrower shall promptly pay, upon written notice from and demand by Lender, within five Business Days after the date of such notice and demand, an additional amount or amounts sufficient to compensate Lender for such additional costs incurred or reduction suffered.

(b) If Lender shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements or the EB-5 Program has or would have the effect of reducing the rate of return on Lender's capital (or on the capital of Lender's parent) as a consequence of its obligations hereunder to a level below that which Lender or Lender's parent could have achieved but for such Change in Law (taking into consideration Lender's policies or the policies of Lender's parent with respect to capital adequacy) then, from time to time, within five Business Days after receipt by

Borrower of written demand by Lender, Borrower shall pay to Lender such additional amounts as will compensate Lender or Lender's parent for any such reduction suffered.

(c) A certificate of Lender setting forth the amount or amounts necessary to compensate Lender or its parent, as the case may be, specified in paragraph (a) or (b) of this Section shall be delivered to Borrower and shall be conclusive, absent manifest error. Borrower shall pay Lender such amount or amounts within 10 days after receipt thereof.

Section 2.6. Payments Generally. Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or of amounts payable under Section 2.5 or otherwise) prior to 2:00 p.m., on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to Lender either at its Payment Office or by electronic transfer to the account specified in Schedule 2.6. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

Section 2.7. Taxes; Withholding, etc.

(a) All sums payable by Borrower hereunder and under the other Loan Documents will (except to the extent required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from, through or to which a payment is made by or on behalf of Borrower, or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment.

(b) If Borrower, any of its Subsidiaries or any other Person is required by law to make any deduction or withholding on account of any Tax from any sum paid or payable under any of the Loan Documents: (i) Borrower shall notify Lender of any such requirement or any change in any such requirement as soon as Borrower becomes aware of it; (ii) Borrower shall pay any such Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on Borrower or any of its Subsidiaries) for its own account or (if that liability is imposed on Lender) on behalf of and in the name of Lender; (iii) the sum payable by Borrower in respect of which the relevant deduction, withholding or payment, is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment of all Taxes (other than Excluded Taxes), Lender and its Tax Related Persons receives on the due date and retains a net sum equal to what it would have received and retained had no such deduction, withholding or payment been required or made; and (iv) within 30 days after making any such deduction or withholding, and within 30 days after the due date of payment of any Tax which it is required by clause (ii) above to pay, Borrower shall deliver to Lender evidence satisfactory to the other affected parties of such deduction, withholding and payment and of the remittance thereof to the relevant taxing or other authority; provided, no such additional amount shall be required to be paid to Lender under clause (iii) above except to the extent that any change in law, treaty or governmental rule, regulation or order after the date hereof in any such requirement for a deduction, withholding or payment as is mentioned therein shall result in an increase in the rate of such deduction, withholding or payment from that in effect at the date hereof or at the date of such payments to Lender.

(c) In addition, Borrower shall pay all Other Taxes to the relevant Governmental Authorities in accordance with applicable law. Borrower and any applicable Subsidiary shall deliver to

Lender official receipts or other evidence of such payment reasonably satisfactory to Lender in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(d) Borrower shall indemnify Lender, within 10 days after written demand therefor, for the full amount of any Taxes (other than Excluded Taxes) paid or incurred by Lender or its Tax Related Persons, as the case may be, relating to, arising out of, or in connection with any Loan Document or any payment or transaction contemplated hereby or thereby, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Such indemnification shall be made on an after-Tax basis, such that after all required deductions and payments of all Taxes (other than Excluded Taxes) (including income Taxes and deductions applicable to amounts payable under this Section 2.7(d)) and payment of all reasonable expenses, Lender and its Tax Related Persons receives and retains an amount equal to the sum it would have received and retained had it not paid or incurred or been subject to such Taxes. A certificate from Lender, setting forth in reasonable detail the basis and calculation of such Taxes.

ARTICLE III CONDITIONS PRECEDENT TO THE TERM LOAN

Section 3.1. Conditions To Term Loan on the Closing Date. The obligation of Lender to make any Term Loan on the Closing Date is subject to the satisfaction of each of the following conditions precedent both immediately prior to making such Term Loan and after giving effect thereto:

(a) receipt by Lender of the following documents in form and substance reasonably satisfactory to Lender:

(i) this Agreement duly executed and delivered by Borrower;

(ii) a duly executed Term Loan Note;

(iii) the Fee Letter duly executed by Borrower;

(iv) a certificate of the Secretary or Assistant Secretary of Borrower, attaching and certifying copies of its bylaws or operating agreement, as applicable and of the resolutions of its boards of directors or members, authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and certifying the name, title and true signature of each officer of Borrower authorized to execute the Loan Documents to which such Person is a party;

(v) certified copies of the articles of incorporation or certificate of formation, as applicable, of Borrower, together with certificates of good standing as may be available from the Secretary of State of the jurisdiction of incorporation of Borrower and each other jurisdiction where Borrower is required to be qualified to do business as a foreign entity;

(vi) a favorable written opinion of [_____], legal counsel to the Borrower and Guarantors, addressed to Lender, and covering such matters relating to Borrower, Guarantors, the Loan Documents, and the transactions contemplated therein, as Lender shall reasonably request;

(vii) a duly executed funds disbursement agreement;

(viii) each of the Guaranty Agreement, the Pledge Agreement, the Security Agreement, the Deeds of Trust and the Leasehold Deeds of Trust, duly executed and delivered by Borrower and Guarantors, as applicable;

(ix) the Intercreditor and Subordination Agreement dully executed and delivered by Lender, Borrower and Senior Lender;

(b) Borrower shall have paid the City Closing Fee to the City of Dallas;

(c) Borrower shall have paid to Lender all amounts due under the Fee Letter;

(d) Borrower shall have paid all properly invoiced expenses (including all reasonable fees and expenses of Lender's counsel and the cost of the Economic Impact Study) shall have been paid;

(e) all UCC filings and recordations that are necessary to perfect the security interests of Lender in the collateral described in the Loan Documents shall have been received by Lender and Lender shall have received evidence satisfactory to Lender that, upon such filings and recordations such security interests constitute valid and perfected first priority Liens therein, subject to Permitted Encumbrances and the Senior Liens;

(f) Lender shall have received the results of a Lien search (including a search as to tax matters) made against Borrower under the Uniform Commercial Code (or applicable judicial docket) as in effect in each Person's state of incorporation or organization, indicating among other things that its assets are free and clear of any Lien except for Permitted Encumbrances and the Senior Liens;

(g) the results of Lender's investigations of Borrower and each Guarantor shall be satisfactory to Lender;

(h) Lender's investment committee shall have approved the Term Loan;

(i) Lender shall be satisfied, in its sole but reasonable discretion, that a sufficient number of investors in the Term Loan to fund the Term Loan Commitment have been approved under the EB-5 Program;

(j) the results of the Economic Impact Study shall be satisfactory to Lender at its sole discretion;

(k) Lender shall have approved, in its sole discretion, (i) any financing (other than the Term Loan) to be incurred by Borrower and (ii) the capital, ownership and organizational structure of Borrower, including, without limitation, any changes to the ownership or organizational structure made pursuant to the terms of the Exchange Agreement;

(l) Lender shall have completed its due diligence of Borrower, including without limitation Lender's review and approval of a corporate valuation of Borrower performed by a firm selected by Lender;

(m) there shall not have occurred any change in the business, assets, operations, prospects or conditions (financial or otherwise) of the Borrower since December 31, 2009, which caused or could reasonably be expected to cause a Material Adverse Effect;

(n) Lender shall have approved, at its sole discretion, all Approved Accounts designated by Borrower;

(o) Borrower shall have furnished to Lender (i) an unaudited, consolidated balance sheet of Borrower and its Subsidiaries as of the end of the Fiscal Quarter ended September 30, 2010, and (ii) the related unaudited, consolidated statements of income and cash flows for such Fiscal Quarter and year-to-date period then ending, each certified by a Responsible Officer;

(p) the Senior Loan shall have closed or shall close simultaneous herewith;

(q) the representations and warranties of Borrower contained in Article IV hereunder or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Term Loan, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 3.2(b), the representations and warranties contained in Section 4.4 hereunder shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) through (d), respectively of Section 5.1 hereunder;

(r) no Default or Event of Default shall exist, or would result from such proposed Term Loan or from the application of the proceeds thereof;

(s) the proposed Term Loan will not violate any restriction on the authority to incur such Indebtedness under any of Borrowers' organizational documents and is permitted under the terms of Borrowers' organizational documents pursuant to authority granted to such Person with respect thereto on or before the date of such Term Loan;

(t) Borrower shall have furnished copies of the Senior Loan Documents and each document relating thereto, and a certificate of the Chief Executive Officer and the Chief Financial Officer of Borrower certifying that the attached documents are a true, correct and complete set of the Senior Loan Documents;

(u) Lender shall have received a phase I environmental report reliance letter, covering the Mortgaged Property, in form and substance acceptable to Lender;

(v) Lender shall have received the Title Policy (or the Title Company's unconditional commitment to issue the Title Policy upon recordation of the Deeds of Trust) and Surveys;

(w) Lender shall have received an appraisal covering the Mortgaged Property, addressed to Lender, in form and content acceptable to Lender, in its discretion, and conducted and prepared by an appraiser acceptable to Lender; and

(x) Lender shall have received such evidence as Lender may request that none of the Land is located within any designated flood plain or special flood hazard area or, in lieu thereof, evidence that Borrower has applied for and received flood insurance covering the Improvements in an amount acceptable to Lender.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender as follows:

Section 4.1. Existence; Power. Each of Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to carry on its business as now conducted, and (c) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2. Organizational Power; Authorization. The execution, delivery and performance by each of Borrower and its Subsidiaries of each of the Loan Documents to which such Person is a party are within such Person's powers and have been duly authorized by all necessary company power, and if required, equity holder, manager or member, action. This Agreement, the Term Loan Note and each of the other Loan Documents have been duly executed and delivered by each of Borrower and its Subsidiaries, and constitute valid and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Governmental Approvals; No Conflicts. The execution, delivery and performance by Borrower of this Agreement and the Term Loan Note and the execution, delivery and performance by Borrower and each Subsidiary of the other Loan Documents to which such Person is a party (a) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the articles of incorporation or by-laws of such Person or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding on such Person or any of its material assets or give rise to a right thereunder to require any material payment to be made by such Person and (d) will not result in the creation or imposition of any Lien on any asset of such Person.

Section 4.4. Financial Statements. Borrower has furnished to Lender (a) the unaudited consolidated balance sheet of Borrower and its Subsidiaries, as of December 31, 2009 and the related consolidated statements of income, shareholders' equity and cash flows for the fiscal year then ended prepared by Borrower and certified by a Responsible Officer. Such financial statements fairly present in all material respects the consolidated financial condition of Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (b). Since December 31, 2009, there have been no changes with respect to Borrower and its Subsidiaries which have had or could reasonably be expected to have, singly or in the aggregate, a Material Adverse Effect.

Section 4.5. Litigation Matters. No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against, or, to the knowledge of Borrower, threatened against or affecting Borrower or any Subsidiary (a) that could, if adversely determined, result in either individually or in the aggregate, a Material Adverse Effect or (b) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

Section 4.6. Compliance with Laws and Agreements. Each of Borrower and its Subsidiaries are in compliance with (a) all applicable laws (including without limitation all Environmental Laws) and all rules, regulations (including without limitation all banking regulations) and orders of any Governmental Authority, and (b) all indentures, agreements or other instruments binding upon it or its properties, in each case except where non-compliance, either singly or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7. Investment Company Act, Etc. None of the Borrower or any Subsidiary is (a) an “investment company”, as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) a “holding company” as defined in, or subject to regulation under, the Public Utility Holding Company Act of 2005, as amended.

Section 4.8. Taxes. Each of Borrower and its Subsidiaries has timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as the case may be, has set aside on its books adequate reserves.

Section 4.9. Margin Regulations. None of the proceeds of any of the Term Loan will be used for “purchasing” or “carrying” any “margin stock” with the respective meanings of each of such terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of Regulation U.

Section 4.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. Neither Borrower nor the Subsidiaries is a party to any “Defined Benefit Plan” as defined in ERISA.

Section 4.11. Disclosure. Borrower has disclosed to Lender complete, accurate, and true records in connection with all diligence materials requested by Lender. None of the reports, financial statements, certificates or other information furnished by or on behalf of Borrower to Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein not misleading.

Section 4.12. Subsidiaries. Schedule 4.12 sets forth the name of, the ownership interest of Borrower in, and the jurisdiction of organization of, each Subsidiary of Borrower, as of the Closing Date. All outstanding shares or other ownership interests have been duly authorized and validly issued and are fully paid and nonassessable, with no personal liability attaching to the ownership thereof, and not subject to any preemptive or similar rights. The equity holders of the Borrower and each Subsidiary and the number of shares owned by each as of the Closing Date are described on Schedule 4.12. As of the Closing Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type of nature whatsoever, which are convertible into, exchangeable for or otherwise provide for the issuance of capital stock of the Borrower or any Subsidiary, except as described on Schedule 4.12.

Section 4.13. Ownership of Property. Borrower has valid fee title to, or valid leasehold interests in, all of its real property, and has good and valid title to all of its material personal properties and assets, of any nature whatsoever which are reflected on the unaudited consolidated balance sheet referenced in Section 4.4 hereof or acquired by Borrower after the date thereof. Other than as set forth on Schedule 4.13, Borrower has no owned or leased real property.

Section 4.14. OFAC. Borrower (a) is not a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or

Support Terrorism (66 Fed. Reg. 49079 (2001)), (b) does not engage in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (c) is not a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

Section 4.15. Patriot Act. To the extent required under U.S. law, Borrower is in compliance, in all material respects, with (a) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Term Loan will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 4.16. Solvency. As of the Closing Date and after giving effect to the Term Loan made hereunder, (a) Borrower will be Solvent, and (b) Borrower and its Subsidiaries, taken as a whole, will be Solvent.

ARTICLE V AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 5.1. Financial Statements and Other Information. Borrower will deliver to Lender:

(a) As soon as available and in any event within 90 days following the close of each Fiscal Year, Borrowers' consolidated and consolidating Financial Statements showing the consolidated and consolidating financial condition and results of operations of Borrower and its consolidated Subsidiaries as of, and for such Fiscal Year, audited and certified by [_____], or other independent certified public accountants of recognized standing reasonably acceptable to Lender, to the effect that such financial statements have been prepared in accordance with GAAP and contain no material qualifications or limitations on scope.

(b) as soon as available and in any event within 30 days after the end of each calendar month, unaudited Financial Statements of Borrower and its Subsidiaries on a stand alone basis as of the end of such period and the related unaudited statements of income and cash flows of Borrower and its Subsidiaries on a stand alone basis, each for such calendar month and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period and the corresponding portion of Borrowers' previous Fiscal Year, all certified by a Responsible Officer of Borrower as presenting fairly in all material respects the financial condition and results of operations of Borrower and its Subsidiaries on a stand alone basis in accordance with GAAP;

(c) as soon as available, and in any event within 45 days after the end of each Fiscal Quarter, a compliance certificate in the form of Exhibit E, certifying as to compliance with the covenants in Article VII and detailing the calculation thereof and as to whether there exists a Default or Event of Default on the date of such certificate, and if a Default or an Event of Default then exists, specifying the details thereof and the action which Borrower has taken and/or proposes to take with respect thereto;

(d) as soon as available, and in any event within 30 days prior to the beginning of each Fiscal Year, financial forecasts prepared by management of Borrower, which shall be in the same format as the financials previously submitted to Lender as part of Lender's due diligence prior to execution of this Agreement, and which shall consist of consolidated, pro-forma balance sheets and statements of income or operations and cash flows of Borrower and its Subsidiaries on a monthly basis for the immediately following Fiscal Year;

(e) promptly following any request therefore, for Lender's use in connection with compliance with EB-5 Program rules and regulations, any information that Lender may reasonably request regarding Borrowers' or any Subsidiary's employees, including without limitation, a list of job titles, payroll data, copies of Form I-9 and similar employee data, payroll tax information, job descriptions, hiring plans, such Person's Texas Quarterly Employer's Reports, such Person's Federal Employer Quarterly Tax Return, and documentation of such Person's recruitment efforts, including use of advertisement; and

(f) promptly following any request therefor, such other information regarding the results of operations, business affairs and financial condition of Borrower or any of its Subsidiaries as Lender may reasonably request.

Section 5.2. Notices of Material Events. Borrower will furnish to Lender, within three Business Days of the occurrence thereof, written notice of any of the following:

(a) any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of Borrower, affecting Borrower or any Subsidiary which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any ERISA Event that alone, or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of Borrower and its Subsidiaries in an aggregate amount exceeding \$50,000;

(d) any investigation of Borrower or any Subsidiary by any regulatory authority having jurisdiction over such Person (other than routine examinations of such Person) and any restrictions on such Person imposed by, or agreed to with, such regulatory authority;

(e) any failure by Borrower to pay any Indebtedness in the principal amount outstanding of \$50,000 or more when and as the same shall become due and payable, whether at scheduled maturity, required prepayment, acceleration, demand or otherwise;

(f) the occurrence of an event of default, or an event that with the passage of time or giving of notice or both would constitute an event of default, under the Senior Loan Documents, which notice shall specify and detail the nature of such event, condition or default and the action Borrower has taken, is taking or proposes to take with respect thereto; or

(g) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.3. Existence; Conduct of Business. Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto except where the failure to take any such action could not reasonably be expected to result in a Material Adverse Effect; provided, that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.3.

Section 5.4. Compliance with Laws, Etc. Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations (including without limitation all Environmental Laws and all rules and regulations under ERISA) and requirements of any Governmental Authority applicable to its properties, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.5. Payment of Obligations. Borrower will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity, all of its material obligations and liabilities (including without limitation all tax liabilities and claims that would result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6. Books and Records. Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

Section 5.7. Visitation, Inspection, Etc. Borrower will, and will cause each of its Subsidiaries to, permit any representative of Lender to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times and as often as Lender may reasonably request after reasonable prior notice to Borrower. The reasonable out-of-pocket costs and expenses of Lender related to all such visits and inspections shall be part of the Obligations and shall be paid by Borrower to Lender within 10 days of demand by Lender.

Section 5.8. Maintenance of Properties; Insurance. Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear exempted, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect and (b) maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations.

Section 5.9. Use of Proceeds. Borrower will use the Term Loan proceeds (a) for working capital purposes related to the improvement of existing Restaurant locations and the development and expansion of new Restaurant locations within the Target Employment Area, including, without limitation,

capital expenditures on the properties listed on Schedule 5.12 and more specifically discussed in Section 5.12, and (b) to refinance existing mezzanine loan Indebtedness, so as to replace existing high interest Indebtedness with lower-interest Indebtedness from Lender to be used for the purpose described in Section 5.9(a). No part of the Term Loan proceeds will be used, whether directly or indirectly, (i) for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulation T or U, (ii) to acquire any publicly traded securities, or (iii) for any purpose that is ineligible under the EB-5 Program.

Section 5.10. Subsidiaries; Joint Ventures. Without Lender's prior written consent (which consent may be withheld by Lender at its sole discretion), (a) no Person may become a Subsidiary of Borrower or of an existing Subsidiary of Borrower, and (b) Borrower shall not and shall not permit any of its Subsidiaries to enter into any joint venture or similar arrangement.

Section 5.11. Bank Accounts. Borrower and each of its Subsidiaries shall at all times maintain all of their respective checking, deposit and other financial accounts at financial institutions located in the United States and reasonably acceptable to Lender. Borrower and its Subsidiaries shall deposit all of their funds in one or more Approved Accounts, in each case upon receipt thereof.

Section 5.12. Creation of Qualifying Jobs. Within twenty (20) months of the Closing Date, Borrower shall hire at least 132 full-time legal U.S. employees, each of whom works not less than 35 hours per week, and each of which is otherwise a "Qualifying Job" under the EB-5 Program, as determined by Lender in its reasonable discretion and will at all times thereafter maintain at least 132 such full time employees. Further, the Economic Impact Study shall evidence the creation of 170 direct, indirect or induced "Qualifying Jobs" under the EB-5 Program. In addition, the Qualifying Jobs must be created at the locations specified in Schedule 5.12, which locations shall all within the City of Dallas, Texas, and specifically within the Targeted Employment Area located therein and described in Schedule 1.1 hereto.

Borrower shall be required under this Section 5.12 to submit to Lender, or cause to be submitted to Lender, upon Lender's request, (a) affidavits from Borrower's chief financial officer attesting to the number of Full-Time Employees employed by Borrower, and (b) any other documentation or information requested by Lender in connection with its obligations to ensure compliance with EB-5 Program regulations.

Section 5.13. Senior Loan Document Amendments. Borrower shall promptly provide Lender with copies of all proposed amendments or modifications to the Senior Loan Documents and of all other loan agreements to which Borrower is a party.

Section 5.14. Senior Loan Payments. Borrower shall fully and timely pay all amounts owing under the Senior Loan Documents and timely and fully perform all of its covenants and agreements contained therein. Borrower shall provide Lender with copies of all notices (except routine notices which would not include any notice related to any failure to comply with any terms of the Senior Loan Documents or regarding any event of default under the Senior Loan Documents) given or received by Borrower under or pursuant to the Senior Loan Documents, promptly upon delivery or receipt as the case may be. Without limiting Lender's right to declare an Event of Default on account of a failure to comply with the terms and provisions of the Senior Loan Documents, if Borrower fails to so pay or perform such obligations, and if such failure either (i) becomes an Event of Default hereunder or (ii) prior to becoming an Event of Default continues for 20 days after Lender gives written notice to Borrower to cure, Lender may pay or perform the same pursuant to the terms of the Intercreditor and Subordination Agreement. Notwithstanding the foregoing, (i) Lender shall have no obligation whatsoever to pay any of the amounts evidenced or secured by, or to perform any of the covenants or obligations imposed by, any Senior Loan

Documents, and (ii) any such payment by Lender shall not cure Borrower's default hereunder or under the Senior Loan Documents but shall only protect Lender's interest. Borrower shall not amend or modify any of the Senior Loan Documents without the prior written consent of Lender.

Section 5.15. Subsidiary Guarantors. Borrower shall notify Lender at the time that any Person becomes a Subsidiary, and promptly thereafter (and any event within 10 days) cause such Person to (a) become a Guarantor by executing and delivering to Lender a Guaranty Agreement, (b) execute and deliver all Security Agreements, Deeds of Trust, Leasehold Deeds of Trust and Pledge Agreements requested by Lender pledging to Lender all of its assets (subject to such exceptions as Lender may permit) and take all actions required by Lender to grant to Lender a perfected security interest in such assets, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be requested by Lender, and (c) deliver to Lender such other documents and instruments as Lender may require, including appropriate favorable opinions of counsel to such Person in form, content and scope reasonably satisfactory to Lender.

Section 5.16. Franchise Agreements. Borrower agrees to assign to Lender as security for the Obligations any franchise agreements executed by Borrower or any Affiliate of Borrower from and after the Closing Date relating to the operation of a franchised Restaurant, and shall execute and deliver to Lender such documents as Lender may deem reasonably necessary in connection with such assignment.

Section 5.17. Further Assurances. Within five Business Days of a request by Lender, Borrower shall or shall cause any of its Subsidiaries to execute and deliver such further documents and do such other acts and things as Lender may reasonably request in order to effect fully the purposes of this Agreement and the other Loan Documents and to provide for payment and security of the Obligations in accordance with the terms of this Agreement and the other Loan Documents.

ARTICLE VI NEGATIVE COVENANTS

Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 6.1. Indebtedness. Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness created pursuant to the Loan Documents;
- (b) Indebtedness of Borrower or any Subsidiary owing to Borrower or any Subsidiary Guarantor;
- (c) Indebtedness consisting of cash management obligations and other Indebtedness in respect of netting services, overdraft protections and similar arrangements, in each case (i) in connection with cash management and deposit accounts and (ii) incurred in the ordinary course of business;
- (d) Trade payables incurred in the ordinary course of business;
- (e) Indebtedness consisting of the Senior Loans and any replacement or refinancing of the Senior Loans; provided, however, that (i) the interest rate (or, in the case of a variable rate determined by reference to a margin above a base or prime rate or a certain specified cost of funds, the applicable margin thereto) on such refinancing shall be no greater than the interest rate provided for in the Senior Loan Agreement in effect on the date hereof except that the margin rate may increase by up to two

percent (2%), (ii) the amortization of principal on such refinancing shall be for no shorter period, and for no greater annual amounts, than the amortization provided for in the Senior Loan Agreement in effect on the date hereof, provided that the maturity of any revolving loan may be extended until _____, (iii) the amount so replaced or refinanced shall be no greater than the maximum amount permitted by this Agreement to be outstanding under the Senior Loan Agreement in effect on the date hereof on the date of such replacement or refinancing, (iv) the collateral security for such replacement or refinancing does not extend to assets other than those contemplated by the Senior Loan Agreement in effect on the date hereof (and proceeds thereof) and (v) the other terms and conditions of such replacement or refinancing do not amend or modify (or impose any additional) provisions restricting, conditioning or prohibiting the payment of the Obligations, provided that this Section 6.1(e)(v) shall not limit or restrict the Senior Lender's enforcement of the provisions contained in the Senior Loan Agreement in effect on the date hereof; and

(f) Subordinated Indebtedness.

Section 6.2. Negative Pledge. Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

- (a) Liens created in favor of Lender pursuant to the Loan Documents;
- (b) Permitted Encumbrances; and
- (c) Liens in favor of Senior Lender securing the Senior Loans and covered by the terms of the Intercreditor and Subordination Agreement.

Section 6.3. Fundamental Changes.

(a) Borrower will not, and will not permit any Subsidiary to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it without Lender's prior written consent (which consent is at Lender's sole discretion).

(b) Without Lender's prior written consent (which consent may be withheld by Lender at its sole discretion), Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by Borrower and its Subsidiaries on the date hereof and businesses reasonably related thereto and any types of business related to any Permitted Investment.

Section 6.4. Restricted Payments. Borrower will not, and will not permit its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any dividend on any class of its stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any shares of common stock or Indebtedness subordinated to the Obligations of Borrower or any options, warrants, or other rights to purchase such common stock or such Indebtedness, whether now or hereafter outstanding, except for (a) dividends payable by Borrower or any Subsidiary to Borrower or any Subsidiary Guarantor, [and] (b) dividends payable to its equity holders so long as no Default or Event of Default exists or would result therefrom, [and] (c) the purchase of common stock or other equity interests in a Borrower pursuant to the Put/Call Rights].

Section 6.5. Restrictive Agreements. Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or

imposes any condition upon (a) the ability of Borrower or any Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to its common stock, to make or repay loans or advances to Borrower or any other Subsidiary, to guarantee Indebtedness of Borrower or any other Subsidiary or to transfer any of its property or assets to Borrower or any Subsidiary of Borrower; provided, that the foregoing shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Loan Document.

Section 6.6. Hedging Transactions. Borrower will not, and will not permit any of the Subsidiaries to participate in or enter into any Hedging Transactions, other than with the prior written consent of Lender.

Section 6.7. Accounting Changes. Borrower will not, and will not permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the Fiscal Year of Borrower or of any Subsidiary.

Section 6.8. Loans and Investments; New Restaurant Locations. (a) Without Lender's prior written consent (which consent may be withheld by Lender at its sole discretion), Borrower will not, and will not permit any of its Subsidiaries to make any Investments or acquisitions other than, so long as no Default or Event of Default exists or would otherwise result therefrom, Permitted Investments.

(b) Borrower will not open any new Restaurant locations unless (i) such new Restaurant is consistent with Borrower's business plan provided to Lender and the EB-5 Program, (ii) no Default or Event of Default exists or would result from the development of such new Restaurant, and (iii) no default exists or would result from the development of such new Restaurant under the Senior Loan Documents.

Section 6.9. Transactions with Affiliates. Borrower will not, and will not permit any of its Subsidiaries to, sell, lease, or otherwise transfer any property or assets to, or purchase, lease, or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (other than Borrower or a Subsidiary), except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, and (b) transactions between or among Borrower and one or more Subsidiary Guarantors or between or among any of the Subsidiary Guarantors.

Section 6.10. Dispositions. Without Lender's prior written consent (which consent may be withheld by Lender at its sole discretion), Borrower will not, and will not permit any of its Subsidiaries to make any Disposition of any material asset other than in the ordinary course of business; provided that the net proceeds of any such disposition must be immediately deposited in an Approved Account.

ARTICLE VII FINANCIAL COVENANTS

Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding:

Section 7.1. Net Worth. Borrower shall not permit, (a) as of any date on or before the last day of the twentieth (20th) month after the Closing Date, Net Worth, for Borrower and its Subsidiaries, on a consolidated basis, to be less than \$4,050,963 and (b) as of any date after the last day of the twentieth (20th) month after the Closing Date, Net Worth, for Borrower and its Subsidiaries, on a consolidated basis, to be less than \$7,089,186.

Section 7.2. Leverage Ratio. Borrower shall not permit as of any date the ratio of total Indebtedness of Borrower and its Subsidiaries, on a consolidated basis, as of such date, to EBITDA, for Borrower and its Subsidiaries, on a consolidated basis, for the four fiscal quarters ending on such date, to be greater than 6.5 to 1.0.

Section 7.3. Minimum Liquidity. Borrower shall at all times maintain, free and clear of any Liens (accept as permitted pursuant to Section 6.2) cash or Cash Equivalents of not less than \$1,000,000 as reasonably determined by Lender.

Section 7.4. Fixed Charge Coverage Ratio. Borrower shall not permit, as of the last day of any Fiscal Quarter, the ratio of (a) EBITDA, plus operating lease expense and rent expense, to (b) Fixed Charges, in each case for Borrower and its Subsidiaries, on a consolidated basis, for the four Fiscal Quarters ending on the last day of such Fiscal Quarter, to be less than 1.4 to 1.0.

ARTICLE VIII EVENTS OF DEFAULT

Section 8.1. Events of Default. If any of the following events (each an “*Event of Default*”) shall occur:

(a) Borrower shall fail to pay any principal or interest of the Term Loan or any fee or other amount payable under this Agreement, the Fee Letter or any other Loan Document when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise, and such failure continues unremedied for three Business Days after such payment was due; or

(b) any representation or warranty made or deemed made by or on behalf of any Loan Party in or in connection with this Agreement or any other Loan Document (including the Schedules attached thereto) and any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to Lender by Borrower or any representative of Borrower pursuant to or in connection with this Agreement shall prove to be incorrect in any material respect when made or deemed made or submitted; or

(c) Borrower shall fail to observe or perform any covenant or agreement contained in Article V, Article VI, or Article VII, and, with respect to any covenant or agreement contained in Article V, such failure continues unremedied for 10 days following the date such failure began; or

(d) any Loan Party shall fail to observe or perform any covenant or agreement contained (i) in this Agreement (other than those referred to in clauses (a), (b) and (c) above), or (ii) in any other Loan Document (after taking into consideration any applicable grace periods) and such failure continues unremedied for 10 days after the occurrence thereof; or

(e) any Loan Party shall fail to pay any Indebtedness in the principal amount outstanding of \$50,000 or more when and as the same shall become due and payable, whether at scheduled maturity, required prepayment, acceleration, demand or otherwise, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness (without regard to whether such holders or other Person shall have exercised or waived their right to do so); or any such Indebtedness shall be declared to be due and payable; or required to be prepaid or redeemed (other than by a regularly

scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(f) any Loan Party shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Section, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for any Loan Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors; or (vi) the board of directors (or similar governing body) of any Loan Party (or any committee thereof) shall adopt any regulation or otherwise authorize any action to approve any of the foregoing; or

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Loan Party or their debts, or any substantial part of their assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for any Loan Party, or for a substantial part of their assets, and in the case of (i) or (ii), such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(h) any Loan Party shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(i) an ERISA Event shall have occurred that, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to any Loan Party exceeding \$50,000; or

(j) any judgment or order for the payment of money for an uninsured amount in excess of \$50,000 in the aggregate shall be rendered against any Loan Party, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) any non-monetary judgment or order shall be rendered against any Loan Party that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(l) the occurrence or existence of any event of default under any of the Senior Loan Documents; or

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted herein or under such other Loan Documents or satisfaction in full of the Obligations, ceases to be in full force and effect, or a Loan Party, or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document or a Loan Party denies that it has any or further liability or obligation under any Loan Document to which it is

a party or purports to revoke, terminate or rescind any provision of any Loan Document other than in accordance with its terms; or

(n) the death of Individual Guarantor or a Change in Control shall occur or exist;

then, and in every such event (other than an event with respect to any Loan Party described in clause (f), (g) or (h) of this Section 8.1) and at any time thereafter during the continuance of such event, Lender may, by notice to Borrower, take any or all of the following actions, in any order and at the same or different times: (i) declare the principal of and any accrued interest on the Term Loan, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by Borrower and (ii) exercise all remedies contained in any other Loan Document; and that, if an Event of Default specified in clause (f), (g) or (h) of this Section 8.1 shall occur, the principal of the Term Loan then outstanding, together with accrued interest thereon, and all fees, and all other Obligations shall automatically become due and payable, without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby waived by Borrower.

ARTICLE IX MISCELLANEOUS

Section 9.1. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

To Borrower:

c/o Firebird Restaurant Group, LLC
4300 North Central Expressway, Suite 300
Dallas, TX 75206
Attn: Michael D. Karns
Telephone Number: (972) 241-2171
Telecopy Number: (214) 826-5880
Email: mkarns@elfenix.com

To Lender:

Civitas Phoenix Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Attn: Gabriel Hidalgo
Telephone Number: (214) 572-2303
Telecopy Number: (214) 572-2398
Email: gabriel.hidalgo@civitascapital.com

Any party hereto may change its address, telecopy number or email for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when

transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mails or if delivered, upon delivery; provided, that notices delivered to Lender shall not be effective until actually received by Lender at its address specified in this Section 9.1.

(b) Any agreement of Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of Borrower. In the absence of gross negligence, Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by Borrower to give such notice and Lender shall not have any liability to Borrower or other Person on account of any action taken or not taken by Lender in reliance upon such telephonic or facsimile notice. The obligation of Borrower to repay the Term Loan and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of Lender to receive written confirmation of any telephonic or facsimile notice or the receipt by Lender of a confirmation which is at variance with the terms understood by Lender to be contained in any such telephonic or facsimile notice.

Section 9.2. Waiver; Amendments.

(a) No failure or delay by Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between Borrower and Lender, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of Lender hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of the Term Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower and Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 9.3. Expenses; Indemnification.

(a) Borrower shall pay (i) all out-of-pocket costs and expenses of Lender (including, without limitation, the reasonable fees, charges and disbursements of outside counsel) in connection with (A) appraisal fees, real estate and UCC lien searches and title insurance, survey fees, credit reports, environmental assessment fees and other credit or collateral due diligence expenses and (B) the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), and (ii) all out-of-pocket costs and expenses (including, without limitation, the fees, charges and disbursements of outside counsel) incurred by Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Term Loan made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Term Loan.

(b) Each Loan Party shall indemnify Lender and each Affiliate of Lender, and each officer, director, employee, agent and advisor of Lender and each Affiliate of Lender (each, an "Indemnitee") against, and hold each of them harmless from, any and all costs, losses, liabilities, claims, damages and related expenses, including the fees, charges and disbursements of counsel for the Indemnitees, which may be incurred by any Indemnitee, or asserted against any Indemnitee by any Loan Party or any third Person, arising out of, in connection with or as a result of (i) the execution or delivery of this Agreement, any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or under any Loan Document or the consummation of any of the transactions contemplated hereby, (ii) the Term Loan or any actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned by any Loan Party or any Environmental Liability related in any way to any Loan Party or any of their respective Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether brought by any Loan Party or any third Person and whether based on contract, tort, or any other theory and regardless of whether any Indemnitee is a party thereto; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such costs, losses, liabilities, claims, damages or related expenses are determined by a court of competent jurisdiction in a final and nonappealable judgment to have resulted solely from the gross negligence or willful misconduct of an Indemnitee.

(c) Borrower shall pay, and hold Lender harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any collateral described therein, or any payments due thereunder, and save Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent permitted by applicable law, no Loan Party shall assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement or any Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, the Term Loan or the use of proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 9.4. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights hereunder without the prior written consent of Lender (and any attempted assignment or transfer by Borrower without such consent shall be null and void).

(b) Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Term Loan at the time owing to it). Upon the execution and delivery of an assignment agreement by Lender and such assignee, payment by such assignee of an amount equal to the purchase price agreed between Lender and such assignee, such assignee shall become a party to this Agreement and the other Loan Documents and shall have the rights and obligations of a Lender under this Agreement, and Lender shall be released from its obligations hereunder to a corresponding extent. Upon the consummation of any such assignment hereunder, Lender, the assignee and Borrower shall make appropriate arrangements to have a new Term Loan issued to reflect such assignment.

Section 9.5. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of Texas.

(b) Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of any Federal and/or state court located in the State of Texas, County of Dallas and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Texas state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Borrower or its properties in the courts of any jurisdiction.

(c) Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section and brought in any court referred to in paragraph (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 9.6. WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED,

EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.7. Right of Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, Lender shall have the right, at any time or from time to time upon the occurrence and during the continuation of an Event of Default, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final, but specifically excluding deposits relating to compensation, benefits, taxes and mandatory royalty payments) of Borrower at any time held or other obligations at any time owing by Lender to or for the credit or the account of Borrower against any and all Obligations held by Lender, irrespective of whether Lender shall have made demand hereunder and although the Obligations may be unmatured. Lender agrees promptly to notify Borrower at least one Business Day before any such setoff and any application made by Lender; provided, that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9.8. Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the other Loan Documents, and any separate letter agreement(s) relating to any fees payable to Lender constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters.

Section 9.9. Survival. All covenants, agreements, representations and warranties made by Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of the Term Loan, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on the Term Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.7 and 9.3 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Term Loan or the termination of this Agreement or any provision hereof. All representations and warranties made herein, and in the certificates, reports, notices, and other documents delivered pursuant to this Agreement, shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Term Loan.

Section 9.10. Severability. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.11. Entire Agreement. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES

HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.

Section 9.12. Interest Rate Limitation. Notwithstanding any other provision of this Agreement or any other Loan Document, interest on the Obligations is expressly limited so that in no contingency or event whatsoever, whether by acceleration of the maturity of the Obligations or otherwise, shall the interest contracted for, charged or received by Lender exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever fulfillment of any provisions of this Agreement or of any other Loan Document, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstances Lender shall ever receive anything of value as interest or deemed interest by applicable law under this Agreement or any other Loan Document an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount of the Term Loan or on account of any other Obligation, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Term Loan and the remaining Obligations, such excess shall be refunded to Borrower. In determining whether or not the interest paid or payable with respect to any of the Obligations, under any specific contingency, exceeds the highest lawful rate, Lender shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) amortize, prorate, allocate and spread the total amount of interest throughout the full term of such indebtedness so that the actual rate of interest on account of such indebtedness does not exceed the maximum amount permitted by applicable law, and/or (d) allocate interest between portions of such indebtedness, to the end that no such portion shall bear interest at a rate greater than that permitted by applicable law. The terms and provisions of this paragraph shall control and supersede every other conflicting provision of this Agreement and all other Loan Documents.

Section 9.13. Patriot Act. Lender hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it may be required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Patriot Act. Borrower shall, and shall cause each of its Subsidiaries to, provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by Lender in order to assist Lender in maintaining compliance with the Patriot Act.

Section 9.14. Joint and Several. The term "Borrower" as used herein means each of the borrowers party hereto or any of them and the obligations of Borrower hereunder shall be joint and several.

Section 9.15. Intercreditor and Subordination Agreement. The parties acknowledge that concurrently herewith they are executing the Intercreditor and Subordination Agreement with Senior Lender providing that the Term Loan is subordinate to the Senior Loan as provided therein.

[Signatures begin on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

FIREBIRD RESTAURANT GROUP, LLC

By: _____
Name: _____
Title: _____

EL FENIX CORPORATION

By: _____
Name: _____
Title: _____

FIREBIRD HARRY HINES, INC.

By: _____
Name: _____
Title: _____

FIREBIRD DOWNTOWN, INC.

By: _____
Name: _____
Title: _____

MARTINEZ BROTHERS INVESTMENTS, INC.

By: _____
Name: _____
Title: _____

FIREBIRD RIDGLEA, INC.

By: _____
Name: _____
Title: _____

FIREBIRD MESQUITE, INC.

By: _____
Name: _____
Title: _____

FIREBIRD GRAPEVINE, INC.

By: _____
Name: _____
Title: _____

FIREBIRD ARLINGTON, INC.

By: _____
Name: _____
Title: _____

FIREBIRD LEWISVILLE, INC.

By: _____
Name: _____
Title: _____

FIREBIRD MCKINNEY, INC.

By: _____
Name: _____
Title: _____

LENDER:

Civitas **Phoenix** Fund, LP, a Texas limited partnership

By: Civitas **Phoenix** Fund GP, LP, a Texas limited partnership, its general partner

By: Civitas Partners, LLC, a Texas limited liability company, its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

SCHEDULE 1.1
TARGETED EMPLOYMENT AREA

[attached]

SCHEDULE 2.6

LENDER'S WIRING INSTRUCTIONS

Wiring Instructions

Bank name: Texas Capital Bank, NA
Bank Address: 2000 McKinney Ave., Suite 700, Dallas, TX 75201
ABA number: 111017979
Account name: Civitas Phoenix Fund, LP
Account number: _____

SCHEDULE 4.12

SUBSIDIARIES

[Not yet applicable. To be amended with Subsidiaries of Borrower upon formation pursuant to Section 4.12 of this Agreement]

SCHEDULE 4.13

OWNED AND LEASED REAL PROPERTY

SCHEDULE 5.12

QUALIFIED JOBS RESTAURANT LOCATIONS

Name	Restaurant type	Located in TEA	Location	City	State	Cap Ex
1918	Full service	Yes	2209 Caroline St.	Dallas	Texas	\$1,985,400
El Fenix - New Store	Full service	Yes	TBD in TEA	Dallas	Texas	1,197,000
Quick Serve 1	Quick service	Yes	TBD in TEA	Dallas	Texas	450,000
Quick Serve 2	Quick service	Yes	TBD in TEA	Dallas	Texas	450,000
Downtown Remodel	Full service	Yes	1601 McKinney Ave.	Dallas	Texas	150,000
Casa Linda Remodel	Full service	Yes	255 Casa Linda Plz.	Dallas	Texas	150,000
Oak Cliff Remodel	Full service	Yes	120 East Colorado Blvd.	Dallas	Texas	150,000
Total						\$4,532,400

Note: TEA is the abbreviation of "Targeted Employment Area", and has the meaning attributed to the defined term in Section 1.1 of the Loan Agreement.

EXHIBIT A
FORM GUARANTY AGREEMENT

[attached]

EXHIBIT B
FORM OF PLEDGE AGREEMENT

[attached]

EXHIBIT C

FORM OF TERM LOAN NOTE

\$8,500,000.00

[date]

Dallas, Texas

FOR VALUE RECEIVED, the undersigned, (the "**Borrower**"), hereby jointly and severally promises to pay to the order of Civitas Phoenix Fund, LP (the "**Lender**") or its registered assigns at its principal office or any other office that Lender designates, on the Maturity Date (as defined in the Term Loan Agreement dated as of [date] (as the same may be amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), between Borrower and Lender), the principal sum of Eight Million Five Hundred Thousand and no/100 Dollars (\$8,500,000), or as much thereof as may be advanced and outstanding thereunder, as the same may be amended from time to time, in lawful money of the United States of America in immediately available funds, and to pay interest from the date hereof on the principal amount thereof from time to time outstanding, in like funds, at said office, at the rate or rates per annum and payable on such dates as provided in the Loan Agreement.

Borrower promises to pay interest on the due dates and at a rate or rates provided in the Loan Agreement.

All borrowings evidenced by this Term Loan Note and all payments and prepayments of the principal hereof and the date thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of Borrower to make the payments of principal and interest in accordance with the terms of this Term Loan Note and the Loan Agreement.

This Term Loan Note is issued in connection with, and is entitled to the benefits of, the Loan Agreement which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for voluntary prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Loan Agreement, all upon the terms and conditions therein specified. THIS TERM LOAN NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS OF TEXAS OR ANY OTHER JURISDICTION.

FIREBIRD RESTAURANT GROUP, LLC

By: _____
Name: _____
Title: _____

EL FENIX CORPORATION

By: _____
Name: _____
Title: _____

FIREBIRD HARRY HINES, INC.

By: _____
Name: _____
Title: _____

FIREBIRD DOWNTOWN, INC.

By: _____
Name: _____
Title: _____

MARTINEZ BROTHERS INVESTMENTS, INC.

By: _____
Name: _____
Title: _____

FIREBIRD RIDGLEA, INC.

By: _____
Name: _____
Title: _____

FIREBIRD MESQUITE, INC.

By: _____
Name: _____
Title: _____

FIREBIRD GRAPEVINE, INC.

By: _____
Name: _____
Title: _____

FIREBIRD ARLINGTON, INC.

By: _____
Name: _____
Title: _____

FIREBIRD LEWISVILLE, INC.

By: _____
Name: _____
Title: _____

FIREBIRD MCKINNEY, INC.

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF SECURITY AGREEMENT

[attached]

EXHIBIT E

COMPLIANCE CERTIFICATE

FOR QUARTER ENDED _____ (THE "SUBJECT PERIOD")

LENDER: Civitas Phoenix Fund, LP

BORROWER: Firebird Restaurant Group, LLC, a Texas limited liability company, El Fenix Corporation, a Texas corporation, Firebird Harry Hines, Inc., a Texas corporation, Firebird Downtown, Inc., a Texas corporations, Martinez Brothers Investments, Inc., a Texas corporation, Firebird Ridglea, Inc., a Texas corporation, Firebird Mesquite, Inc., a Texas corporation, Firebird Grapevine, Inc., a Texas corporation, Firebird Arlington, Inc., a Texas corporation, Firebird Lewisville, Inc., a Texas corporation, and Firebird McKinney, Inc., a Texas corporation

This Compliance Certificate (this "Certificate") is delivered under the Term Loan Agreement (the "Loan Agreement") dated as of _____, 200__, by and between Borrower and Lender. Capitalized terms used in this Certificate shall, unless otherwise indicated, have the meanings set forth in the Loan Agreement. The undersigned hereby certifies to Lender as of the date hereof that: (a) he/she is the _____ of Borrower, and that, as such, he/she is authorized to execute and deliver this Certificate to Lender on behalf of Borrower; (b) he/she has reviewed and is familiar with the terms of the Loan Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of Borrower during the Subject Period; (c) during the Subject Period, Borrower performed and observed each covenant and condition of the Loan Documents applicable to it and no Default or Event of Default currently exists or has occurred which has not been cured or waived by Lender; (d) the representations and warranties of Borrower contained in Article IV of the Loan Agreement, and any representations and warranties of Borrower that are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date; (e) the financial statements of Borrower attached to this Certificate were prepared in accordance with GAAP, and present, on a consolidated basis, fairly and accurately the financial condition and results of operations of Borrower and its Subsidiaries as of the end of and for the Subject Period; (f) the financial covenant analyses and information set forth below are true and accurate on and as of the date of this Certificate; and (g) the status of compliance by Borrower with certain covenants of the Loan Agreement at the end of the Subject Period is as set forth below:

		In Compliance as of End of Subject Period (Please Indicate)	
1.	<u>Financial Statements and Reports</u>		
(a)	Provide annual audited FYE financial statements within 90 days after the last day of each fiscal year.	Yes	No
(b)	Provide monthly financial statements within 30 days after the last day of each month.	Yes	No
(c)	Provide a quarterly Compliance Certificate within 45 days after the last day of each calendar quarter.	Yes	No

2. Net Worth (TNW)
 Minimum of \$4,050,963 at all times on or before the 20th month and \$7,089,186 thereafter (NW is defined as consolidated total stockholders' equity less intangible assets). Yes No

NW= _____

3. Leverage Ratio.
 Maximum of 6.5 to 1.00 (Defined as Indebtedness divided by EBITDA).
 _____ ÷ _____ = _____
 Indebtedness EBITDA Yes No

4. Liquidity.
 Minimum of \$1,000,000 at all times.
 Cash and Cash Equivalentents = \$ _____ Yes Yes

5. Fixed Charge Coverage.
 Minimum of 1.4 to 1.00 (Defined as EBITDA plus operating lease expense plus rent expense divided by Fixed Charges; calculated on a rolling 4-quarter basis). Yes Yes

[Calculations of the covenants described above are attached hereto.]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, _____.

By: _____
 Name: _____
 Title: _____

Civitas Phoenix Fund, LP

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CDRC

CITY OF DALLAS REGIONAL CENTER

Civitas Phoenix Fund, LP

Comprehensive Business Plan

August 30, 2010



Executive Summary

Overview

Civitas Capital Management, LLC ("**Civitas**"), as the exclusive third-party manager for the City of Dallas Regional Center ("**CDRC**"), is submitting to the United States Citizenship and Immigration Service ("**USCIS**") for its review and approval this comprehensive business plan for the Civitas Phoenix Fund, L.P. (the "**Fund**") and the Fund's loan to Firebird Restaurant Group, LLC (the "**Borrower**"). The Fund is being organized under 8 CFR §204.6(m) – Immigrant Investor Pilot Program – and has been established to make an \$8,500,000 subordinated loan (the "**Loan**") to the Borrower.

The Loan proceeds will be used to finance the growth of the Company's restaurant operations, including opening and remodeling seven (7) restaurants in Dallas, Texas. The primary job-creating activity is the construction associated with opening new restaurants, remodeling existing restaurants, and the hiring of new employees at the restaurants. The Borrower, and its primary job-creating activity, will be located within a Targeted Employment Area ("**TEA**") in Dallas, Texas. Per 8 CFR §204.6(f)(ii) – Required Amounts of Capital, due to the Borrower's location within the TEA, the Fund will be capitalized by 17 EB-5 Visa applicant investors, each making a minimum qualifying investment of \$500,000. Based on an econometric study (the "**Economic Study**") conducted by Evans, Carroll & Associates, Inc. ("**Evans Carroll**"), attached hereto as [Appendix C], the Borrower's job-creating activity is projected to generate 294 total jobs, 75% more than the minimum requirement of 170 jobs.

The Commercial Enterprise

The Borrower was formed in 2008 to acquire El Fenix Restaurants ("**El Fenix**" or the "**Company**"). The Borrower has maintained the brand and the existing restaurants, and El Fenix is the Borrower's primary operating subsidiary. El Fenix is the oldest Mexican restaurant chain in the US, and has been credited with inventing TexMex dining. El Fenix has 18 locations within the Dallas-Fort Worth Metroplex, and is regarded as an iconic brand within the region.

The Fund

The Fund is a Texas limited partnership formed to make the Loan to the Borrower. The Loan will be a subordinated loan with an 8% interest rate and a 4-year term. The Fund will be controlled by Civitas, acting as the manager of the CDRC.

Job Creation Activity

The primary job-creating activity is twofold: (a) the construction associated with opening a total of four new restaurants and remodeling a total of three existing restaurants, for a total of seven, and (b) the hiring of new employees at those seven restaurants (collectively, the "**Job-Creating Activity**"). Based on the Economic Study conducted by Evans Carroll, the Borrower's Job-Creating Activity is projected to generate 294 total jobs using the RIMS II final demand multiplier. The purpose of the Loan is to facilitate the Job-Creating Activity in two ways, namely (a) to directly finance a portion of the capital expenditures related to the Job-Creating Activity, and (b) replacing a high-interest mezzanine loan with much less expensive EB-5 debt, thereby increasing the Borrower's internally generated cash flow, which will be

applied to the Job-Creating Activity. The sources and uses of funds related to the Job-Creating Activity are as follows:

SOURCES AND USES OF FUNDS FOR JOB CREATING ACTIVITY	
<i>SOURCES</i>	
Loan from Civitas Phoenix Fund, LP	\$8,500,000
Borrower's internally generated cash flow	\$1,432,400
TOTAL SOURCES OF FUNDS	\$9,932,400
<i>USES</i>	
Refinance existing loan	\$5,400,000
Restaurant capital expenditures - funded by loan from Civitas Phoenix Fund, LP	\$3,100,000
Restaurant capital expenditures - funded by Borrower's internal cash flow	\$1,432,400
TOTAL USES OF FUNDS	\$9,932,400

Note: Total projected savings from refinancing existing loan is \$2.3 million

The Fund – Civitas Phoenix Fund, LP

The Fund is organized by Civitas Phoenix Fund GP, LP, a Texas limited partnership (the “**General Partner**”), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the “**Manager**”). The Fund is established to make an \$8,500,000 subordinated loan to the Borrower, for the purpose of financing the growth of the Company’s restaurant operations, including opening and remodeling 7 restaurants in TEAs within the Regional Center. The Loan will be unconditionally guaranteed by Mr. Michael D. Karns, the Borrower’s managing member and CEO of El Fenix.

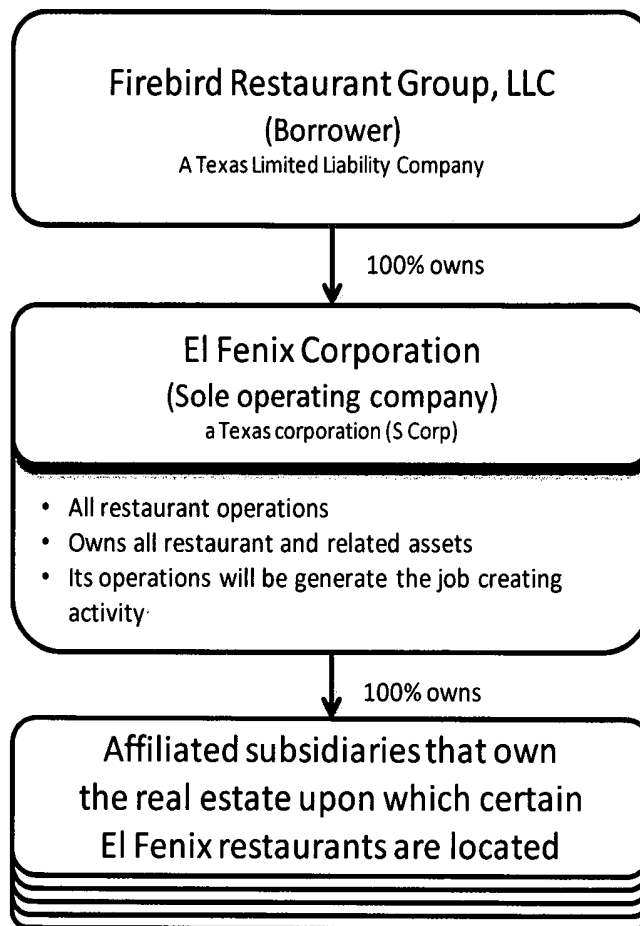
The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a “regional center,” as such term is defined at 8 CFR §204.6(e), approved under the USCIS’ Immigrant Investor Pilot Program as provided in 8 CFR §204.6(m). The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the “**City of Dallas**”). The USCIS approval letter for the CDRC under the Immigrant Investor Pilot Program is attached as **[Appendix A]**.

The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of direct, indirect and/or induced jobs. The Fund’s strategy for meeting the job-creation requirement is described in detail below.

Business Overview

Firebird Restaurant Group

Firebird Restaurant Group, the Borrower, was formed in 2008 by Mr. Michael Karns to acquire El Fenix. The Borrower is a Texas limited liability company, and its sole operating company is El Fenix. El Fenix owns the real estate for several of its locations, and utilizes a single purpose entity ownership structure for each of these locations to facilitate its ownership. The Borrower and El Fenix have the same headquarters, which is located within the City of Dallas in a TEA. The Borrower’s headquarters are located at 11075 Harry Hines Boulevard, Dallas, Texas 75229. The Borrower’s organizational documents are attached as [Appendix B]. The following graphic summarizes the relationship between the Borrower and El Fenix.

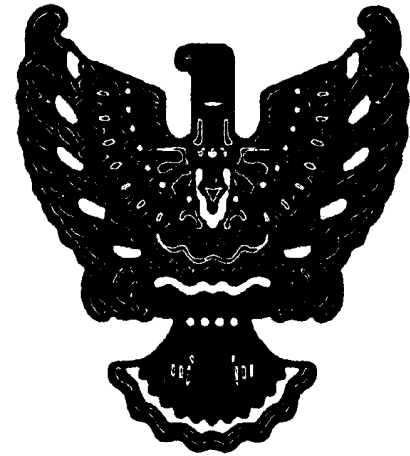


A graphic depicting the full corporate legal structure is attached as [Appendix G].

El Fenix Restaurants

Background

El Fenix was originally founded in 1918 and is the oldest chain of Mexican restaurants in the United States. Recognized by The Food Network as the “childhood home” of TexMex style dining, the company has 18 locations in the Dallas-Fort Worth Metroplex. The El Fenix concept features fresh, high-quality and flavorful foods served TexMex style in a casual full service atmosphere. The extensive varieties of Mexican dishes are moderately-priced, innovative, and authentic, and are served for lunch and dinner seven days-a-week. The company also offers certain branded food products for retail sale at each location, through its website (www.elfenix.com) and selected regional grocery chains.

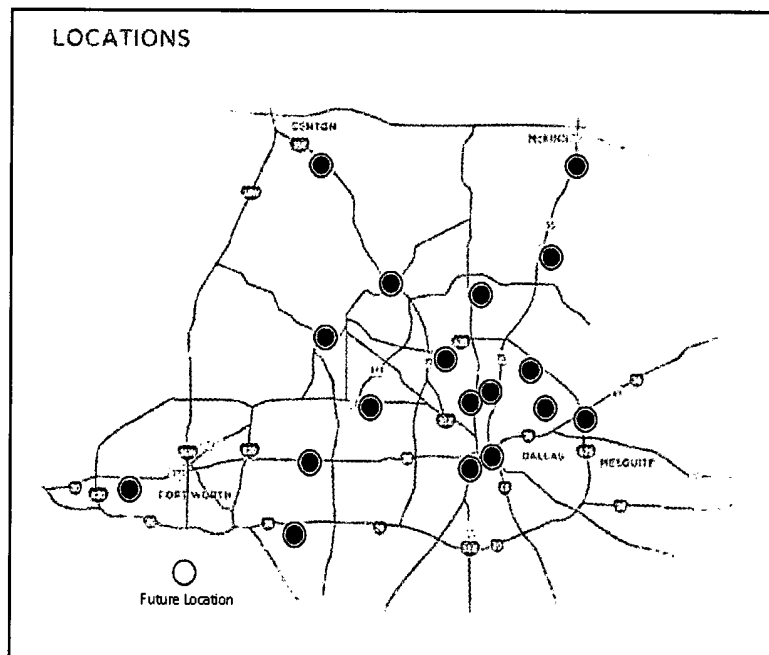


Proven Operating Platform

El Fenix has developed and continues to refine extensive operating procedures and systems which have sustained the brand since 1918 and allow the Company to operate consistently in each of its stores. Time-tested procedures allow the Company to consistently maximize the service and quality of the dining experience. These procedures are essential to the continued success of existing locations and provide new locations with a high probability of success, consistent with past stores. The Company has developed a proven and easily repeatable model.

Locations

El Fenix currently has 18 locations (8 owned and 10 leased), three of which have been opened since El Fenix was acquired in 2008. El Fenix offers stability and a long tenure, having been a tenant for an average of over 30 years in eight of its ten leased locations. El Fenix has received numerous awards and recognitions from many publications, including *The Dallas Morning News*, the *Dallas Observer*, *Nation’s Restaurant News*, and *The Ultimate Guide to Tex-Mex in Dallas – D Magazine*.



Management Team

Michael D. Karns, Owner and Chief Executive Officer. Mr. Karns, a Dallas native, began his career in 1987 at Highland Park Bank with a desire to learn the commercial real estate lending business. His next move was directly into retail real estate brokerage. After just three years at one of the leading brokerage firms in Dallas, Karns was honored with both of the company’s most prestigious awards, “Top Producer” and “Most Deals.” By the following year, he formed Karns Commercial Real Estate, Inc. Specializing in tenant representation, Karns completed 365 lease and sale transactions for a single company. Karns secured all locations for CiCi’s Pizza over a 10-year period. Beginning with 12 local restaurants, Karns expanded CiCi’s Pizza into a national brand with nearly 400 locations. Mr. Karns served as acting Director of Real Estate for CiCi’s Pizza, reporting directly to the President. He teamed together and worked closely with other key department heads including construction, operations, marketing, distribution, and accounting. Applying his in-depth market knowledge of over 20 states and in the midst of \$200 million in real estate brokerage transactions, he then formed The Karns Development Companies. Acquisition and development of retail properties have spanned multiple states and investments exceed \$130 million.

Gregory T. Cook, Chief Financial Officer. Mr. Cook has over twenty years experience at the senior executive level, in the consumer products, telephony, high technology and restaurant industries in both public and privately held companies. Mr. Cook spent nine years in the vision care industry, building one firm from the ground up and serving as President of Foster Grant, building the firm into one of the largest optical companies in the world. Prior to the acquisition of El Fenix, Mr. Cook spent four years as CFO with a CiCi’s pizza franchisee where he and a small team grew the company from 11 stores to 89 locations in nine states. Mr. Cook has completed over 25 M&A transactions with an aggregate value of \$480 million. Additionally he has negotiated and structured loans and public equity in excess of \$550 million. His achievements also include aggregate revenue growth in excess of 350% and income improvements in excess of \$45 million.

John McBride Jr., Chief Operating Officer. John McBride Jr. has grown up in the restaurant business. He is a member of the Martinez family (great-grandson of El Fenix founder Mike Martinez) and spent his early years working in all aspects of the family business. After graduating from SMU, John managed Andrews Restaurants (a popular Cajun restaurant chain in Dallas) and then in 1990, moved to New York City and owned and operated two TexMex concepts. In 1999, he sold his business and became managing partner of Rosa Mexicano Lincoln Center. In 2004, he returned to Dallas and to the family business – El Fenix –as Executive Vice-President of Operations. He currently serves as COO of El Fenix.

Michael Dailey, Chief Development Officer. Mr. Dailey has thirty years of construction management experience in design/build projects ranging from big box construction and retail finish out to luxury custom residential. Nine of those years were spent as the Principal for Details Construction, Inc. Mr. Dailey has a proven record of successful management in all phases of the construction process – from concept to completion – on time and under budget. Ashley/Karns/Baker Properties, LLC recognized

these valuable attributes and asked Mr. Dailey to represent their interests exclusively as Vice President of Construction and Development. There he led a \$9 million renovation of a former Target location in California, with five National Credit Tenant Improvements – all from his office in Dallas – saving \$2MM in costs over the entire project. The project was completed in just eight months and then sold. His success as Vice President of Ashley/Karns/Baker Properties, LLC led him to become Chief Operating Officer of Karns Commercial Real Estate, where he is responsible for financial management, property closings, property management and TI work for company owned buildings. Mr. Dailey is also an integral leader of Firebird Restaurant Group, owner of El Fenix Corporation, where he serves as Chief Development Officer. Mr. Dailey provides direction in marketing, construction, property management, design and development.

Robert E. Morrison, General Counsel. Mr. Morrison has over thirty years experience in the practice of business and transactional law. Over the last several years, his practice has primarily focused on counseling management and owners of business enterprises and leading teams of lawyers and support staff in connection with transactions involving the acquisition, disposition, financing and restructuring of business enterprises and the relationships among the owners of those enterprises. Total value involved in the various transactions on which Mr. Morrison has been lead counsel exceeds \$1 billion. Mr. Morrison began his legal career as an officer in the United States Air Force, after which he joined the Texas law firm of Brown McCarroll, L.L.P. In 2008, after representing Mike Karns in connection with the acquisition of El Fenix Corporation, Mr. Morrison became “of counsel” to Brown McCarroll, L.L.P. and general counsel for El Fenix Corporation and its affiliates.

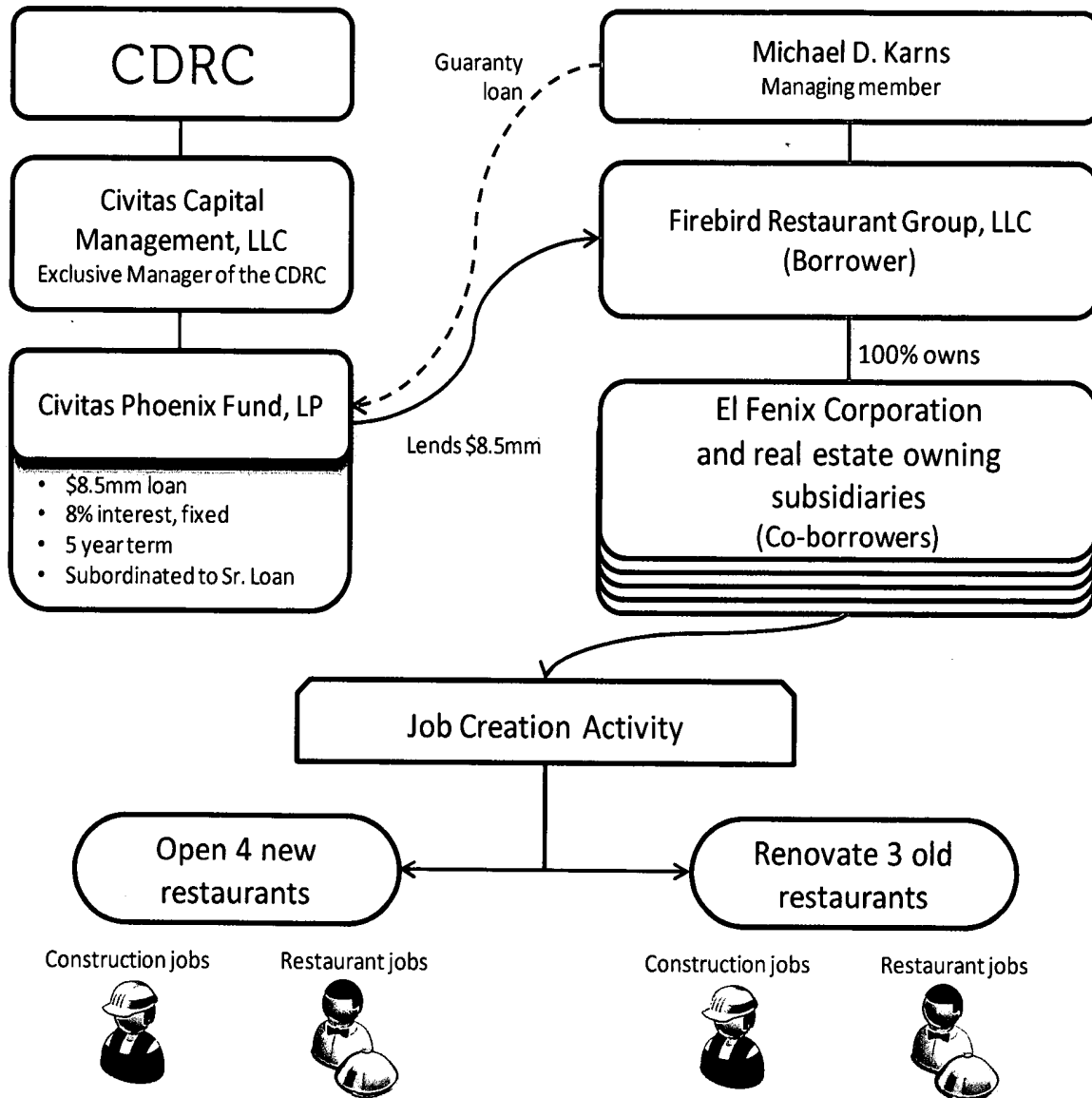
The Brand

El Fenix is a restaurant brand that transcends time and its regional competition, and has been doing so for over 90 years. The success of the job creation activity is supported by the regional identification of the El Fenix brand.



Investment Overview

The Fund is established to make an \$8,500,000 subordinated loan to the Borrower, for the purpose of financing the growth of El Fenix’s restaurant operations, including opening and remodeling seven (7) restaurants all located in a TEA within the City of Dallas Regional Center. The following chart summarizes the transaction.



Loan Structure

As was previously mentioned, the Borrower under the loan is Firebird Restaurant Group, LLC, which owns El Fenix Corporation, which in turn operates the El Fenix restaurants. In order to enhance the Loan's security position for the EB-5 investors, Civitas is requiring that the Borrower provide El Fenix Corporation and its real estate owning subsidiaries as additional co-borrowers under the Loan documents. This will obligate these subsidiaries to repay the loan and provide the EB-5 investors with a direct secondary claim on these entities.

It is important to note that all of the restaurant operations and job creating activity will be generated by El Fenix Corporation, which owns and operates the existing restaurants and will own and operate the new restaurants described in this business plan. No EB-5 funds will be diverted to the real estate-owning subsidiaries, which have no employees or operations, and which solely exist to own the real estate where certain of the El Fenix restaurants are located. A graphic depicting the full corporate legal structure is attached as [Appendix G].

Investment Summary

The following table summarizes the investment and the job creating activities that will satisfy the EB-5 job creation requirements.

Investment Summary	
Restaurant Brand	El Fenix Restaurants (www.elfenix.com)
Restaurant Type	Full service and quick service.
Locations	18 existing locations throughout the Dallas Fort Worth Metroplex
Job Creating Activity	<p>The primary job-creating activity is the construction associated with remodeling 3 existing restaurants and opening 4 new restaurants, and hiring new employees at the restaurants, as described.</p> <p><u>Renovate 4 Existing Locations:</u></p> <ol style="list-style-type: none"> 1. Casa Linda: 255 Casa Linda Plaza, Dallas, TX 75218 2. Downtown: 1601 McKinney, Dallas, TX 75202 3. Oak Cliff: 120 E. Colorado Blvd, Dallas, TX 75203 <p><u>Open 4 New Locations</u></p> <ol style="list-style-type: none"> 1. 1918: 2209 Caroline St., Dallas, TX 75202 2. New Full Service Restaurant: within TEA of the regional center 3. Quick Service Restaurant 1: within TEA of the regional center 4. Quick Service Restaurant 2: within TEA of the regional center
Projected Job Creation	294, per the Economic Study by Evans Carroll, using RIMS II multiplier

SUMMARY OF JOB CREATING RESTAURANT LOCATIONS									
Name	Square Feet	Restaurant type	Location	Located in TEA	City	State	Cap Ex	RIMS II Job Creation	Seating Capacity
1918 (new)	10,602	Full service	2209 Caroline St.	Yes	Dallas	Texas	\$ 1,985,400	137	260
El Fenix (new)	6,500	Full service	TBD in TEA	Yes	Dallas	Texas	1,197,000	78	210
Quick Serve 1 (new)	4,000	Quick service	TBD in TEA	Yes	Dallas	Texas	450,000	35	100
Quick Serve 2 (new)	4,000	Quick service	TBD in TEA	Yes	Dallas	Texas	450,000	32	100
Downtown Remodel	17,532	Full service	1601 McKinney Ave.	Yes	Dallas	Texas	150,000	6	550
Casa Linda Remodel	7,298	Full service	255 Casa Linda Plz.	Yes	Dallas	Texas	150,000	4	250
Oak Cliff Remodel	7,401	Full service	120 East Colorado Blvd.	Yes	Dallas	Texas	150,000	3	250
Total	57,333		7 Restaurants				\$ 4,532,400	294	1,720

Summary Terms of the Loan

The following is a brief summary of the terms of the Loan.

Loan Amount	\$8,500,000
Job Creation Purpose	The purpose of the Loan is to create new full-time jobs for U.S. workers by providing Borrower with financing that enables it to improve existing restaurant locations and expand into new locations (the "Job Creation Purpose"), all within the City of Dallas, Texas, and specifically within the Targeted Employment Area located therein. To that end, Borrower shall be permitted to use the proceeds of the Loan to (a) directly fund a portion of the expenditures related to the Job Creation Purpose, to include capital expenditures on the properties listed above, and (b) refinance existing mezzanine loan indebtedness, so as to replace the existing high-interest financing with lower-interest financing from Lender and thereby free up Borrower's cash flow for use in connection with the Job Creation Purpose.
Collateral	All equity interests in Borrower
Guaranty	Personal guaranty from Michael D. Karns
Interest Rate	8.0% total rate; 5.0% paid current quarterly in arrears, and 3.0% accrued and payable at maturity
Term	Four years
Amortization	None, the loan is interest only
Priority	The Loan will be subordinated to a \$24.5 million senior loan.
Financial Covenants	<ol style="list-style-type: none"> 1. Total debt to EBITDA shall not exceed a ratio of 6.5 to 1.0 2. Fixed Charge Ratio of 1.4 to 1 3. Net Worth of the Borrower must equal or exceed \$4,050,963, which is equal to a 20% discount to the calculated Net Worth (calculation defined below) as of December 31, 2009, per the Borrower's financial statements. 4. Minimum Liquidity Covenant of \$1,000,000 in cash held by the Borrower. 5. Net Worth of the Borrower must increase by 140% within 2 years of the Loan's closing. Borrower's Net Worth as of December 31, 2009 was \$5,063,744. Accordingly, the Minimum Net Worth Increase shall be $140\% * \\$5,063,744 = \\$7,089,186$.

Market Analysis

Home to more than six million people, Dallas-Fort Worth is the fourth most populous metropolitan area in the U.S., behind only New York, Los Angeles and Chicago. Dallas is consistently one of the country's leaders in terms of both job and population growth. In fact, the city has added 100 new jobs per day for the last 50 years. The reasons for the relocation into Dallas are many – an ideal location in the middle of the country, a low-cost / high quality of life and a pro-business government are just a few. We invite you to discover why more and more companies, families and individuals decide to make Dallas their home each day.

- Strategic Location:** Dallas is four hours or less by air from every major North American market. The Dallas – Fort Worth International Airport (DFW) is the world's 3rd busiest airport by flight volume, serving 56 million passengers annually, including 5.1 million international passengers in 2009. DFW has direct flights to 142 domestic and 38 international destinations. Nearly 9% of all U.S. domestic connecting passengers use DFW. DFW is served by 18 passenger and 12 cargo carriers and is the home base for American Airlines.
- Great Business Climate:** One of the world's largest city economies (14th according to PricewaterhouseCoopers), the Dallas region is a leading corporate headquarters center boasting: 23 Fortune 500 companies, 46 Fortune 1000 companies, and 19 companies on the Forbes 2009 list of America's largest private companies. In all, there are 259 Dallas-based headquarters operations that employ at least 1,000 people globally. Recent headquarters relocations include: AT&T, Comerica, Fluor, Research in Motion (RIM) and Hostess Brands. According to KPMG, Dallas' business costs are the sixth lowest among the 25 largest world business cities (2010).
- International City:** Over a million local residents were born in another country including 738,000 from Latin America, 230,000 from Asia and over 50,000 from Africa and Europe each. The DFW Customs District's foreign trade was \$52.9 billion in 2008. This represents a 46% increase in five years. Local businesses support over 20 chambers of commerce and business associations dedicated to regions and countries in Asia, Europe, Africa and Latin America. Dallas has an extensive and growing international media industry with print, internet, and broadcasting resources serving many of the over 200 languages spoken in local homes and schools.
- Low Cost of Living:** According to the ACCRA Cost of Living Index, the cost of living in Dallas is 9.2% lower than the U.S. average. An annual salary of \$50,000 in Dallas is equivalent to \$109,751 in New York, \$90,582 in San Francisco, \$81,164 in Los Angeles, and \$60,164 in Chicago.
- Infrastructure:** All major North American markets are within 4 hours by air; 98% of the US population is accessible by rail and 35% by truck within 48 hours. The Dallas Area Rapid Transit system will rank as America's 2nd largest light rail system by the end of 2010. There are 5 interstate highways within the Dallas City limits. The Dallas' water supply is adequate to

accommodate the next 50 years of growth. As the location for AT&T’s headquarters and Texas Instrument’s headquarters, Dallas is a key telecom and technology hub. Broadband access is available for the entire city.

- **Favorable Tax Structure:** Texas was ranked 43rd among 50 states in total state and local tax burden in 2008. Texas has no state income tax, and Dallas has no city income tax. Where Dallas residents pay 0% of their annual income to the state, California residents pay 9.3%, and New York residents pay 6.85%.
- **Home Prices:** According to the US National Association of Realtors, median existing home price in the Dallas metro area is \$141,900 (Q2/2010) and is 5th lowest among the 20 largest U.S. metro areas. U.S. average is \$166,120. The price of a typical middle-management home (2,200 SF, 4 bedrooms, 2 car garage) in Dallas is \$330,000. The cost of the same home is \$1.4 million in San Francisco, \$1.3 million in Los Angeles, \$1 million in New York, and \$768,300 in Chicago.
- **Arts, Culture and Recreation:** Dallas is home to the largest urban arts district in the U.S (68 acres). Located in the heart of downtown Dallas, the district is anchored by the newly completed AT&T Performing Arts Center, comprised of world-class theatre and opera venues, as well as the Morton H. Meyerson Symphony Center, Dallas Museum of Art, and Nasher Sculpture Center. Over 400 public parks in Dallas alone, and over 30 lakes and reservoirs can be found in the Dallas area. Approximately 150 private and municipal golf courses in the area mean that a tee-time can always be had.
- **Education:** Dallas offers excellent public and private school districts. Several prominent universities, both public and private, as well as one of the highest-quality and most comprehensive community college districts in the nation, are located in the Dallas area. Two of the top public high schools in the nation in 2010 are Dallas Independent School District’s School for The Talented and Gifted (#1) and School of Science and Engineering (#4). There are 25 universities in the region and 30% of the regional population has a bachelor’s degree or higher.
- **Climate:** Sub tropical with hot summers and mild winters. Annual number of sunny/partly sunny days is 223 and average annual snowfall is 2.6”
- **Sports and Leisure:** Dallas has professional teams in all five major sports: Dallas Cowboys in the NFL, Dallas Mavericks in the NBA, Texas Rangers in the MLB, Dallas Stars in the NHL, and FC Dallas in the MLS.
- **Restaurants:** Dallas boasts more restaurants per capita than any other U.S. city.
- **Shopping:** Dallas has the highest number of shopping centers per capita in the U.S. – more than double the national average. The Dallas area is one of the largest retail markets in the nation.

Competitive Position of the Borrower

El Fenix is a restaurant brand that transcends time and its regional competition, and has been doing so for over 90 years. However, as is the case with most well-established businesses, new ideas and strategies are critical in order to realize continued success and increased profitability. Owned and operated by the Martinez family from 1918 until 2008, El Fenix was ready for new ideas. Purchased by the Borrower in early 2008 for \$34.5M, El Fenix has seen an immediate transformation from the business model of years past into a blooming and lucrative restaurant chain. Acquired for its well established yet underutilized brand and expansion potential, the business has already experienced a tremendous increase in profitability. The new owners have increased EBITDA by nearly 50% when comparing 2008 and 2009 figures, and based on the trailing 12 months performance ending July 2010, El Fenix shows a 76% increase over 2008 EBITDA. In addition to this economic growth, management is taking advantage of a rare time to gain significant market share by expanding the El Fenix brand throughout the North Texas area. In fact, three new restaurant locations have been opened since the acquisition of the chain, and further expansion plans include the renovations and new locations described elsewhere herein.



Competitive Analysis

El Fenix restaurants are located throughout North Texas. The Dallas Fort Worth Metroplex is known for having a high concentration of restaurants, resulting in fierce competition locally and across the region. In fact, Dallas has more restaurants per capita than any other U.S. city. Despite this competition, El Fenix has maintained its operations for over 91 years. The following table summarizes several of El Fenix's direct competitors.

COMPETITIVE ANALYSIS												
Name	El Fenix	Chuy's	Mi Cocina	El Chico's	On the Border	Panchos	Uncle Julio's	Cartina Laredo	Jalapeño Tree	Posados	Local Owner Occupied	
Average Revenue per store (\$ mm)	\$2.20	\$5.00	\$4.00	\$1.50	\$3.50	\$1.25	\$5.00	\$2.50	\$1.75	\$2.20	\$0.75	
Locations	18	20	15	100	160	24	16	33	16	14	Various	
Average ticket	\$10.50	\$16.00	\$16.00	\$10.50	\$15.00	\$9.00	\$16.00	\$16.00	\$12.00	\$14.00	\$9.00	
Alcohol %	0.06	0.25	0.25	0.07	0.15	0	0.2	0.2	0.12	0.15	0.05	
Menu	Tex Mex	Tex Mex/Drinks / Singles / Young Adults	Upscale Tex Mex	Tex Mex	Tex Mex / Fajitas	Tex Mex Buffet	Tex Mex / Singles / Young Adults	Upscale Tex Mex	Tex Mex / Fajitas	Tex Mex / Fajitas	Tex Mex / Taqueria	
Target Customer where are their customers located	Families / Suburbs // North Dallas	Suburbs / North Dallas	Upper Income / Suburbs / North Dallas	Families / Suburbs / North Dallas	All / Suburbs / North Dallas	Lower income families	Suburbs / North Dallas	Upper Income / Suburbs / North Dallas	Families / Small Towns	Families / Suburbs / North Dallas	Neighborhood families / Hispanic Neighborhoods	
Strengths	Invented Tex/Mex / Tradition // Brand / Consistency / low food cost / less fajitas	Fun / Festive / Bar	High Profile / Pioneered up-scale Tex Mex	Tradition / Brand	Pioneered fajita driven concept in a chain restaurant / large advertising budget	Price / Value	Fun / Festive / Bar	El Chico's owners version of upscale Tex Mex (i.e. Mi Cocina)	Value	Value	Price / Locations	
Weaknesses	Perceived as tired	Loud/Bar environment not attractive to all guests	Expensive	Perceived as old / Poor food quality / Closest Competitor	Mass produced food/Large chain	Poor food quality / Buffet	Loud / Bar environment not attractive to all guests	Perceived as expensive/El Chico's under a different brand	small market locations	poor food quality / high cost of goods sold	small neighborhood specific guest base	
Notes												

Job Creation

As previously mentioned, the primary job-creating activity is twofold: (a) the construction associated with opening and remodeling a total of seven new and existing restaurants, and (b) the hiring of new employees at those seven restaurants. The following section describes the job creating activity at each location and the total jobs projected to be created. All restaurant locations are within a Dallas TEA, and the Borrower is required to located the El Fenix New Store and the two Quick Serve stores in a Dallas TEA. The economic impact of the investment was determined by Evans Carroll and is presented in the Economic Study attached hereto as [Appendix C]. **The summary findings can be found on page 4 of the Economic Study.**

TOTAL JOB CREATION - PER EVANS CARROLL ECONOMIC STUDY								
Name	Restaurant type	Square Feet	Location	Located in TEA	City	State	Capital Expenditure	Year 2 Revenues
1918	Full service	10,602	2209 Caroline St.	Yes	Dallas	Texas	\$ 1,985,400	\$ 3,900,000
El Fenix - New Store	Full service	6,500	Dallas TEA	Yes	Dallas	Texas	1,197,000	2,200,000
Quick Serve 1	Quick service	4,000	Dallas TEA	Yes	Dallas	Texas	450,000	1,008,333
Quick Serve 2	Quick service	4,000	Dallas TEA	Yes	Dallas	Texas	450,000	916,667
[1] Downtown Remodel	Full service	17,532	1601 McKinney Ave.	Yes	Dallas	Texas	150,000	138,122
[1] Casa Linda Remodel	Full service	7,298	255 Casa Linda Plaza	Yes	Dallas	Texas	150,000	69,677
[1] Oak Cliff Remodel	Full service	7,401	120 East Colorado Blvd.	Yes	Dallas	Texas	150,000	59,567
Total	7 Restaurants	57,333					\$ 4,532,400	\$ 8,292,366
[2] RIMS II Final Demand Multiplier (per \$ million in capital expenditure / revenue)							10.155	29.91
Number of New Jobs								
							46	248
							Construction	Restaurant
TOTAL NEW JOBS								294

Notes:

- [1] Amounts represent incremental sales increases over existing revenue.
- [2] RIMS II Final Demand Multiplier per Evans Carroll Economic Study; Page 4 - Tabulation of Principal Results, Table A.

Remodeling Existing / Opening New Restaurants

The following table summarizes the job creating impact the remodeling of existing stores and opening of new stores will have. The economic impact was determined by Evans Carroll using USCIS approved methodology and is presented in the Economic Study attached hereto as [Appendix C]. **The summary findings can be found on page 4 of the Economic Study.**

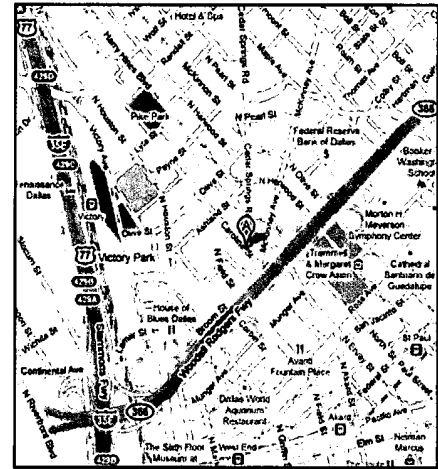
TOTAL CONSTRUCTION JOB CREATION - PER EVANS CARROLL ECONOMIC STUDY						
Name	Restaurant type	Location	Located in TEA	City	State	Capital Expenditure
1918	Full service	2209 Caroline St.	Yes	Dallas	Texas	\$ 1,985,400
El Fenix - New Store	Full service	TBD in TEA	Yes	Dallas	Texas	1,197,000
Quick Serve 1	Quick service	Dallas TEA	Yes	Dallas	Texas	450,000
Quick Serve 2	Quick service	Dallas TEA	Yes	Dallas	Texas	450,000
Downtown Remodel	Full service	1601 McKinney Ave.	Yes	Dallas	Texas	150,000
Casa Linda Remodel	Full service	255 Casa Linda Plz.	Yes	Dallas	Texas	150,000
Oak Cliff Remodel	Full service	120 East Colorado Blvd.	Yes	Dallas	Texas	150,000
Total	7 Restaurants					\$ 4,532,400
[1] RIMS II Final Demand Multiplier (per \$ million in capital expenditure)						10.155
Number of New Jobs						46.1

Notes:

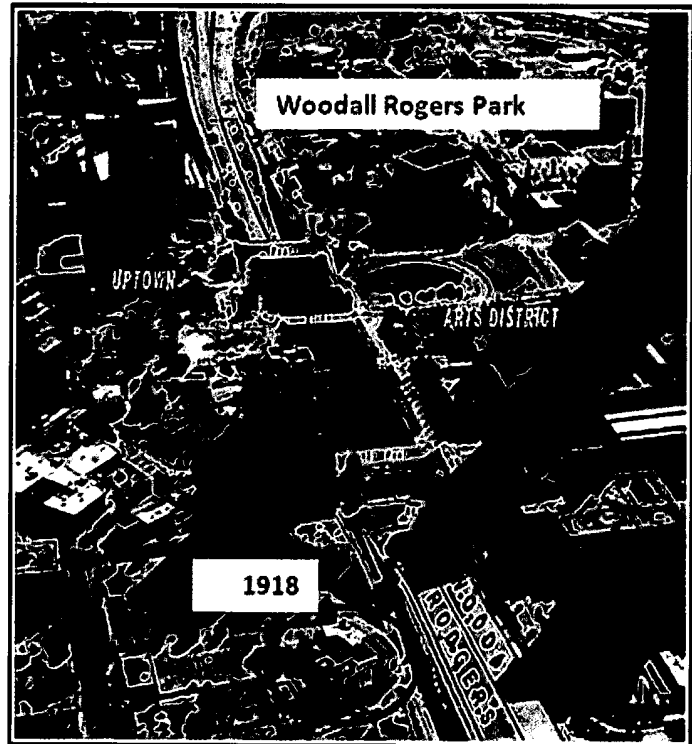
[1] = RIMS II Final Demand Multiplier per Evans Carroll Economic Study; Page 4 - Tabulation of Principal Results, Table A

1918

El Fenix is creating a new, more contemporary restaurant concept called 1918. 1918 is named after the year that El Fenix was originally founded, and is targeting consumers seeking a unique evening and nightlife experience. The restaurant will be located in the historic Luna Tortilla building, which is adjacent to El Fenix’s downtown location. Due to its historic designation, the renovation will include maintaining the façade. Features include a restaurant, an upstairs bar, and an interior courtyard that will help create a unique experience. In addition, the potential success of 1918 will be increased due to the tourist activity created in downtown Dallas by the Super Bowl in February 2011, and its proximity to the new Woodall Rogers Park currently under construction (early 2012 completion).

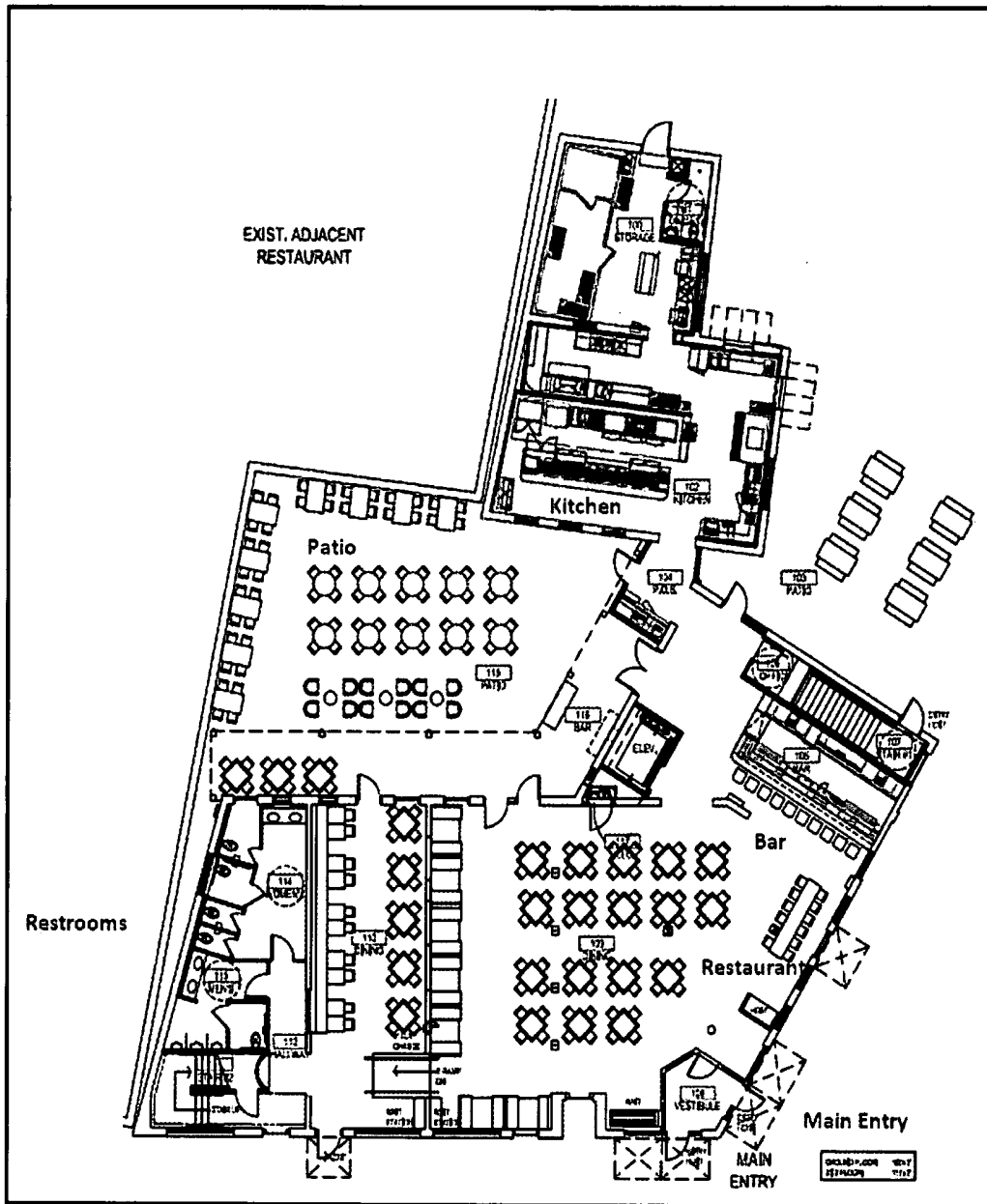


The following table summarizes 1918’s construction budget. Construction began in July 2010 in anticipation of the Loan’s closing, and the project is approximately 10% complete at this writing.



Summary Budget - 1918	
Item	Amount
General Requirements	\$147,500
Site Work	\$161,900
Concrete	\$28,000
Masonry	\$21,800
Metals	\$47,900
Carpentry	\$156,000
Moisture Protection	\$31,000
Doors & Windows	\$68,000
Finishes	\$119,700
Specialties	\$36,600
Equipment	\$240,000
Furnishings	\$350,000
Special Construction	\$2,000
Conveying Systtems	\$40,000
Mechanical	\$222,000
Electrical	\$313,000
Start Up Costs	\$217,000
GRAND TOTAL	\$2,202,400
Less: Start Up Costs	(\$217,000)
Net Capital Expenditure	\$1,985,400

The following is a fixture plan for the first floor of 1918.



New Full Service Restaurant

El Fenix is planning on opening a new full service restaurant in a TEA within the CDRC in the **3rd Quarter of 2011**. **While the final location of the restaurant is still being determined, the Borrower has agreed as a covenant of the Loan that the restaurant will be located within a TEA within the CDRC¹**. The following photographs are indicative of a typical El Fenix restaurant.



El Fenix will be leasing the space for this restaurant. Based on the Borrower’s extensive experience, the projected budget for opening the location is as follows.

<i>Summary Budget - El Fenix New Store</i>	
Item	Amount
General Requirements	\$91,320
Site Work	\$77,000
Concrete	\$25,500
Metals	\$4,500
Carpentry	\$80,000
Moisture Protection	\$34,500
Doors & Windows	\$47,900
Finishes	\$104,600
Specialties	\$65,040
Equipment	\$282,640
Furnishings	\$100,000
Mechanical	\$119,100
Electrical	\$164,900
Start Up Costs	\$53,000
GRAND TOTAL	\$1,250,000
Less: Start Up Costs	(\$53,000)
Net Capital Expenditure	\$1,197,000

¹ Section 5.12 of the Term Loan Agreement (p. 21) states that, “In addition, the Qualifying Jobs must be created at the locations specified in Schedule 5.12, which locations shall all within the City of Dallas, Texas, and specifically within the Targeted Employment Area located therein and described in Schedule 1.1 hereto.” Schedule 5.12 lists the restaurant locations previously referenced in the Comprehensive Business Plan. Schedule 1.1 references the TEA Approval letter, which is attached as [Appendix D] – TEA Study. Failure to comply with this covenant constitutes an Event of Default under the Loan.

Quick Service Restaurants 1 & 2

As part of its expansion strategy, El Fenix will initiate the roll-out of a new quick serve restaurant (QSR) concept consistent with the El Fenix brand. The QSRs will provide the same TexMex cuisine that El Fenix is known for, but with minimal table service and customers placing their orders at a counter instead of being taken by a waiter. Similar concepts include Texas de Brazil Express, Panda Express, Taco Cabana, and Tin Star. The menu will provide El Fenix’s noteworthy items such as enchiladas and tacos, but will not have as broad a selection as its full service menu. El Fenix is planning on opening the QSRs in a TEA within the CDRC in the 1st quarter of 2012. While the final locations of the QSRs are still being determined, the Borrower has agreed as a covenant of the Loan that the restaurant will be located within a TEA in the regional center². The projected capital expenditures associated with opening a QSR is \$450,000. The following table summarizes the costs of each store.

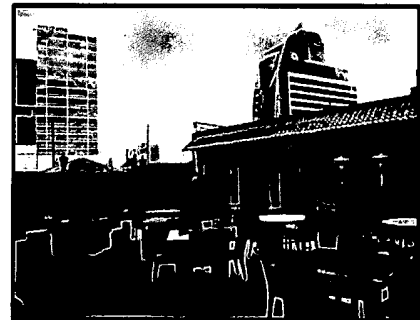
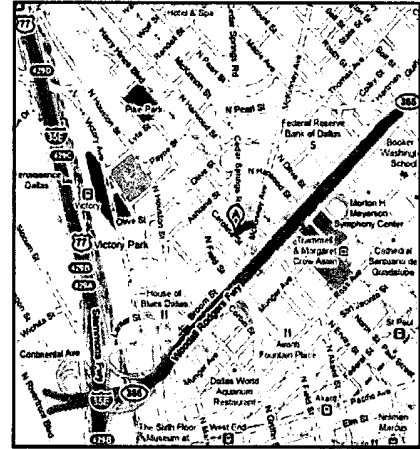
Projected Capital Expenditures Quick Service Restaurants	
Quick Service Restaurant 1	\$450,000
Quick Service Restaurant 2	\$450,000
Total	\$900,000

² Section 5.12 of the Term Loan Agreement (p. 21) states that, “In addition, the Qualifying Jobs must be created at the locations specified in Schedule 5.12, which locations shall all within the City of Dallas, Texas, and specifically within the Targeted Employment Area located therein and described in Schedule 1.1 hereto.” Schedule 5.12 lists the restaurant locations previously referenced in the Comprehensive Business Plan. Schedule 1.1 references the TEA Approval letter, which is attached as [Appendix D] – TEA Study. Failure to comply with this covenant constitutes an Event of Default under the Loan.

Downtown Remodel

The El Fenix restaurant located at 1601 McKinney in downtown Dallas resides on 70,242 square feet of land and contains a two story building with a net lease area of 17,532 square feet. The building was constructed in 1966 and is wood frame with a concrete beam foundation, and the restaurant can seat 500 people. Zoning is for industrial, manufacturing or distribution purposes.

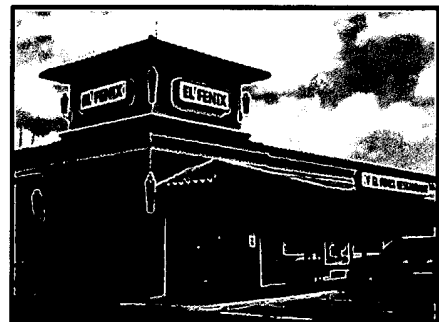
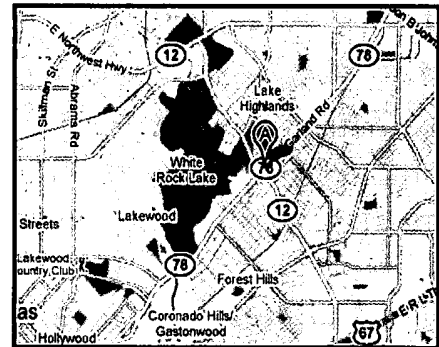
The Company's landmark and oldest fee location is in downtown Dallas in the new Victory Park district, a \$3 billion master-planned development that includes the American Airlines Center (home of the Dallas Mavericks NBA basketball and the Dallas Stars NHL hockey teams), the Perot Museum of Nature & Science currently under construction, and a 33-story W Hotel. At full build-out, Victory Park will contain more than 4,000 residences and 4 million square feet of office and retail space. El Fenix's flagship restaurant location is situated in this vibrant area, and has consistently been the top grossing restaurant for the company. **The restaurant is being remodeled in the 1st quarter 2012 to update the interior finish out and replace seating.** The following budget summarizes the construction costs associated with the remodeling.



<i>Summary Budget - Downtown Remodel</i>	
Item	Amount
Construction - General	\$22,300
Construction - Electrical	\$12,200
Construction - Painting	\$28,000
Construction - Plumbing	\$3,500
Construction - Flooring	\$3,500
Furniture	\$75,000
Décor	\$5,500
Total Capital Expenditure	\$150,000

Casa Linda Remodel

The El Fenix restaurant located at 255 Casa Linda Plaza in east Dallas is a 7,298 square foot leased restaurant that sits within Casa Linda Plaza, which, built in 1945, is the second oldest shopping center in Dallas. El Fenix opened this restaurant in March, 1956. The shopping center was recently restored and renovated back to its original grandeur by the landlord. The restaurant's location benefits from tremendous traffic counts, a densely populated area surrounding it, significant barriers to entry and an increasing disposable income in the surrounding area. Situated on three of four corners at the intersection of Garland Rd. and Buckner Blvd, Casa Linda Plaza serves some of Dallas' best established neighborhoods including Lake Highlands, Forest Hills and Lakewood. Casa Linda Plaza also benefits from its close proximity to the Doctor's Hospital, White Rock Lake, which is Dallas' largest public park, and the Dallas Arboretum. The restaurant seats 225 patrons.



The restaurant is being remodeled in the 3rd quarter of 2011 to update the interior finish out and replace seating. The following budget summarizes the construction costs associated with the remodeling.



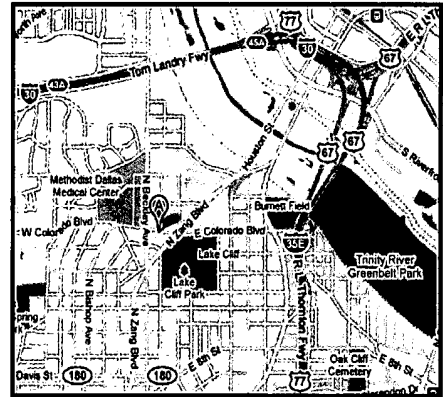
<i>Summary Budget - Casa Linda Remodel</i>	
Item	Amount
Construction - General	\$22,300
Construction - Electrical	\$12,200
Construction - Painting	\$28,000
Construction - Plumbing	\$3,500
Construction - Flooring	\$3,500
Furniture	\$75,000
Décor	\$5,500
Total Capital Expenditure	\$150,000

Oak Cliff Remodel

The El Fenix restaurant located at 120 E. Colorado in the Oak Cliff section of Dallas resides on 53,208 square feet of land and contains a one story building with a net lease area of 7,401 square feet. The building was constructed in 1948 and is wood frame with a concrete slab foundation. Zoning is for commercial service. The restaurant is located in the vibrant neighborhood of north Oak Cliff, and is within walking distance of Methodist Dallas Medical Center and Lake Cliff Park, a major community gathering place. The restaurant seats 225 patrons.

The restaurant is being remodeled in the 1st quarter 2012 to update the interior finish out and replace seating. The following budget summarizes the construction costs associated with the remodeling.

<i>Summary Budget - Oak Cliff Remodel</i>	
Item	Amount
Construction - General	\$22,300
Construction - Electrical	\$12,200
Construction - Painting	\$28,000
Construction - Plumbing	\$3,500
Construction - Flooring	\$3,500
Furniture	\$75,000
Décor	\$5,500
Total Capital Expenditure	\$150,000



Operating the new and remodeled restaurants

Please Note: the Fund is using the RIMS II final demand multiplier for restaurants in order to calculate total job creation relating to the operations of the restaurants. The following table summarizes the job creation associated with operating the restaurants. This economic impact was determined by Evans Carroll and is presented in the detailed Economic Study attached hereto as [Appendix C]. The summary findings can be found on page 4 of the Economic Study.

TOTAL RESTAURANT JOB CREATION - PER EVANS CARROLL ECONOMIC STUDY						
Location:	Square Feet	Revenue Forecast Year 1	Revenue Forecast Year 2	Revenue Forecast Year 3	Revenue Forecast Year 4	Revenue Forecast Year 5
1918 (new)	10,602	460,000	3,900,000	3,900,000	3,900,000	3,900,000
El Fenix (new)	6,500	550,000	2,200,000	2,200,000	2,200,000	2,200,000
Quick Serve 1 (new)	4,000	-	1,008,333	1,100,000	1,100,000	1,100,000
Quick Serve 2 (new)	4,000	-	916,667	1,100,000	1,100,000	1,100,000
[1] Downtown Remodel	17,532	-	138,122	276,244	276,244	276,244
[1] Casa Linda Remodel	7,298	-	69,677	69,677	69,677	69,677
[1] Oak Cliff Remodel	7,401	-	59,567	59,567	59,567	59,567
Total Sales	57,333	1,010,000	8,292,366	8,705,488	8,705,488	8,705,488
[2] RIMS II Final Demand Multiplier (per \$ million in revenue)			29.96			
Number of New Jobs			248			

Notes:

- [1] Amounts represent incremental sales increases over existing revenue.
- [2] RIMS II Final Demand Multiplier per Evans Carroll Economic Study; Page 4- Tabulation of Principal Results, Table A.

In terms of the staff required to operate the job creating restaurants, the following table summarizes the projected hiring schedule for employees at the restaurant.

CUMULATIVE DIRECT HIRING PROJECTIONS									
Location	Total	Q1 Year 1	Q2 Year 1	Q3 Year 1	Q4 Year 1	Q1 Year 2	Q2 Year 2	Q3 Year 2	Q4 Year 2
1918	60	60	60	60	60	60	60	60	60
El Fenix - New Store	78	-	-	78	78	78	78	78	78
Quick Serve 1	35	-	-	-	-	35	35	35	35
Quick Serve 2	32	-	-	-	-	32	32	32	32
Downtown Remodel	6	-	-	-	-	6	6	6	6
Casa Linda Remodel	4	-	-	4	4	4	4	4	4
Oak Cliff Remodel	3	-	-	-	-	3	3	3	3
Total	217	60	60	142	142	217	217	217	217

Job Descriptions

Job descriptions for each of the new positions to be created at the seven restaurants are summarized in the tables below.

<i>JOB DESCRIPTIONS - 1918</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
General Manager	1	Manages restaurant; supervises Managers and Kitchen Mangers	Hired 12 weeks prior to opening	\$75,000/yr.
Executive Chef	1	Manages Kitchen and designs food and menus	Hired 12 weeks prior to opening	\$75,000/yr.
Manager	3	Assists GM with front of the house operations	Hired 12 weeks prior to opening	\$40,000/yr.
Sous Chef	2	Assists GM with back of the house operations	Hired 3 weeks prior to opening	\$40,000/yr.
Event Manager	1	Manages cooks	Hired 2 weeks prior to opening	\$40,000/yr.
Bartender	5	Manages bar and prepares drinks	Hired 1 week prior to opening	\$9.00/hr
Waiters	14	Attends to guest, takes orders and delivers food	Hired 1 week prior to opening	\$12.00/hr
Busboy	10	Clears dirty dishes and cleans tables	Hired 1 week prior to opening	\$8.00/hr
Cooks	11	Prepares food	Hired 1 week prior to opening	\$8.75/hr
Hostess	4	Seats guests	Hired 1 week prior to opening	\$12.00/hr
Dishwasher	4	Washes dishes	Hired 1 week prior to opening	\$12.00/hr
Doormen	2	Manages front door	Hired 1 week prior to opening	\$9.00/hr
Expeditor	2	Delivers foods and works front of the house operations	Hired 1 week prior to opening	\$9.00/hr
Total	60			

In addition to these full time positions there are an additional 15 part time positions

<i>JOB DESCRIPTIONS - EL FENIX NEW STORE</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
General Manager	1	Manages restaurant; supervises Managers and Kitchen Mangers	Hired 4 weeks prior to opening	\$40,000/yr.
Manager	1	Assists GM with front of the house operations	Hired 3 weeks prior to opening	\$35,000/yr.
Kitchen Manager	1	Assists GM with back of the house operations	Hired 3 weeks prior to opening	\$36,000/yr.
Assistant Kitchen Manager	1	Manages cooks	Hired 2 weeks prior to opening	\$9.50/hr
Bartender	1	Manages bar and prepares drinks	Hired 1 week prior to opening	\$9.00/hr
Waiters	10	Attends to guest, takes orders and delivers food	Hired 1 week prior to opening	\$9.00/hr
Busboy	6	Clears dirty dishes and cleans tables	Hired 1 week prior to opening	\$7.25/hr
Cooks	5	Prepares food	Hired 1 week prior to opening	\$8.75/hr
Hostess	2	Seats guests	Hired 1 week prior to opening	\$8.00/hr
Cashiers	2	Collects payments	Hired 1 week prior to opening	\$8.00/hr
Dishwasher	2	Washes dishes	Hired 1 week prior to opening	\$7.25/hr
Total	32			

In addition to these full time positions there are an additional 10 part time positions

<i>JOB DESCRIPTIONS - QUICK SERVE 1</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
General Manager	1	Manages restaurant; supervises Managers and Kitchen Mangers	Hired 4 weeks prior to opening	\$40,000/yr.
Manager	1	Assists GM with front of the house operations	Hired 3 weeks prior to opening	\$35,000/yr.
Kitchen Manager	1	Assists GM with back of the house operations	Hired 3 weeks prior to opening	\$36,000/yr.
Expeditor	3	Delivers foods and works front of the house operations	Hired 1 week prior to opening	\$9.00/hr
Busboy	2	Clears dirty dishes and cleans tables	Hired 1 week prior to opening	\$7.25/hr
Cooks	3	Prepares food	Hired 1 week prior to opening	\$8.75/hr
Cashiers	2	Collects payments	Hired 1 week prior to opening	\$8.00/hr
Dishwasher	2	Washes dishes	Hired 1 week prior to opening	\$7.25/hr
Total	15			

In addition to these full time positions there are an additional 6 part time positions

<i>JOB DESCRIPTIONS - QUICK SERVE 2</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
General Manager	1	Manages restaurant; supervises Managers and Kitchen Mangers	Hired 4 weeks prior to opening	\$40,000/yr.
Manager	1	Assists GM with front of the house operations	Hired 3 weeks prior to opening	\$35,000/yr.
Kitchen Manager	1	Assists GM with back of the house operations	Hired 3 weeks prior to opening	\$36,000/yr.
Expeditor	3	Delivers foods and works front of the house operations	Hired 1 week prior to opening	\$9.00/hr
Busboy	2	Clears dirty dishes and cleans tables	Hired 1 week prior to opening	\$7.25/hr
Cooks	3	Prepares food	Hired 1 week prior to opening	\$8.75/hr
Cashiers	2	Collects payments	Hired 1 week prior to opening	\$8.00/hr
Dishwasher	2	Washes dishes	Hired 1 week prior to opening	\$7.25/hr
Total	15			

In addition to these full time positions there are an additional 6 part time positions

<i>JOB DESCRIPTIONS - DOWNTOWN REMODEL</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
ONLY INCREMENTAL JOBS				
Waiters	4	Attends to guest, takes orders and delivers food	Hired 1 week prior to completion of remodel	\$9.00/hr
Total	4			

<i>JOB DESCRIPTIONS - CASA LINDA REMODEL</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
ONLY INCREMENTAL JOBS				
Waiters	2	Attends to guest, takes orders and delivers food	Hired 1 week prior to completion of remodel	\$9.00/hr
Total	2			

<i>JOB DESCRIPTIONS - OAK CLIFF REMODEL</i>				
Position Title	No. of Positions	Job Description	Hiring Schedule	Salary
ONLY INCREMENTAL JOBS				
Waiters	2	Attends to guest, takes orders and delivers food	Hired 1 week prior to completion of remodel	\$9.00/hr
Total	2			

Ongoing Operations

El Fenix currently operates seven restaurants within the Dallas City limits. All of these locations hold the permits listed below. The company is knowledgeable and adept in the process and procedure to obtain these permits. Additionally El Fenix is in good standing with all local and state permitting authorities.

- **BUILDING PERMIT:** Electrical, mechanical, plumbing, inspections
- **TABC:** Mixed Beverage or private club permit
- **TABC:** Seller permit
- **COMPTROLLER OF PUBLIC ACCOUNTS:** Sales and use tax permit
- **DALLAS COUNTY:** Liquor permit billed through TABC
- **CITY OF DALLAS:** Liquor permit billed through TABC
- **CITY OF DALLAS:** Alarm Permit
- **CITY OF DALLAS:** Occupancy Permit
- **DEPARTMENT OF HEALTH:** Food handler permit
- **DEPARTMENT OF HEALTH:** Health Permit

Financial Projections

The loan proceeds will be used to finance the growth of the Company's restaurant operations, including opening and remodeling 8 restaurants in Dallas, Texas. The following tables summarize El Fenix's projections for the next five years.

Income Statement

Income Statement

	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Total Restaurant Sales	49,073,010	57,135,100	74,533,324	98,916,657	125,316,657
Food Cost Of Goods Sold	9,842,457	11,459,451	14,948,972	19,839,479	25,134,465
Bar Cost Of Goods Sold	809,705	942,729	1,229,800	1,632,125	2,067,725
Total Cost Of Goods Sold	10,652,162	12,402,181	16,178,772	21,471,604	27,202,190
	21.71%	21.71%	21.71%	21.71%	21.71%
Total Payroll Expense	14,780,682	17,208,965	22,449,272	29,793,477	37,745,099
Total Bonus Expense	672,809	783,343	1,021,879	1,356,184	1,718,137
Total Utilities	2,368,887	2,758,066	3,597,925	4,774,975	6,049,374
Total Insurance	480,704	559,677	730,105	968,956	1,227,562
Total Occupancy Expense	5,604,313	6,452,855	8,285,845	10,904,592	13,737,719
Total Computer Expenses	101,138	117,754	153,611	203,864	258,274
Total Advertising	823,671	958,980	1,251,013	1,660,278	2,103,391
Total Other Expenses	4,476,583	5,212,030	6,799,146	9,023,465	11,431,750
	9.12%	9.12%	9.12%	9.12%	9.12%
Restaurant EBITDA	9,112,062	10,681,238	14,065,758	18,759,262	23,843,161
	18.57%	18.69%	18.87%	18.87%	19.03%
Corporate/Commissary Expenses	(4,131,925)	(4,631,925)	(5,131,925)	(5,631,925)	(6,131,925)
Corporate Sales Profit/(Loss)	43,259	43,259	43,259	43,259	43,259
Luna/1918 Profit/(Loss)	150,000	500,000	500,000	500,000	500,000
Franchise Profit/(Loss)	-	-	-	-	-
Real Estate Profit	2,532,320	2,532,320	2,532,320	2,532,320	2,532,320
	0.00%	0.00%	0.00%	0.00%	0.00%
Total EBITDA	7,705,716	9,124,892	12,009,412	16,202,916	20,786,815
	15.70%	15.97%	16.11%	16.38%	16.59%
Interest Income - Taxable	-	-	-	-	-
CD Early Withdrawal Penalty	-	-	-	-	-
Interest Expense	2,440,537	2,338,711	2,610,223	2,771,050	2,658,781
Depreciation Total	1,792,205	2,086,642	2,722,045	3,612,554	4,576,713
Tax - State Franchise	123,803	144,143	188,036	249,551	316,154
(Gain) Loss On Asset	-	-	-	-	-
Start Up Cost New Openings	1,050,000	750,000	1,500,000	1,800,000	1,800,000
Refinance Transaction Fees	2,380,000	30,000	30,000	30,000	-
	4.85%	0.05%	0.04%	0.03%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
Total Net Profit/(Loss)	(80,830)	3,775,397	4,959,109	7,739,761	11,435,167
	-0.16%	6.61%	6.65%	7.82%	9.13%

Balance Sheet

Balance Sheet

Assets	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Current Assets					
Cash	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000
Accounts Receivable	28,438	33,110	43,192	57,323	72,622
Inventory	531,811	619,182	807,729	1,071,974	1,358,075
Other Assets	935,329	1,088,992	1,420,601	1,885,346	2,388,529
Total Current Assets	2,925,578	3,171,284	3,701,522	4,444,643	5,249,226
Total Fixed Assets - Schedule	41,145,177	45,597,478	52,013,264	59,447,205	66,142,909
Total Assets	44,070,756	48,768,762	55,714,786	63,891,848	71,392,135
Liabilities And Equity					
Current Liabilities					
Accounts Payable	1,909,465	2,223,167	2,900,144	3,848,916	4,876,159
Accrued Liabilities	3,010,151	3,510,151	4,010,151	4,510,151	5,010,151
Total Current Liabilities	4,919,616	5,733,318	6,910,295	8,359,068	9,886,310
Notes Payable	35,208,113	33,782,536	37,262,848	39,288,700	37,725,903
Total Liabilities	40,127,729	39,515,854	44,173,143	47,647,768	47,612,213
Equity					
Dividends For Tax	6,351,500	6,270,670	10,046,067	15,005,176	22,744,937
Dividends per terms of current senior loan	(818,217)	(793,160)	(1,963,533)	(3,500,856)	(5,900,182)
Net Income	(1,509,427)	-	(1,500,000)	(3,000,000)	(4,500,000)
Total Equity	(80,830)	3,775,397	4,959,109	7,739,761	11,435,167
Total Liabilities & Capital	3,943,027	9,252,908	11,541,643	16,244,081	23,779,921
Total Liabilities & Capital	44,070,756	48,768,762	55,714,786	63,891,848	71,392,135

Cash Flow Statement

Cash Flow

	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Beginning Cash	2,000,000	1,430,000	1,430,000	1,430,000	1,430,000
Cash Flow From Operations					
Net Income - Less transaction fees	2,299,170	3,805,397	4,989,109	7,769,761	11,435,167
Accounts Receivable	(4,737)	(4,672)	(10,082)	(14,130)	(15,299)
Inventory	(86,583)	(87,370)	(188,547)	(264,246)	(286,101)
Prepaid Expenses And Other	(155,795)	(153,663)	(331,609)	(464,745)	(503,183)
Accounts Payable	318,055	313,702	676,977	948,773	1,027,242
Other Short Term Liabilities	500,000	500,000	500,000	500,000	500,000
Depreciation	1,792,205	2,066,642	2,722,045	3,612,554	4,576,713
Cash Flow From Operations	4,660,315	6,460,035	8,357,892	12,087,966	16,734,540
Capital Expenditure	(6,157,700)	(6,538,943)	(9,137,831)	(11,046,495)	(11,272,417)
Organization Cost	0	0	0	0	0
Cash Flow For Development	(6,157,700)	(6,538,943)	(9,137,831)	(11,046,495)	(11,272,417)
Cash Flow From Financing					
Notes Payable	5,085,029	(1,425,576)	3,480,311	2,025,852	(1,562,797)
Purchase Price Adjustment	0	0	0	0	0
Transaction and Exit Fees	(2,380,000)	(30,000)	(30,000)	(30,000)	0
Cash Flow From Financing	2,705,029	(1,455,576)	3,450,311	1,995,852	(1,562,797)
Dividends For Tax	(368,217)	25,057	(1,170,373)	(1,537,324)	(2,399,326)
Dividends per terms of loans	(1,409,427)	1,509,427	(1,500,000)	(1,500,000)	(1,500,000)
Retained Earnings Adjustment	0	0	0	0	0
Total Cash Flow	(570,000)	0	0	0	0
Ending Cash	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000

Calculation of Net Worth

Increase in Net Worth

Total Assets
 Total Liabilities
 Net Worth
Increase in Net Worth from FYE 2009

	Fiscal Year End 2009	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4
	39,241,709	44,070,766	48,766,762	55,714,786	63,891,848
	34,178,005	40,127,729	39,515,854	44,173,143	47,647,768
	5,063,704	3,943,027	9,252,908	11,541,643	16,244,081
		-22%	83%	128%	221%

Total Debt and Store Count

Debt

	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Capital One Rate	24,500,000 6.50%	23,900,000 6.50%	23,300,000 6.50%	22,700,000 6.50%	22,100,000 6.50%
Interest Expense	1,592,500	1,553,500	1,514,500	1,475,500	1,436,500
Equipment Loan Rate	2,208,113 7.61%	1,382,536 7.61%	5,462,848 7.61%	8,088,700 7.61%	7,125,903 7.61%
Interest Expense	168,037	105,211	415,723	615,550	542,281
Civitas Rate	8,500,000 8.00% [2]	8,500,000 8.00%	8,500,000 8.00%	8,500,000 [1] 8.00%	8,500,000 8.00%
Interest Expense	680,000	680,000	680,000	680,000	680,000
Total Debt	35,208,113	33,782,536	37,282,848	39,288,700	37,725,903
Interest Expense	2,440,537	2,338,711	2,610,223	2,771,050	2,658,781
Incremental Debt	5,085,029	(1,425,576)	3,480,311	2,025,852	(1,562,797)

Notes:

[1] = Debt is assumed to be refinanced at the end of year 4. Total senior and EB-5 Debt is \$31.2 million, which is 1.9x Year 4 EBITDA. This is a very low leverage loan and would have a high probability of sourcing in the marketplace.

[2] = Actual interest rate is structured to be 5% paid current and 3% deferred to maturity. Financial projections assume all 8% is paid current, a more conservative approach.

Store Count, Sales, Cap Ex

	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Store Count - Includes 1918	24	30	40	52	64
New Stores - Includes 1918	5	6	10	12	12
El Fenix Restaurant Sales	49,073,010	57,135,100	74,533,324	98,916,657	125,316,657
Cap Ex	6,157,700	6,538,943	9,137,831	11,046,495	11,272,417

TEA Qualification

The Borrower and all seven restaurants that will create the aforementioned jobs are or will be located in a targeted employment area (as such term is defined at 8 CFR §204.6(e), a “**TEA**”) within the CDRC. The Borrower’s headquarters are located at 11075 Harry Hines Boulevard, Dallas, Texas 75229. The Manager commissioned Evans Carroll to conduct an analysis of census tracts within the CDRC (the “**TEA Study**”) in order to document whether the Fund’s Loan to the Borrower qualifies for the \$500,000 minimum investment under EB-5 Program rules, rather than the standard \$1MM. The Governor of Texas has delegated the authority to designate TEAs to the mayors of local towns and cities, and in accordance with the TEA Study, Mayor Tom Leppert has designated certain contiguous Dallas census tracts as TEAs. Based on the results of the TEA Study, a true and correct copy of which is attached as [Appendix D], the Borrower is located in a TEA and, therefore, investors in the Fund are permitted to participate in the EB-5 Program by investing a minimum of \$500,000. Accordingly, the minimum investment in the Fund is \$500,000.

Approved Industry Cluster for Investment

As described in the CDRC Approval Letter attached hereto as [Appendix A], the CDRC is approved to invest in twelve industry clusters. The Fund’s Term Loan(s) to the Borrower is a permitted investment because it falls into the following approved industry cluster:

- Media, Entertainment & Amenities. This cluster includes food and drink establishments, as set forth in the tables attached to Appendix A. The Borrower is a new commercial enterprise headquartered within the CDRC. Its restaurant activities will be managed from its Dallas headquarters within the aforementioned TEA. In addition, all of the job creating activities will be located within the CDRC.

Ongoing Investment Management

Civitas will manage the Fund and asset manage the Loan on behalf of the EB-5 investors. Civitas will provide timely, accurate information to all stakeholders, including its investors, Borrower, partners and the City of Dallas, in the same manner and at the same level of quality as a top-tier institutional investment firm, to ensure that the investment, the investors, and the CDRC remain in compliance with EB-5 Program regulations. Civitas will maintain a close relationship with the Borrower to timely monitor and verify that the necessary jobs are being created at a rate that will meet the twenty (20)-month window, an affirmative obligation of the Borrower that is expressly set forth in the Term Loan Agreement. Civitas will conduct such verification on an aggressive basis, in order to ensure that EB-5 Program requirements are satisfied, and to oversee the loan and performance of the Borrower as contemplated by the Term Loan Agreement. As is documented in the Term Loan Agreement, Civitas has negotiated strong safeguards to ensure it can timely obtain documentation of Borrower’s operating

performance and creation of jobs in alignment with the forecast of the RIMS II final demand multiplier study of Evans Carroll. For example, Section 5.1 of the Agreement states Borrower's Affirmative Covenant to provide financial reports of its operations as well as specific documents evidencing the construction and remodeling associated with the seven restaurants, I-9s completed at hiring, state and federal wage and tax withholding reports, etc., "without limitation," at the request of Civitas. Civitas intends to manage the loan performance and the performance of the job-creation obligation professionally, to ensure that the projected jobs are timely created, or will be created within a reasonable time, as permitted by the statute and regulations governing the EB-5 program.

Organization of the Fund

The Fund, a Texas limited partnership, is designed specifically for investment by non-U.S. citizens seeking to immigrate to the United States and is intended to serve as a qualifying investment through a "Regional Center" approved under the USCIS EB-5 Program. This offering is for limited partner interests in the Fund (the "*Interests*"), for up to a maximum aggregate amount of \$8,500,000. The minimum investment by an investor in the Fund (a "*Limited Partner*") is \$500,000 (the "*Subscription Amount*"). The Fund's Private Placement Memorandum and Limited Partnership Agreement are attached hereto as [Appendix E].

Contribution of Funds

Each person subscribing for an Interest in the Fund must deliver his/her Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund. Distributions from the escrow account will begin once a minimum of number of I-526 Petitions have been approved such that the aggregate Subscription Amounts of the approved I-526 Petitions is greater than or equal to \$8,500,000. The Fund's Subscription Escrow Agreement is attached hereto as [Appendix F].

Appendix A

CDRC Approval Letter



U.S. Citizenship
and Immigration
Services

September 8, 2009

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

File No. W09000080

Application: Request for Designation as a Regional Center
Applicant(s): Karl Zavitkovsky

Re: City of Dallas Regional Center

Pursuant to Section 610 of the Appropriations Act of 1993, on December 3, 2008 Karl Zavitkovsky submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the City of Dallas Regional Center.

Based on its review and analysis of your proposal, and of your response to the USCIS Request For Evidence, USCIS hereby designates City of Dallas Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The City of Dallas Regional Center shall have a geographic scope which includes the entire City of Dallas, Texas.

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: business development including equity funding/financing and loaning capital.

The Regional Center for EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following 12 target industry economic clusters:

1. Advanced Building Components and Systems
2. Food Manufacturing
3. Headquarters, Management and Administrative Operations

4. Instruments Manufacturing
5. Information Technology Services
6. Logistics, Trade and Commerce
7. Media, Entertainment & Amenities
8. Telecommunications
9. Transportation Equipment Manufacturing & Assembly
10. Energy, Clean Tech and Environment
11. Human Health, Education & Wellness
12. Building, Development & Infrastructure

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area.

The geographic focus of this area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the State of Texas, as defined in 8 CFR 204.6(e). Therefore, the minimum capital investment threshold for any individual immigrant investment into an approved commercial enterprise throughout the Regional Center shall be not less than \$500,000, if the investment target is located within a TEA or \$1,000,000 if it is located outside of a TEA. No debt arrangement will be acceptable unless it is secured by assets owned by the alien entrepreneur. A full capital investment must be made and placed at risk.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based.

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the USCIS approved Regional Center narrative proposal and business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.
4. A legally executed copy of the USCIS approved:
 - a. Confidential Private Placement Memorandum;
 - b. Operating Agreement
 - c. Subscription Agreement;
 - d. Limited Partnership Agreement;
 - e. Escrow Agreement; and
 - f. Escrow Instructions

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year¹, commencing with the initial year as follows:

¹ A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.
2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. Be prepared to explain the following:
 - a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.
 - b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.
4. Be prepared to provide:
 - a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
 - i. the petition was filed,
 - ii. was approved,
 - iii. denied, or
 - iv. withdrawn by the petitioner, together with the date(s) of such event.
 - b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
 - c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
 - e. For each alien investor listed in item 4.a., above, identify the following:
 - i. the date(s) of investment in the commercial enterprise;
 - ii. the amount(s) of investment in the commercial enterprise; and
 - iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

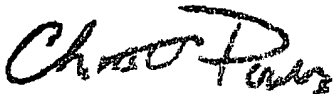
5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:
 - a. received alien investors' capital, and in what aggregate amounts;
 - b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;
 - c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
 - i. The name and address of each "direct" job creating commercial enterprise.
 - ii. The industry category for each indirect job creating investment activity.
6. Be prepared to provide:
 - a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through your Regional Center.
 - b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.
7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.
10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:
 - a. a detailed written explanation for the inactivity,
 - b. a specific plan which specifies the budget, timelines, milestones and critical steps to:
 - i. actively promote your Regional Center program,
 - ii. identify and recruit legitimate and viable alien investors, and
 - iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing, to notify the USCIS within 15 business days at USCIS.ImmigrantInvestorProgram@dhs.gov of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Christina Poulos
Director
California Service Center

cc: Elise A. Healy, Esq.

Appendix B

Organizational Documents

Firebird Restaurant Group, LLC



Office of the Secretary of State

CERTIFICATE OF FILING OF

Firebird Restaurant Group, LLC
File Number: 800935604

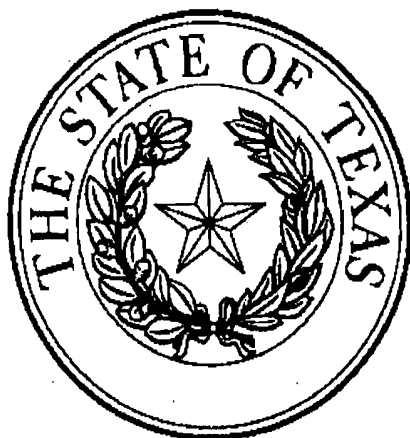
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Limited Liability Company (LLC) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 02/08/2008

Effective: 02/08/2008



A handwritten signature in black ink that reads "Phil Wilson".

Phil Wilson
Secretary of State



Office of the Secretary of State

February 11, 2008

Brown McCarroll, L.L.P.
111 Congress Ave., Ste. 1400
Austin, TX 78701 USA

RE: Firebird Restaurant Group, LLC
File Number: 800935604

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created domestic limited liability company (llc).

Unless exempted, the entity formed is subject to state tax laws, including franchise tax laws. Shortly, ~~the Comptroller of Public Accounts will be contacting the entity at its registered office for information~~ that will assist the Comptroller in setting up the franchise tax account for the entity. The initial franchise tax report will be due a year and 89 days after the effective date of formation. Thereafter, an annual franchise tax report is due each May 15. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>.

The entity formed does not file annual reports with the Secretary of State. Documents will be filed with the Secretary of State if the entity needs to amend one of the provisions in its certificate of formation. It is important for the entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the involuntary termination of the entity.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure

FILED
In the Office of the
Secretary of State of Texas

FEB 08 2008

CERTIFICATE OF FORMATION
OF
FIREBIRD RESTAURANT GROUP, LLC

Corporations Section

1. The filing entity being formed is a limited liability company. The name of the limited liability company is Firebird Restaurant Group, LLC (the "Company").

2. The name of the initial registered agent of the Company and the street address of the Company's initial registered office is set forth below:

<u>Name</u>	<u>Address</u>
Michael D. Karns	4300 N. Central Expressway, Suite 300 Dallas, Texas 75206

3. The Company will not have managers. The Company will be governed by its members, and the name and address of each initial member is set forth below:

<u>Name</u>	<u>Address</u>
Michael D. Karns	4300 N. Central Expressway, Suite 300 Dallas, Texas 75206

4. The purpose for which the Company is formed is for the transaction of any and all lawful purposes for which a limited liability company may be organized under the Texas Business Organizations Code.

5. The name and address of the organizer of the Company is:

<u>Name</u>	<u>Address</u>
Robert E. Morrison	2001 Ross Avenue, Suite 2000 Dallas, Texas 75201

6. This document becomes effective when filed with the Secretary of State.

DATED this 8th day of February, 2008.

ORGANIZER:



Robert E. Morrison

4062446.1
15560.82666



EIN Assistant

Your Progress: 1. Identity ✓ 2. Authenticate ✓ 3. Addresses ✓ 4. Details ✓ 5. EIN (

Congratulations! Your EIN has been successfully assigned.

EIN Assigned: 26-1928860

Legal Name: FIREBIRD RESTAURANT GROUP LLC

Your confirmation letter will be mailed to you. The confirmation letter will be your official IRS notice and will contain important information regarding your EIN. Allow up to 4 weeks for your letter to arrive by mail.

We strongly recommend you print this page for your records.

Click "Continue" to get additional information about using the new EIN.

Continue

Help Topics

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Appendix C

Evans Carroll Economic Study

**Economic Impact of Remodeling, Opening and Operating the
Seven El Fenix Restaurants as part of the Dallas EB-5
Regional Center**

Prepared for:

**Civitas Capital Management, LLC, and the City of Dallas
Regional Center**

Prepared by:

Michael K. Evans

Evans, Carroll & Associates, Inc.

2785 NW 26th St.

Boca Raton, FL 33434

561-470-9035

mevans@evanscarrollecon.com

August, 2010

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1. Executive Summary

- Civitas Capital Management plans to fund the renovation and operation of three existing restaurants, and the construction and operation of four new restaurants, in the El Fenix chain. They will all be located in Dallas, TX.
- The hard construction costs for renovation and construction, according to the developer, will be \$4.532 million. The RIMS II final demand multiplier for construction for the part of the Dallas metropolitan area used to construct the multipliers is 19.05, which would indicate a total of 86 new jobs. However, because these projects will take less than two years, only the indirect and induced jobs can be included in the EB-5 job count. As a result, the multiplier is reduced to 10.15, so the construction expenditures will generate 46 total jobs.
- The total annual restaurant revenues in the second year of operation will be \$8.29 million. This figure represents the total revenues from the four new restaurants and the incremental revenue from renovating the three existing restaurants. The RIMS II final demand multiplier for restaurants in this area is 29.91, so there will be 248 total jobs generated by restaurant operations.
- **As a result, there will be a total of 294 permanent new jobs generated by the renovation, construction, and operation of these restaurants (see Table A for details).**
- The annual increase in output for the project is estimated at \$24.8 million, and the annual increase in earnings is estimated at \$7.0 million.
- The restaurants will be located in a part of Dallas that has already been certified as a Targeted Employment Area, so that each EB-5 participant can invest \$500,000. Thus even allowing for some shortfall in restaurant revenues, more than 25 investors can participate, raising a total of \$12.5 million.

2. Tabulation of Principal Results

If the construction was completed and the restaurants were fully staffed within two and a half years, the number of permanent new jobs created would be as shown in Table A.

Table A. Summary of Revenue and Employment Effects				
Activity	Revenue/ Expenditures	RIMS II Final Demand Mult	Number of New Jobs	NAICS Code
Construction *	4.532	10.155	46	23
Restaurant	8.29	29.91	248	722
Total	12.822		294	
* excluding direct jobs				

If the restaurants were to be fully staffed and operating within two and a half years, the economic impact as measured by household earnings, demand for business services, utilities, maintenance and repair, and new supplier and vendor services would be as shown in Table B.

Table B. Summary Measures of Economic Impact for Construction and Restaurant Operations			
Category	Construction	Restaurant	Total
Household income from:			
Construction jobs	\$1,701,000		\$1,701,000
Restaurants		\$5,336,000	\$5,336,000
Total Household Income	\$1,701,000	\$5,336,000	\$7,037,000
Demand for professional and business support services	\$923,000	\$1,471,000	\$2,394,000
Demand for utility services: electric, natural gas, and water Maintenance and repair	\$124,000	\$339,000	\$463,000

construction	\$44,000	\$99,000	\$143,000
New supplier/vendor relations created with manufacturers	\$1,173,000	\$1,525,000	\$2,698,000
Total of these 4 categories	\$2,264,000	\$3,434,000	\$5,698,000

Household Earnings (Labor Income)

The jobs created by the construction and operation of the restaurants will subsequently create new sources of household income. The household income from construction jobs is about \$1.70 million. The household income from the operations of the restaurants is about \$5.34 million, for an overall total of \$7.04 million. This income calculation comes from the RIMS II input-output model, which measures the average income per job by industry. The model calculations are based on the types of jobs that will be created within the regional center, with indirect/induced impacts allocated based on the types of commodity inputs required by the businesses that would potentially locate in the regional center.

Demand for Business Services, Utilities, Maintenance and Construction, and New Supplier/Vendor Relationships Created with Manufacturers

The total economic impact of the regional center from the supplier purchases and business relationships for the construction and operation of the restaurants will create approximately \$5.70 million in additional economic activity across the region, not including the direct jobs at the restaurants. These supplier purchases are calculated from the indirect increase in output generated by the RIMS II model. It should be noted that some of these supplier industries might potentially locate within the regional center, and their economic output is included in this total.

The estimate of supplier purchases is based on the commodity data in the RIMS II input-output model. This data specifies the amount and type of commodity input needed to maintain specific types of business operations. The model estimates the supplier purchases based on the types of jobs and number of jobs that will be created within the regional center. In addition, the model allocates the supplier purchases to businesses within the region, based on trade flow data from the U.S. Bureau of Economic Analysis.

The regional center will create demand for business services including, professional services, and business services and support services. The impact of this activity totals about \$2.39 million annually.

Utilities include services such as electricity, natural gas, and water and sewer facilities. The economic impact on utility services totals about \$0.46 million.

Maintenance and repair services include some building and construction activity on existing buildings. The regional center would create an economic impact of about \$143,000 within these sectors in the region. Because most of the construction activity is either upfront during building construction or integrated into repair and maintenance services, the economic impact for construction sectors is minimal on an ongoing basis.

New supplier/vendor relationships with manufacturers would create an economic impact of about \$2.70 million. These activities include purchases of locally manufactured goods plus purchased materials used by the restaurants that are produced locally.

3. Introduction and Scope of Work

This report presents an analysis of the economic impact of renovating three existing restaurants, and opening four new restaurants, in the El Fenix chain. All of these restaurants will be operating in Dallas, TX. The three existing restaurants are located at 1601 McKinney Avenue, 255 Casa Linda Plaza, and 120 E. Colorado Blvd. One of the new restaurants will be located at 2209 Caroline St.; the location of the other three restaurants has not yet been determined, but will be located in a targeted employment area within the regional center.

Section (4) presents summary economic statistics for industry occupation and income distribution for Dallas, Collin, Denton, and Tarrant counties, which are then compared to the Texas and overall U. S. statistics. Section (5) presents figures for the level and growth of population, and labor market statistics for 2007-09. Section (6) provides maps for the included counties, and data on the commuting patterns for various counties in the Dallas metropolitan area and shows why the combined area of Dallas, Collin, Denton, and Tarrant counties was chosen for the RIMS II multiplier analysis contained in this report. Section (7) contains a brief description of the RIMS II input/output model and its multipliers.

Section (8) contains the tabular presentation of the increase in employment, output, earnings, output per new worker, and earnings per new worker for the construction and renovation expenditures for these restaurants. All results are presented for the 20 major industrial classifications used in the RIMS II model. Section (9) presents similar tables for the operations of the eight restaurants. Section (10) presents the combined results for both construction and operations.

4. Economic Parameters for Dallas and Neighboring Counties

Table 1. Comparison of Dallas County, the State of Texas, and the U.S.

Category	Dallas	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,800,107	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	1,256,218	69.8%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	1,253,944	69.7%	12,096,927	66.0%	156,225,077	65.4%
Employed	1,180,804	65.6%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	73,140	4.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,274	0.1%	107,625	0.6%	1,240,036	0.5%
Not in labor force	543,889	30.2%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	1,180,804	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	361,086	30.6%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	190,761	16.2%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	304,205	25.8%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	2,340	0.2%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	165,158	14.0%	843,666	10.0%	13,612,976	9.3%
Production & transportation	157,254	13.3%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	1,180,804	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,358	0.5%	334,729	2.9%	2,653,081	1.8%
Construction	139,625	11.8%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	122,134	10.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	44,824	3.8%	378,731	3.3%	4,383,802	3.0%
Retail trade	129,280	10.9%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	68,232	5.8%	664,090	5.8%	7,595,843	5.2%
Information	32,340	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	104,389	8.8%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	154,735	13.1%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	189,666	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	95,132	8.1%	935,378	8.2%	12,904,517	8.8%
Other private services	64,199	5.4%	594,804	5.2%	7,092,352	4.8%
Public administration	29,890	2.5%	480,963	4.2%	6,842,670	4.7%

INCOME AND BENEFITS

Total households	846,928	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	60,339	7.1%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	41,091	4.9%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	108,587	12.8%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	103,004	12.2%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	131,840	15.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	153,078	18.1%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	90,033	10.6%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	86,108	10.2%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	31,972	3.8%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	40,876	4.8%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	47,085	90.5%	50,043	96.2%	52,029	
Mean household income (dollars)	70,273	98.3%	69,324	97.0%	71,498	

Families	555,578	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	25,727	4.6%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	20,056	3.6%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	68,262	12.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	64,052	11.5%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	85,247	15.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	99,834	18.0%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	65,867	11.9%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	66,442	12.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	25,935	4.7%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	34,156	6.1%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	52,576	83.0%	58,765	92.7%	63,366	
Mean family income (dollars)	79,438	95.3%	79,112	94.9%	83,351	
Per capita income (dollars)	26,147	94.8%	25,096	91.0%	27,589	

Median earnings for workers	27,390	91.7%	27,448	91.9%	29,868	
Median earnings for male full-time	35,513	78.0%	41,539	91.2%	45,556	
Median earnings for female full-time	35,465	100.0%	32,530	91.7%	35,471	

PERCENTAGE BELOW POVERTY LEVEL

All families	14.10%	145.4%	12.40%	127.8%	9.70%	
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All people 17.40% 131.8% 15.80% 119.7% 13.20%

Note: in these and similar tables, the percentage figures in black are proportions of the total in that category, while the percentage figures in red are relative to the U.S. figures.

In terms of the occupational distribution of Dallas County, there is a strong manufacturing base, with 10.3% of the workforce engaged in that industry, compared to 9.9% for all Texas and 11.2% for the U. S. At least through 2008, the construction sector had also been quite strong, with 11.8% of the workforce compared to 7.4% nationally. The county has virtually no agriculture or mining (oil drilling). It also has a higher than usual proportion of employees in financial services, 8.8% compared to 6.9% nationally, and professional and administrative services, 13.1% compared to 10.4%. The major shortfalls are in education and health care, 16.1% compared to nationally 21.7%, and public administration, 2.5% compared to 4.7%.

Income distribution is about equal to the national average at the bottom and top of the income scale. However, there is a greater concentration in the near-poverty and lower-middle income levels. For families, 12.3% are in the \$15,000 to \$25,000 bracket, compared to 8.2% nationally, and 11.5% are in the \$25,000 to \$35,000 bracket, compared to 9.1% nationally. As a result, median family income is only 83.0% of the national average; the other income figures are closer to the national average, but are still below in all cases except for the median earnings for full-time female workers. Also as result of this skewed distribution, the poverty rate for families is about 40%, or 4 percentage points, above the national average.

Table 2. Comparison of Collin County, the State of Texas, and the U.S.

Category	Collin	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	570,406	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	425,458	74.6%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	425,304	74.6%	12,096,927	66.0%	156,225,077	65.4%
Employed	407,580	71.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	17,724	3.1%	633,697	3.5%	9,958,824	4.2%
Armed Forces	154	0.0%	107,625	0.6%	1,240,036	0.5%
Not in labor force	144,948	25.4%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	407,580	100.0%	8,401,290	1.0%	146,266,253	100.0%
Management & professional	197,174	48.4%	2,754,223	32.8%	51,064,301	34.9%

Service occupations	50,678	12.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	110,135	27.0%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	539	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	26,095	6.4%	843,666	10.0%	13,612,976	9.3%
Production & transportation	22,959	5.6%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	407,580	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	3,090	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	25,539	6.3%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	45,070	11.1%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	13,301	3.3%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,845	11.5%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	12,901	3.2%	664,090	5.8%	7,595,843	5.2%
Information	20,116	4.9%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	45,620	11.2%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	68,158	16.7%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	65,698	16.1%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	31,161	7.6%	935,378	8.2%	12,904,517	8.8%
Other private services	19,145	4.7%	594,804	5.2%	7,092,352	4.8%
Public administration	10,936	2.7%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	269,484	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	9,816	3.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	6,074	2.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	16,718	6.2%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	17,036	6.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	27,916	10.4%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	44,333	16.5%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	41,223	15.3%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	56,899	21.1%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	25,227	9.4%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	24,242	9.0%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	81,395	156.4%	50,043	96.2%	52,029	
Mean household income (dollars)	101,043	141.3%	69,324	97.0%	71,498	
Families	196,568	100.0%	5,868,201	100.0%	75,030,551	100.0%

Less than \$10,000	3,312	1.7%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	2,948	1.5%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	8,591	4.4%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,430	4.8%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	16,379	8.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	30,783	15.7%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	31,538	16.0%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	48,153	24.5%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	23,402	11.9%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	22,032	11.2%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	95,514	150.7%	58,765	92.7%	63,366	
Mean family income (dollars)	115,029	138.0%	79,112	94.9%	83,351	
Per capita income (dollars)	36,794	133.4%	25,096	91.0%	27,589	
Median earnings for workers	40,994	137.3%	27,448	91.9%	29,868	
Median earnings for male full-time	61,741	135.5%	41,539	91.2%	45,556	
Median earnings for female full-time	45,147	127.3%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	4.70%	48.5%	12.40%	127.8%	9.70%	
All people	6.90%	52.3%	15.80%	119.7%	13.20%	

Collin County is a wealthy "bedroom" suburb of Dallas, although it also has a strong manufacturing base, which employs 11.1% of the workforce, more than the 10.3% for Dallas County and virtually the same as the U. S figure. However, unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.9% to 2.4% for information services, 11.2% to 6.9% for financial services and real estate, and 16.7% to 10.4% for professional services.

The income distribution is clearly skewed toward the higher end. In particular, 11.2% of the families have incomes over \$200,000, double the national figure of 5.6%. At the low end, only 1.7% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family income are both more than

50% above the national average, while poverty rates are only about 50% of U.S. average.

Table 3. Comparison of Denton County, the State of Texas, and the U.S.

Category	Denton	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	478,440	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	364,521	76.2%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	363,632	76.0%	12,096,927	66.0%	156,225,077	65.4%
Employed	346,771	72.5%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	16,861	3.5%	633,697	3.5%	9,958,824	4.2%
Armed Forces	889	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	113,919	23.8%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	346,771	100.0%	8,401,290	100.0%	146,266,253	100.0%
Management & professional	135,901	39.2%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	47,332	13.6%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	100,918	29.1%	2,374,832	28.3%	37,252,708	25.5%
Farming, fishing, & forestry	176	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	30,536	8.8%	843,666	10.0%	13,612,976	9.3%
Production & transportation	31,908	9.2%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	346,771	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	2,414	0.7%	334,729	2.9%	2,653,081	1.8%
Construction	22,153	6.4%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	32,288	9.3%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	12,477	3.6%	378,731	3.3%	4,383,802	3.0%
Retail trade	46,265	13.3%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	19,785	5.7%	664,090	5.8%	7,595,843	5.2%
Information	14,251	4.1%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	35,154	10.1%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	42,631	12.3%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	66,436	19.2%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	28,702	8.3%	935,378	8.2%	12,904,517	8.8%
Other private services	15,060	4.3%	594,804	5.2%	7,092,352	4.8%

Public administration	9,155	2.6%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	209,287	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	6,129	2.9%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	5,499	2.6%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	15,835	7.6%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	15,774	7.5%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	25,636	12.2%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	37,360	17.9%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	33,139	15.8%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	40,358	19.3%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	15,019	7.2%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	14,538	6.9%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	73,544	141.4%	50,043	96.2%	52,029	
Mean household income (dollars)	91,752	128.3%	69,324	97.0%	71,498	
Families	148,108	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	1,453	1.0%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	1,874	1.3%	224,937	3.8%	2,404,943	3.2%
\$15,000 to \$24,999	7,865	5.3%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	9,251	6.2%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	13,229	8.9%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	24,905	16.8%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	26,240	17.7%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	35,504	24.0%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	13,765	9.3%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	14,022	9.5%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	90,329	142.5%	58,765	92.7%	63,366	
Mean family income (dollars)	107,527	129.0%	79,112	94.9%	83,351	
Per capita income (dollars)	32,204	116.7%	25,096	91.0%	27,589	
Median earnings for workers	35,666	119.4%	27,448	91.9%	29,868	
Median earnings for male full-time	52,826	116.0%	41,539	91.2%	45,556	
Median earnings for female full-time	40,988	115.6%	32,530	91.7%	35,471	

**PERCENTAGE BELOW POVERTY
LEVEL**

All families	4.00%	41.2%	12.40%	127.8%	9.70%
All people	6.50%	49.2%	15.80%	119.7%	13.20%

Denton County is another wealthy “bedroom” suburb of Dallas, similar in many respects to Collin County. It does not have quite as strong a manufacturing base, with 9.3% of the workforce employed, compared to 11.2% nationally. Like Collin County and unlike Dallas County, the proportion of the workforce in construction industry is well below the national average. The county also has relatively large proportions of employees in information services, financial services, and professional services. The proportions, compared to the national average figures, are 4.1% to 2.4% for information services, 10.1% to 6.9% for financial services and real estate, and 12.3% to 10.4% for professional services. These figures are all somewhat lower than in Collin County.

The income distribution of Denton County is also clearly skewed toward the higher end. In particular, 9.5% of the families have incomes over \$200,000, compared to the national figure of 5.6%. At the low end, only 1.0% of families are below \$10,000, compared to 4.3% nationally. Hence we would expect to find high income and low poverty levels relative to the national average. In fact, median household and family income are both more than 40% above the national average; that is not quite as high as Collin County, where the figure is over 50%. However, the poverty rates are less than 50% of U.S. average and are even slightly below the rates for Collin County.

Table 4. Comparison of Tarrant County, the State of Texas, and the U.S.

Category	Tarrant	%	Texas	%	United States	%
EMPLOYMENT STATUS						
Population 16 years and over	1,304,081	100.0%	18,317,343	100.0%	238,764,455	100.0%
In labor force	932,043	71.5%	12,204,552	66.6%	157,465,113	65.9%
Civilian labor force	929,560	71.3%	12,096,927	66.0%	156,225,077	65.4%
Employed	877,101	67.3%	11,463,230	62.6%	146,266,253	61.3%
Unemployed	52,459	4.0%	633,697	3.5%	9,958,824	4.2%
Armed Forces	2,483	0.2%	107,625	0.6%	1,240,036	0.5%
Not in labor force	372,038	28.5%	6,112,791	33.4%	81,299,342	34.1%
OCCUPATION						
Civilian employed population 16 +	877,101	100.0%	8,401,290	1.0%	146,266,253	100.0%
Management & professional	295,558	33.7%	2,754,223	32.8%	51,064,301	34.9%
Service occupations	126,724	14.4%	1,617,018	19.2%	25,084,498	17.1%
Sales and office occupations	247,567	28.2%	2,374,832	28.3%	37,252,708	25.5%

Farming, fishing, & forestry	640	0.1%	60,563	0.7%	997,997	0.7%
Construction, maintenance, repair	90,492	10.3%	843,666	10.0%	13,612,976	9.3%
Production & transportation	116,120	13.2%	750,988	8.9%	18,253,773	12.5%
INDUSTRY						
Civilian employed population 16 +	877,101	100.0%	11,463,230	100.0%	146,266,253	100.0%
Agriculture & mining	6,847	0.8%	334,729	2.9%	2,653,081	1.8%
Construction	71,412	8.1%	1,047,921	9.1%	10,777,675	7.4%
Manufacturing	109,542	12.5%	1,138,980	9.9%	16,381,624	11.2%
Wholesale trade	34,877	4.0%	378,731	3.3%	4,383,802	3.0%
Retail trade	101,623	11.6%	1,332,434	11.6%	16,994,717	11.6%
Transportation & utilities	75,563	8.6%	664,090	5.8%	7,595,843	5.2%
Information	23,962	2.7%	248,017	2.2%	3,527,777	2.4%
Finance, insurance & real estate	76,689	8.7%	787,876	6.9%	10,112,239	6.9%
Professional & administrative	86,016	9.8%	1,224,284	10.7%	15,242,426	10.4%
Educational services & health care	149,496	17.0%	2,295,023	20.0%	31,757,530	21.7%
Arts, entertainment, hotel, food svcs	69,723	7.9%	935,378	8.2%	12,904,517	8.8%
Other private services	43,439	5.0%	594,804	5.2%	7,092,352	4.8%
Public administration	27,912	3.2%	480,963	4.2%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	621,777	100.0%	8,422,249	100.0%	113,101,329	100.0%
Less than \$10,000	35,104	5.6%	652,225	7.7%	8,149,557	7.2%
\$10,000 to \$14,999	26,543	4.3%	459,626	5.5%	6,141,047	5.4%
\$15,000 to \$24,999	58,200	9.4%	970,937	11.5%	12,049,123	10.7%
\$25,000 to \$34,999	63,996	10.3%	908,183	10.8%	11,718,207	10.4%
\$35,000 to \$49,999	90,538	14.6%	1,216,085	14.4%	16,028,909	14.2%
\$50,000 to \$74,999	118,267	19.0%	1,526,808	18.1%	21,251,695	18.8%
\$75,000 to \$99,999	83,546	13.4%	1,004,760	11.9%	14,015,215	12.4%
\$100,000 to \$149,999	87,257	14.0%	978,295	11.6%	13,921,120	12.3%
\$150,000 to \$199,999	30,938	5.0%	355,103	4.2%	4,954,443	4.4%
\$200,000 or more	27,388	4.4%	350,227	4.2%	4,872,013	4.3%
Median household income (dollars)	56,251	108.1%	50,043	96.2%	52,029	
Mean household income (dollars)	74,969	104.9%	69,324	97.0%	71,498	
Families						
Families	425,867	100.0%	5,868,201	100.0%	75,030,551	100.0%
Less than \$10,000	14,852	3.5%	284,296	4.8%	3,211,198	4.3%
\$10,000 to \$14,999	12,542	2.9%	224,937	3.8%	2,404,943	3.2%

\$15,000 to \$24,999	30,187	7.1%	582,574	9.9%	6,148,998	8.2%
\$25,000 to \$34,999	37,902	8.9%	584,433	10.0%	6,827,538	9.1%
\$35,000 to \$49,999	56,650	13.3%	815,279	13.9%	10,239,597	13.6%
\$50,000 to \$74,999	81,567	19.2%	1,120,536	19.1%	15,144,495	20.2%
\$75,000 to \$99,999	66,091	15.5%	811,112	13.8%	11,047,974	14.7%
\$100,000 to \$149,999	74,976	17.6%	823,971	14.0%	11,568,389	15.4%
\$150,000 to \$199,999	27,180	6.4%	313,122	5.3%	4,251,923	5.7%
\$200,000 or more	23,920	5.6%	307,941	5.2%	4,185,496	5.6%
Median family income (dollars)	68,088	107.5%	58,765	92.7%	63,366	
Mean family income (dollars)	86,060	103.3%	79,112	94.9%	83,351	
Per capita income (dollars)	27,694	100.4%	25,096	91.0%	27,589	
Median earnings for workers	31,323	104.9%	27,448	91.9%	29,868	
Median earnings for male full-time	45,436	99.7%	41,539	91.2%	45,556	
Median earnings for female full-time	36,966	104.2%	32,530	91.7%	35,471	
PERCENTAGE BELOW POVERTY LEVEL						
All families	9.40%	96.9%	12.40%	127.8%	9.70%	
All people	12.20%	92.4%	15.80%	119.7%	13.20%	

Tarrant County and Fort Worth are more "blue collar" than Dallas, Collin, and Denton counties. The manufacturing base represents 12.3% of the total workforce, higher than the other three counties mentioned above and also above the national average figure of 11.2%. The proportion of employees in construction is below the Texas average but above the national average. There are slightly more jobs in financial services but fewer jobs in professional services than is the case nationally. The biggest differential is in transportation, with 8.6% of the workforce engaged compared to 5.2% nationally.

In terms of income distribution and poverty levels, Tarrant County is close to the national average for all major indexes. Hence it has less poverty than Dallas County, but less income and wealth than Collin and Denton counties.

5. Population and Labor Market Statistics for Selected Dallas Metropolitan Area Counties

Table 5. Population Growth in Selected Dallas Metropolitan Area Counties

	Texas	Dallas County	Tarrant County	Collin County	Denton County	4 counties
July 1,2009	24,782,302	2,451,730	1,789,900	791,631	658,616	5,691,877
July 1,2008	24,304,290	2,411,921	1,749,974	763,438	637,516	5,562,849
July 1,2007	23,837,701	2,381,873	1,709,745	732,986	615,172	5,439,776
July 1,2006	23,369,024	2,353,448	1,662,902	699,675	589,882	5,305,907
July 1,2005	22,801,920	2,316,657	1,612,195	659,840	558,026	5,146,718
July 1,2004	22,418,319	2,297,435	1,580,347	627,748	533,323	5,038,853
July 1,2003	22,057,801	2,287,070	1,552,186	596,599	512,229	4,948,084
July 1,2002	21,710,788	2,280,415	1,523,284	568,810	489,526	4,862,035
July 1,2001	21,332,847	2,267,590	1,488,516	537,779	464,862	4,758,747
July 1,2000	20,945,963	2,225,371	1,454,402	500,162	438,994	4,618,929
2009/08	1.97%	1.65%	2.28%	3.69%	3.31%	2.32%
2008/07	1.96%	1.26%	2.35%	4.15%	3.63%	2.26%
2007/06	2.01%	1.21%	2.82%	4.76%	4.29%	2.52%
2006/05	2.49%	1.59%	3.15%	6.04%	5.71%	3.09%
2005/04	1.71%	0.84%	2.02%	5.11%	4.63%	2.14%
2004/03	1.63%	0.45%	1.81%	5.22%	4.12%	1.83%
2003/02	1.60%	0.29%	1.90%	4.89%	4.64%	1.77%
2002/01	1.77%	0.57%	2.34%	5.77%	5.31%	2.17%
2001/00	1.85%	1.90%	2.35%	7.52%	5.89%	3.03%
2009/00	1.88%	1.08%	2.33%	5.23%	4.61%	2.35%

As shown in Table 5, unlike most of the rest of the country, population growth actually accelerated in Dallas County in the 2009 recession and remained very high in the surrounding counties. The tendency is sometimes to equate the continued expansion of the Texas economy with the high price of oil, but in fact the Dallas area has very little oil, and is benefitting from continued growth in high-tech manufacturing and professional services, managing to attract companies who are leaving jurisdictions with higher tax rates.

Table 6 shows the recent labor market statistics for various subsectors of the Dallas metropolitan area, plus the state of Texas. While the unemployment rate rose sharply in 2009, the increase was far less in Texas than was the case for the overall U.S. economy, where the unemployment rate rose to 9.3% in 2009.

Table 6. Labor Force, Employment, and Unemployment

		Labor Force	Employ- ment	Unempl oyment	Un Rate %
Area:	Texas				
2007	Annual	11421105	10921706	499399	4.4
2008	Annual	11635095	11059298	575797	4.9
2009	Annual	11930847	11020226	910621	7.6
Area:	Dallas-Fort Worth-Arlington, TX Metropolitan Statistical				
2007	Annual	3078736	2945240	133496	4.3
2008	Annual	3111671	2955005	156666	5.0
2009	Annual	3162378	2914250	248128	7.8
Area:	Dallas city, TX				
2007	Annual	577587	550189	27398	4.7
2008	Annual	585499	553153	32346	5.5
2009	Annual	592402	543968	48434	8.2
Area:	Collin County, TX				
2007	Annual	395426	380118	15308	3.9
2008	Annual	404668	386020	18648	4.6
2009	Annual	409675	379610	30065	7.3
Area:	Denton County, TX				
2007	Annual	337231	324020	13211	3.9
2008	Annual	343551	327996	15555	4.5
2009	Annual	347598	322550	25048	7.2
Area:	Dallas County, TX				
2007	Annual	1136204	1083472	52732	4.6

2008	Annual	1137970	1075720	62250	5.5
2009	Annual	1152946	1057857	95089	8.2

Area: Tarrant County, TX

2007	Annual	867870	830358	37512	4.3
2008	Annual	878609	835392	43217	4.9
2009	Annual	898086	828594	69492	7.7

6. Choice of Economic Region for Economic Analysis

We next consider the choice of counties that should be included in the economic multipliers used in this study. Table 7 shows the size of the total workforce in each of four counties in the Dallas metropolitan area, based on 2000 Census data, and the residence of these employees for each of the four counties.

In determining which counties should be included in the multiplier analysis for this and other projects in the Dallas metropolitan area, we use the criterion that the proportion of the workforce included should range from 90% to 95%; below 90%, the multipliers are likely to be understated, while above 95% they are likely to be overstated. In Table 7, the percentages in red indicate the counties used for multiplier analysis.

Table 7. Commuting Patterns for Dallas Metropolitan Area

	Dallas	%	Collin	%	Denton	%	Tarrant	%
All counties	1357253	100.0%	208432	100.0%	141073	100.0%	672811	100.0%
Dallas	905380	66.7%	47978	23.0%	13258	9.4%	46430	6.9%
Collin	119210	8.8%	128271	61.5%	5194	3.7%	3442	0.5%
Denton	95367	7.0%	14896	7.1%	103598	73.4%	15809	2.3%
Tarrant	136092	10.0%	3228	1.5%	9290	6.6%	534154	79.4%
Tot Included	1256049	92.5%	191145	91.7%	131340	93.1%	580584	86.3%

The Dallas metropolitan area, as defined by Census, has several other counties, but they are not included in our analysis because the four counties given above represent 90% to 95% of the workforce for Dallas, Collin, and Denton counties. That is not the case for Tarrant County, which falls slightly below the 90% level; for businesses located in that county, we would omit Collin and Denton counties and add Parker

County. Figure 1 shows all the counties in the Dallas/Fort Worth Metroplex area. Figure 2 shows a more detailed map for Dallas County.

Figure 1. Map of Counties in Dallas/Fort Worth Metroplex

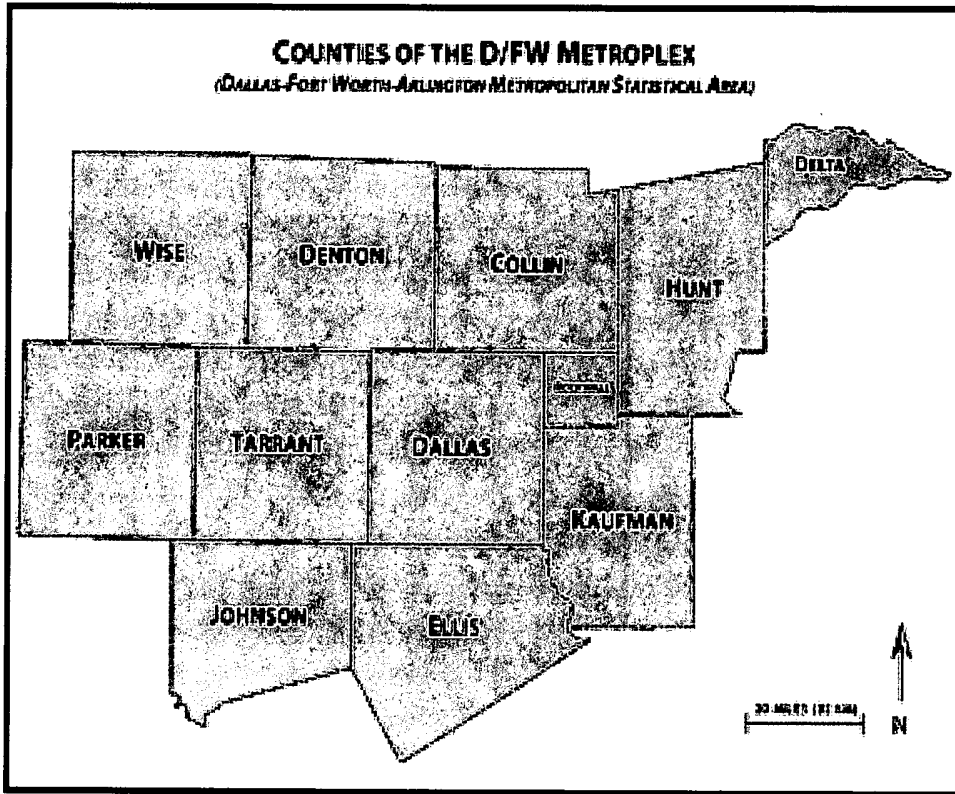


Figure 2. Map of Dallas County

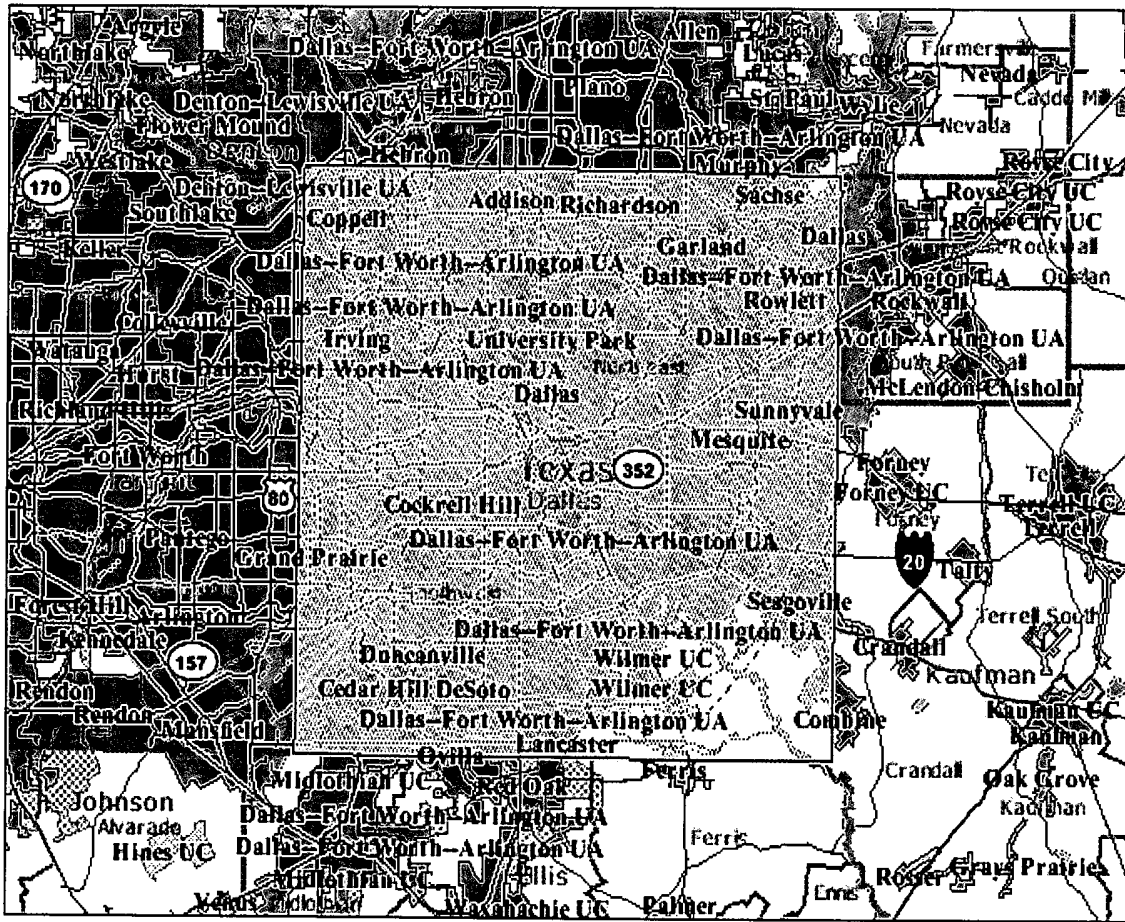


Figure 3 shows a map of Dallas County with unemployment by census tracts. The green areas are those with an unemployment rate of 14% or more in 2009. It is expected that the four (4) new restaurants will be located in one of those census tracts. The three existing restaurants are located in those census tracts.

Figure 3. Map of South Dallas County Census Tracts by Unemployment Rate



7. Discussion of RIMS II Final Demand Methodology

The following material has been condensed from the RIMS II User Handbook

Introduction and General Comments

Effective planning for public- and private-sector projects and programs at the State and local levels requires a systematic analysis of the economic impacts of these projects and programs on affected regions. In turn, systematic analysis of economic impacts must account for the inter-industry relationships within regions because these relationships largely determine how regional economies are likely to respond to project and program changes. Thus, regional input-output (I-O) multipliers, which account for inter-industry relationships within regions, are useful tools for conducting regional economic impact analysis.

In the 1970s, the Bureau of Economic Analysis (BEA) developed a method for estimating regional I-O multipliers known as RIMS (Regional Industrial Multiplier System), which was based on the work of Garnick and Drake. In the 1980s, BEA completed an enhancement of RIMS, known as RIMS II (Regional Input-Output Modeling System), and published a handbook for RIMS II users. In 1992, BEA published a second edition of the handbook in which the multipliers were based on more recent data and improved methodology. In 1997, BEA published a third edition of the handbook that provides more detail on the use of the multipliers and the data sources and methods for estimating them.

RIMS II is based on an accounting framework called an I-O table. For each industry, an I-O table shows the industrial distribution of inputs purchased and outputs sold. A typical I-O table in RIMS II is derived mainly from two data sources: BEA's national I-O table, which shows the input and output structure of nearly 500 U.S. industries, and BEA's regional economic accounts, which are used to adjust the national I-O table to show a region's industrial structure and trading patterns.

Using RIMS II for impact analysis has several advantages. RIMS II multipliers can be estimated for any region composed of one or more counties and for any industry, or group of industries, in the national I-O table. The accessibility of the main data sources for RIMS II keeps the cost of estimating regional multipliers relatively low. Empirical tests show that estimates based on relatively expensive surveys and RIMS II-based estimates are similar in magnitude.

BEA's RIMS multipliers can be a cost-effective way for analysts to estimate the economic impacts of changes in a regional economy. However, it is important to keep in mind that, like all economic impact models, RIMS provides approximate order-of-

magnitude estimates of impacts. RIMS multipliers are best suited for estimating the impacts of small changes on a regional economy. For some applications, users may want to supplement RIMS estimates with information they gather from the region undergoing the potential change. To use the multipliers for impact analysis effectively, users must provide geographically and industrially detailed information on the initial changes in output, earnings, or employment that are associated with the project or program under study. The multipliers can then be used to estimate the total impact of the project or program on regional output, earnings, and employment.

RIMS II is widely used in both the public and private sector. In the public sector, for example, the Department of Defense uses RIMS II to estimate the regional impacts of military base closings. State transportation departments use RIMS II to estimate the regional impacts of airport construction and expansion. In the private-sector, analysts and consultants use RIMS II to estimate the regional impacts of a variety of projects, such as the development of shopping malls and sports stadiums.

RIMS II Methodology

RIMS II uses BEA's benchmark and annual I-O tables for the nation. Since a particular region may not contain all the industries found at the national level, some direct input requirements cannot be supplied by that region's industries. Input requirements that are not produced in a study region are identified using BEA's regional economic accounts.

The RIMS II method for estimating regional I-O multipliers can be viewed as a three-step process. In the first step, the producer portion of the national I-O table is made region-specific by using six-digit NAICS location quotients (LQs). The LQs estimate the extent to which input requirements are supplied by firms within the region. RIMS II uses LQs based on two types of data: BEA's personal income data (by place of residence) are used to calculate LQs in the service industries; and BEA's wage-and-salary data (by place of work) are used to calculate LQs in the non-service industries.

In the second step, the household row and the household column from the national I-O table are made region-specific. The household row coefficients, which are derived from the value-added row of the national I-O table, are adjusted to reflect regional earnings leakages resulting from individuals working in the region but residing outside the region. The household column coefficients, which are based on the personal consumption expenditure column of the national I-O table, are adjusted to account for regional consumption leakages stemming from personal taxes and savings. In the last step, the Leontief inversion approach is used to estimate multipliers. This inversion approach produces output, earnings, and employment multipliers, which can be used to trace the impacts of changes in final demand on affected industries.

Accuracy of RIMS II

Empirical evidence suggests that RIMS II commonly yields multipliers that are not substantially different in magnitude from those generated by regional I-O models based on relatively expensive surveys. For example, a comparison of 224 industry-specific multipliers from survey-based tables for Texas, Washington, and West Virginia indicates that the RIMS II average multipliers overestimate the average multipliers from the survey-based tables by approximately 5 percent. For the majority of individual industry-specific multipliers within these states, the difference between RIMS II and survey-based multipliers is less than 10 percent. In addition, RIMS II and survey multipliers show statistically similar distributions of affected industries.⁴[omit footnote]

Advantages of RIMS II

There are numerous advantages to using RIMS II. First, the accessibility of the main data sources makes it possible to estimate regional multipliers without conducting relatively expensive surveys. Second, the level of industrial detail used in RIMS II helps avoid aggregation errors, which often occur when industries are combined. Third, RIMS II multipliers can be compared across areas because they are based on a consistent set of estimating procedures nationwide. Fourth, RIMS II multipliers are updated to reflect the most recent local-area wage-and-salary and personal income data.

Overview of Different Multipliers

RIMS II provides users with five types of multipliers: final demand multipliers for output, for earnings, and for employment; and direct-effect multipliers for earnings and for employment. These multipliers measure the economic impact of a change in final demand, in earnings, or in employment on a region's economy.

The final demand multipliers for output are the basic multipliers from which all other RIMS II multipliers are derived. In this table, each column entry indicates the change in output in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final demand change in the column industry by the multiplier for each row. The total impact on regional output is calculated by multiplying the final demand change in the column industry by the sum of all the multipliers for each row except the household row.

RIMS II provides two types of multipliers for estimating the impacts of changes on earnings: final demand multipliers and direct effect multipliers. These multipliers are derived from the table of final demand output multipliers.

The final demand multipliers for earnings can be used if data on final demand changes are available. In the final demand earnings multiplier table, each column entry indicates the change in earnings in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final demand change in the column industry by the multipliers for each row. The total impact on regional earnings is calculated by multiplying the final demand change in the column industry by the sum of the multipliers for each row.

Employment Multipliers

RIMS II provides two types of multipliers for estimating the impacts of changes on employment: final demand multipliers and direct effect multipliers. These multipliers are derived from the table of final demand output multipliers.

The final demand multipliers for employment can be used if the data on final demand changes are available. In the final demand employment multiplier table, each column entry indicates the change in employment in each row industry that results from a \$1 million change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final demand change in the column industry by the multiplier for each row. The total impact on regional employment is calculated by multiplying the final demand change in the column industry by the sum of the multipliers for each row.

The direct effect multipliers for employment can be used if the data on the initial changes in employment by industry are available. In the direct effect employment multiplier table, each entry indicates the total change in employment in the region that results from a change of one job in the row industry. The total impact on regional employment is calculated by multiplying the initial change in employment in the row industry by the multiplier for the row.

Choosing a Multiplier

The choice of multiplier for estimating the impact of a project on output, earnings, and employment depends on the availability of estimates of the initial changes in final demand, earnings, and employment. If the estimates of the initial changes in all three measures are available, the RIMS II user can select any of the RIMS II multipliers. In theory, all the impact estimates should be consistent. If the available estimates are limited to initial changes in final demand, the user can select a final demand multiplier for impact estimation. If the available estimates are limited to initial changes in earnings or employment, the user can select a direct effect multiplier.

8. Economic Impact of Construction Expenditures for Renovating Existing Restaurants and Constructing New Restaurants

According to the developer, the hard construction costs for renovating three existing restaurants and constructing four new restaurants will be \$4.532 million, as shown in Table 8.

In a letter dated Jan. 16, 2009, USCIS wrote to Senator Cornyn that "Indirect and induced jobs created as a result of construction jobs whether counted or not may be included in the job count. Even when the construction jobs may not be counted towards the job creation requirement, they do have indirect and induced impacts that are eligible to be included in the final job count because they are continuous, permanent employment".

In the field guide to USCIS adjudicators dated Dec. 11, 2009, Section 22.4(a)(2) reads in part:

Direct jobs are those jobs that establish an employer-employee relationship between the commercial enterprise and the persons that they employ. *Indirect jobs* are the jobs held by persons who work for the producers of materials, equipment, and services that are used in a commercial enterprise's capital investment project, but who are not directly employed by the commercial enterprise, such as steel producers or outside firms that provide accounting services. There is a sub-set of indirect jobs that are calculated using economic models that are known as induced jobs. *Induced jobs* are those jobs created when direct and indirect employees go out and spend their increased incomes on consumer goods and services.

In keeping with the EB-5 guidelines, the number of construction jobs for all types of buildings is based on "hard costs" of construction activity and does not include "soft costs": architectural and engineering fees, permits and construction fees, contingency allowances, sales commissions, financing, legal, insurance costs associated with the construction activity, overhead, and profits. On the other hand, all employment, which could include architects and engineers as well as construction workers, can be counted if these employees are working locally.

Purchases of any furniture, fixtures, equipment, telecommunications, and computers are not included in any of the calculations, because these purchases will generally be made from manufacturers and suppliers outside the area. In many cases, the land on which these buildings will be constructed has previously been purchased and is not part of the cost estimates; however, average land costs are generally included when determining the relative contributions that could be made by EB-5 investors.

To summarize this material, then, the USCIS permits the inclusion of indirect and induced jobs generated by construction activity based on hard construction cost budgets even if the time period for construction is relatively brief.

The hard construction costs figures for each of the eight restaurants are provided by the developer are shown in Table 8.

Table 8. Capital Expenditures for New and Renovated Restaurants

Name	Restaurant type	Location	City	State	Cap Ex
1918 (new)	Full service	2209 Caroline St.	Dallas	Texas	\$ 1,985,400
El Fenix (new)	Full service	Dallas TEA	Dallas	Texas	1,197,000
Quick Serve 1 (new)	Quick service	Dallas TEA	Dallas	Texas	450,000
Quick Serve 2 (new)	Quick service	Dallas TEA	Dallas	Texas	450,000
Downtown Remodel	Full service	1601 McKinney Ave.	Dallas	Texas	150,000
Casa Linda Remodel	Full service	255 Casa Linda Plz.	Dallas	Texas	150,000
Oak Cliff Remodel	Full service	120 East Colorado Blvd.	Dallas	Texas	150,000
Total		7 Restaurants			\$ 4,532,400

The RIMS II final demand multiplier for this area, excluding direct jobs, is 10.15. When multiplied by \$4.532 million, that produces a total of 46 new jobs. The industry detail for employment, output, earnings, output per new worker, and earnings per new worker are shown in Tables 9 and 10. Please note that in this and succeeding tables, output and earnings are in thousands of dollars.

9. Economic Impact of Restaurant Operations

The expected revenues for the eight restaurants in 2012, the second year of operation, are given in Table 11. For the four new restaurants, the figure is equivalent to sales of \$320 per square foot.

Name of Store	Square Feet	Annual Sales	Sales/Sq Ft
1918 (new)	10,602	3,900,000	368
El Fenix (new)	6,500	2,200,000	338
Quick Serve 1 (new)	4,000	1,008,333	252
Quick Serve 2 (new)	4,000	916,667	229
Downtown Remodel	17,532	138,122	
Casa Linda Remodel	7,298	69,677	
Oak Cliff Remodel	7,401	59,567	
Total Sales		8,292,366	

Tables 12 and 13 show the increase in employment, output, and earnings, and the level of output and earnings per new worker for restaurant operations.

Industry group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.1	7	1
Mining	0.1	50	10
Utilities	0.6	339	61
Construction	0.9	99	34
Manufacturing	5.0	1525	241
Wholesale trade	2.8	604	182
Retail trade	8.7	647	213
Transportation and warehousing	4.1	499	187
Information	2.6	657	150
Finance and insurance	5.5	1075	303
Real estate and rental and leasing	6.4	1691	148
Professional and scientific services	5.1	655	299

**Table 9. Increase in Employment, Output, and Earnings for \$4.532 Million
Construction Expenditures**

Industry group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.0	4	0
Mining	0.1	35	7
Utilities	0.2	124	22
Construction	0.4	44	15
Manufacturing	4.4	1173	215
Wholesale trade	1.7	370	112
Retail trade	7.9	587	194
Transportation and warehousing	2.2	282	89
Information	1.2	326	70
Finance and insurance	3.2	621	176
Real estate and rental and leasing	2.5	796	63
Professional and scientific services	4.1	585	252
Management of companies	0.6	124	47
Admin and waste mgmt services	4.6	214	92
Educational services	0.7	46	18
Health care and social assistance	4.1	379	170
Arts, entertainment, and recreation	0.8	44	16
Accommodation	0.7	60	18
Food services and drinking places	3.4	161	50
Other services	2.7	244	70
Household	0.4	0	5
Total	46.0	6221	1701

Table 10. Output and Earnings Per New Worker for \$4.532 Million Construction Expenditures

Industry group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.0	76.2	9.5
Mining	0.1	655.5	126.1
Utilities	0.2	610.7	107.4
Construction	0.4	112.4	39.1
Manufacturing	4.4	267.9	49.1
Wholesale trade	1.7	214.7	64.9
Retail trade	7.9	73.9	24.4
Transportation and warehousing	2.2	126.7	40.1
Information	1.2	277.7	59.5
Finance and insurance	3.2	192.0	54.4
Real estate and rental and leasing	2.5	323.3	25.8
Professional and scientific services	4.1	142.6	61.3
Management of companies	0.6	203.1	76.6
Admin and waste mgmt services	4.6	46.9	20.1
Educational services	0.7	62.3	23.8
Health care and social assistance	4.1	92.2	41.3
Arts, entertainment, and recreation	0.8	53.2	19.5
Accommodation	0.7	86.4	26.0
Food services and drinking places	3.4	47.9	15.0
Other services	2.7	89.8	25.9
Household	0.4	0.0	10.5
Total	46.0	135.2	37.0

Management of companies	2.1	435	165
Admin and waste mgmt services	7.9	381	158
Educational services	1.2	75	29
Health care and social assistance	6.7	614	275
Arts, entertainment, and recreation	2.1	105	39
Accommodation	1.3	114	34
Food services and drinking places	179.4	8587	2683
Other services	4.5	406	117
Household	0.7	0	7
Total	248.0	18565	5336

Table 13. Output and Earnings Per New Worker for Restaurant Operations

Industry group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.1	79.2	9.9
Mining	0.1	750.0	150.0
Utilities	0.6	593.6	106.0
Construction	0.9	112.4	38.7
Manufacturing	5.0	303.9	48.1
Wholesale trade	2.8	214.7	64.9
Retail trade	8.7	73.9	24.4
Transportation and warehousing	4.1	120.5	45.0
Information	2.6	254.2	58.0
Finance and insurance	5.5	194.5	54.7
Real estate and rental and leasing	6.4	263.3	23.0
Professional and scientific services	5.1	127.6	58.3
Management of companies	2.1	202.8	76.9
Admin and waste mgmt services	7.9	48.4	20.2
Educational services	1.2	61.9	24.1
Health care and social assistance	6.7	92.2	41.3
Arts, entertainment, and recreation	2.1	49.1	18.2
Accommodation	1.3	86.3	25.6
Food services and drinking places	179.4	47.9	15.0
Other services	4.5	90.5	26.0
Household	0.7	0.0	10.6

Total	248.0	74.9	21.5
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12. Summary Statistics for the Project

The two tables in this section simply represent the sum of the construction and operations figures given in the previous two sections, and are included for ease of exposition.

Table 14 shows there will be a total of 294 permanent new jobs created. The increase in output in the second year of operations will be \$24.8 million, and the increase in earnings will be \$7.0 million.

Table 14. Increase in Employment, Output, and Earnings for Construction and Operations of New and Existing Restaurants

Industry group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.1	10	1
Mining	0.1	85	17
Utilities	0.8	463	82
Construction	1.3	143	49
Manufacturing	9.4	2699	456
Wholesale trade	4.5	974	294
Retail trade	16.7	1234	407
Transportation and warehousing	6.4	781	276
Information	3.8	983	220
Finance and insurance	8.8	1696	478
Real estate and rental and leasing	8.9	2487	211
Professional and scientific services	9.2	1240	551
Management of companies	2.8	559	212
Admin and waste mgmt services	12.4	595	250
Educational services	1.9	121	47
Health care and social assistance	10.8	994	445
Arts, entertainment, and recreation	3.0	150	55
Accommodation	2.0	175	52
Food services and drinking places	182.8	8748	2734
Other services	7.2	650	187
Household	1.1	0	12
Total	294.0	24785	7037

Table 15 shows that the output per employee for all new workers hired by this activity will be about \$84,300, and the earnings per employee will be about \$23,900.

Table 15.

Industry group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.1	78.1	9.8
Mining	0.1	707.6	139.3
Utilities	0.8	598.1	106.3
Construction	1.3	112.4	38.8
Manufacturing	9.4	287.1	48.5
Wholesale trade	4.5	214.7	64.9
Retail trade	16.7	73.9	24.4
Transportation and warehousing	6.4	122.7	43.3
Information	3.8	261.6	58.5
Finance and insurance	8.8	193.5	54.6
Real estate and rental and leasing	8.9	279.9	23.7
Professional and scientific services	9.2	134.2	59.6
Management of companies	2.8	202.9	76.8
Admin and waste mgmt services	12.4	47.9	20.1
Educational services	1.9	62.1	24.0
Health care and social assistance	10.8	92.2	41.3
Arts, entertainment, and recreation	3.0	50.2	18.6
Accommodation	2.0	86.3	25.7
Food services and drinking places	182.8	47.9	15.0
Other services	7.2	90.2	26.0
Household	1.1	0.0	10.6
Total	294.0	84.3	23.9

Resume of Dr. Michael K. Evans

mevans@evanscarrollecon.com

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980
- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.
- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management*,

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders, inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evansb5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact for a fractional-ownership marina in Port Charlotte, FL, plus office space, retail stores, restaurants, and a home brokerage office.
- Calculated the economic impact of construction and operation of four retirement homes in Vermont.

- Calculated the economic impact of an upscale retail shopping center in Vail, CO. and a medical office building in Edwards, CO (both in Eagle County).
- Calculated economic impact of a wind turbine manufacturing plant in Larimer County, CO
- Calculated economic impact of a hotel, retail stores, restaurants, office buildings, and bank facilities in Pasadena, CA
- Calculated economic impact of a luxury hotel and condominiums in Destin, FL

- Calculated economic impact of constructing and operating a mixed-use commercial project in Jupiter, FL
- Determined whether 17 possible restaurant locations in - and Broward Counties qualified as Targeted Employment Areas.
- Determined the economic impact of opening and operating a slot-machine casino in Hanover, MD, as part of a proposed EB-5 regional center for the Baltimore metropolitan area.
- Calculated the economic impact of renovating and expanding a restaurant on Martha's Vineyard, MA, as part of an EB-5 regional center in that state.
- Determined the economic impact of assembling and installing solar panels for residences in the state of LA.
- Determined a Targeted Employment Area for Dallas, TX as part of a proposed EB-5 regional center for the Dallas area. APPROVED
- Calculated the economic impact for various mixed used projects for a proposed regional center for the entire State of Texas, including shopping centers, office buildings, restaurants, assisted living centers, medical technology facilities, and other personal and business services.
- Calculated the economic impact for the construction and operation of several fast-food restaurants in 10 counties in central California.
- Calculated the economic impact for the renovation and expansion of a shopping mall in Greenville, SC.
- Calculated the economic impact of buying existing apartment buildings at deep discount prices, renovating and operating them, in 21 counties in FL.

- Calculated the economic impact of building and operating an institute for proton cancer therapy for a proposed EB-5 regional center in Brooklyn, NY.
- Calculated the economic impact of building and operating a mixed-use facility with medical offices, hotels, and apartments for a proposed EB-5 regional center in Queens, NY.
- Determined a Targeted Employment Area for Philadelphia, PA as part of a proposed EB-5 regional center for the Philadelphia area.
- Calculated the economic impact of a proposed office building and mixed-use facility for an EB-5 regional center in Dallas, Texas
- Calculated the economic impact for various mixed-use projects for a proposed EB-5 regional center in the greater New York City area, including an extended stay hotel, urgent care center, financial lending firm for alternative assets, retail stores, apartments, office space, warehouses, industrial "flex" space, entertainment centers, restaurants, conference and convention centers, nursing home and assisted living facilities, medical offices, medical technology facilities, and high-tech manufacturing.
- Calculated the economic impact of "green" hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of .
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties. APPROVED
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in - and Broward counties in FL.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County, NY.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for "green" manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for various counties in Charlotte and Sarasota counties, FL
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, FL.

- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings. APPROVED
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana. APPROVED
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties. APPROVED
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California. APPROVED
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio. APPROVED

- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio. APPROVED
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.
- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi. APPROVED
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Developed an Input/Output Model for Guam, which was then used to calculate the economic impact of several generic projects. APPROVED
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County. APPROVED
- Prepared an economic impact analysis for the "timber to homes" project for a proposed regional center in Colorado. APPROVED
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of Florida that included impact calculations for 14 different types of industries. APPROVED
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries. APPROVED
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey. APPROVED
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.

- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada. APPROVED
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.
- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL. APPROVED
- Calculated the economic impact of construction of El Monte Village in El Monte, CA. APPROVED
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects. APPROVED
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC.
- Calculated economic impact of expanding Sugarbush resort in VT. Study included expansion of existing facilities and addition of new facilities. APPROVED
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area APPROVED

- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area. APPROVED
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties. APPROVED

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.
- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.

- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.
- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations
- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extent subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)

Appendix D

TEA Study



U.S. Census Bureau

American FactFinder

Search

You are here: [Main](#) ▶ [Search](#) ▶ [Advanced Geography Search](#)

[general search](#) [keyword](#) [geography](#)

Choose a geography selection method

[list](#) [name search](#) [address search](#) [map](#)

■ **Select a year and program**

Census 2000

■ **Enter a street address, city and state, or a street address and ZIP code. Click 'Go'**

Street Address [Quick tips](#)

11075 Harry Hines Blvd

City

Dallas

State

Texas

ZIP Code

75229

Go

■ **Geographies containing 11075 Harry Hines Blvd , Dallas , Texas, 75229:**

Select a geography and click 'OK'

- State: Texas
- ... County: Dallas County
- County Subdivision: Northeast CCD
- Census Tract: Census Tract 99
- Block Group: Block Group 1
- Block: Block 1092
- Voting District/Remainder: Voting District 1101
- Traffic Analysis Zone: 319

[Explain Census Geography](#)

Map It

OK



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

August 19, 2009

Ms. Barbara Q. Velarde
Chief, Office of Service Center Operations
U.S. Citizenship and Immigration Services
20 Massachusetts Avenue, NW, MS #2060
Washington, D.C. 20529-2060

REe: State Designation of Local Government Authority to Certify High Unemployment Areas
In Accordance with 8 CFR §204.6(i)

Dear Chief Velarde:

Pursuant to 8 CFR §204.6(i), an official of the state must notify the legacy U.S. Immigration and Naturalization Service Associate Commissioner of Examinations, now your office, of the agency, board or other appropriate governmental body of the state which shall be delegated the authority to certify that a geographic or political subdivision meets the necessary employment rate qualifications to participate the EB-5 immigrant investor visa program.

In compliance with this regulation, I, Rick Perry, Governor of the State of Texas, hereby designate the local mayors of cities or towns located within a metropolitan statistical area, or cities or towns with a population of 20,000 or more, as the appropriate body of the state to certify that a particular geographic or political subdivision meets the necessary criteria to participate in the EB-5 program.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry". The signature is written in a cursive, flowing style.

Rick Perry
Governor

RP:khp



THOMAS C. LEPPERT
MAYOR

December 21, 2009

Mr. Jason T. Barnes
Civitas Capital Management, LLC
c/o Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7673

RE: Targeted Employment Area Designation

Dear Mr. Barnes:

On August 19, 2009, Texas Governor Rick Perry delegated to mayors of cities or towns within a metropolitan statistical area the authority to certify that a particular geographic or political subdivision meets the unemployment rate criteria to qualify as an EB-5 Targeted Employment Area (TEA), as defined at 8 CFR §204.6(e).

Pursuant to that authority, I hereby certify the below-listed contiguous census tracts in Dallas, Texas as a Targeted Employment Area for the City of Dallas Regional Center ("CDRC").

- 1 through 95;
- 98 through 135;
- 167; and
- 169.

For your convenience and that of investors in the CDRC, the TEA designated hereby is depicted in the attached map, which shall be the official TEA map for the CDRC.

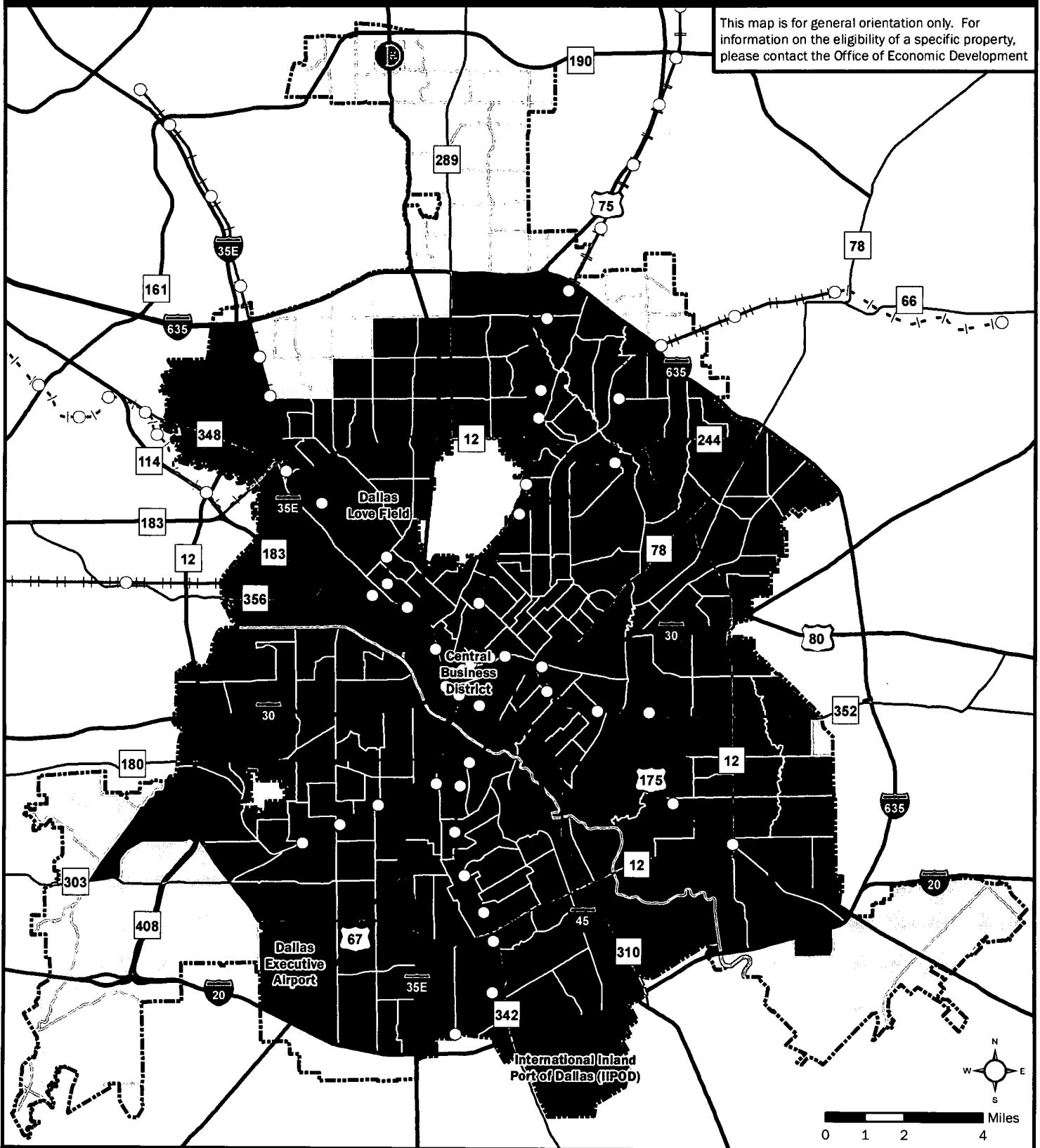
Sincerely,

A handwritten signature in black ink, appearing to read "Tom Leppert", is written over a horizontal line.

Tom Leppert
Mayor

City of Dallas Regional Center: Targeted Employment Area (TEA)

This map is for general orientation only. For information on the eligibility of a specific property, please contact the Office of Economic Development



City of Dallas
Office of Economic Development



Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

Created 4/8/09. Updated 12/22/09 - EB5_Final_Landmarks_Tracts.TCG

Legend

- CDRC TEA
- Trinity River
- DART Red Line
- DART Blue Line
- Trinity Railway Express
- DART Green Line
- DART Orange Line (Planned)
- Freeway
- Highway
- Tollway
- City of Dallas

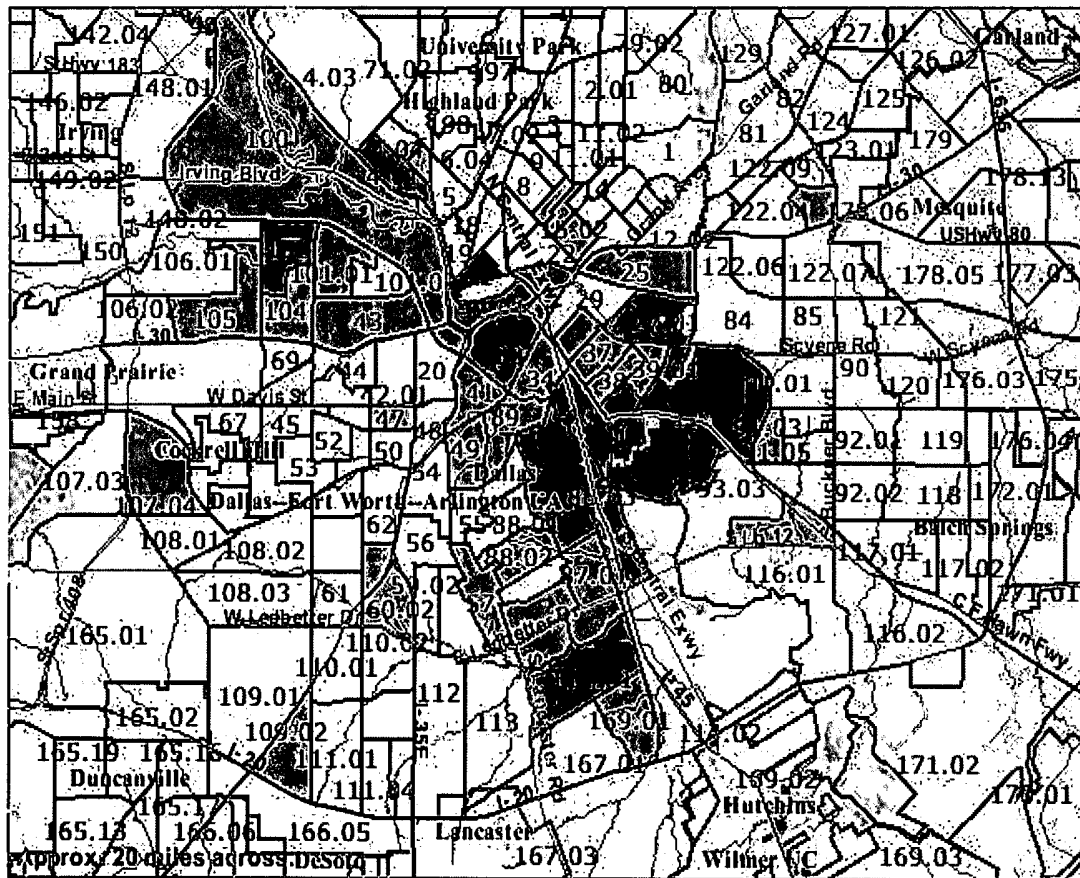
Source: EB-5 Unemployment Data - Civitas, 2009; Rail - DART, 2009; Roads - NCTCOG, 2007; All Other Data - City of Dallas, 2009

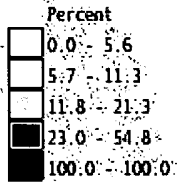
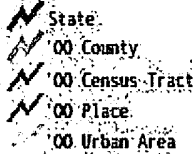
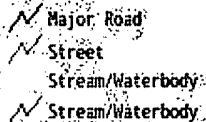
1. Introduction

The purpose of this report is to select those Census Tracts (CTs) within the City of Dallas that include downtown and some of the north side of Dallas, but nonetheless have a combined unemployment rate that is at least 150% of the national average for the U.S. economy, known as a Targeted Employment Area (TEA). In 2008, the U.S. unemployment rate was 5.8%, so the combined area would have an unemployment rate of at least 8.7%.

There are many Census Tracts (CTs) in Dallas with a high unemployment rate. Figure 1 shows the unemployment rate by CT for 2000. Clearly the bulk of high unemployment CTs is concentrated slightly south of downtown. However, the purpose of this calculation is to include some low-unemployment CTs where new projects are most likely to occur while still observing the overall constraint that the overall unemployment rate still exceeded 8.7% based in 2008. In general, the basic plan is to include as many CTs in Dallas as possible consistent with this constraint. Also, the CTs must be contiguous; one cannot choose a single CT with a high unemployment rate that is not bordered by other CTs with high unemployment rates.

Figure 1. Unemployment Rate by Census Tracts in Dallas, 2000 Data



Data Classes**Boundaries:****Features**

The initial selection of CTs is based on the 2000 data; after that is completed, the figures are updated to 2008 by the method described below, and the figures are recalibrated to insure they are above 8.7%.

2. Description of the CTs chosen for the Dallas TEA

To start, we consider the area inside what will be called the "beltway", which is the circumferential route that consists of I-635, I-35E, State route 12, State route 408, and I-20. All CTs that are not part of the city of Dallas are excluded in this calculation. In particular, the areas of Highland Park, University Park, Cockrell Hills, and the parts of Mesquite and Balch Springs inside the beltway are excluded.

Without further modification, the unemployment rate for this area would not satisfy the TEA criterion. Hence several low-unemployment CTs were also excluded, most of them near the beltway. These include CTs 96 and 97, in the northwest corner of the area inside the Beltway; CTs 158, 159, 163, and 165 in the WSW section of the city; and CTs 176, 178, and 179 in the eastern part of the city, bordering on the beltway.

Hence the area selected for the Dallas TEA includes all (CTs) in the city of Dallas from 1 to 135 except for 96 and 97, plus 167 and 169.

The list of all these census tracts, together with the labor force, number of unemployed for male and female workers, and unemployment rate, is given in Table 1. All these figures are taken from the Census files for 2000. In 2000, according to the BLS, the city of Dallas had an unemployment rate of 4.7%.

The data shown in Table 1 not only contain the 2000 unemployment rate as reported by Census, but the 2008 unemployment rate as updated by Evans, Carroll & Associates, Inc. The methodology that is utilized follows the BLS handbook regulations and is described in more detail in Part 3 of this report. In brief, though, we can state that this method starts with the 2000 Census data by CT for labor force, employment, and the unemployment rate, as shown in Table 1. These data are then updated to 2008 levels based on the aggregate changes in the labor force, employment, and the unemployment rate for the city of Dallas as reported by the BLS. In particular, the unemployment rate for the city of Dallas as reported by the BLS rose from 4.7% in 2000 to 5.5% in 2008.

At the bottom of Table 1, it will be seen that the 2008 unemployment rate for this area was 8.9%, hence satisfying the TEA criterion of 8.7% or higher.

Table 1. Unemployment Rates for Census Tracts, 2000 and 2008 Data

Area	Male Labor Force	Male Unempl- oyment	Female Labor Force	Female Unempl- oyment	2000 Unempl Rate	2008 Unempl Rate
Census Tract 1	1,326	19	1,180	39	2.3	2.7
Census Tract 2.01	808	31	760	20	3.3	3.8
Census Tract 2.02	1,304	15	1,246	6	0.8	1.0
Census Tract 3	1,445	5	1,210	17	0.8	1.0
Census Tract 4.01	1,312	378	556	141	27.8	32.5
Census Tract 4.03	1,710	125	1,004	39	6.0	7.1
Census Tract 4.04	1,890	44	845	33	2.8	3.3
Census Tract 4.05	812	144	496	96	18.3	21.5
Census Tract 5	2,213	140	988	102	7.6	8.8
Census Tract 6.01	2,856	201	1,356	134	8.0	9.3
Census Tract 6.03	1,868	20	1,334	10	0.9	1.1
Census Tract 6.04	1,784	61	950	12	2.7	3.1
Census Tract 7.01	1,175	13	826	16	1.4	1.7
Census Tract 7.02	1,323	56	899	87	6.4	7.5
Census Tract 8	1,566	106	883	112	8.9	10.4
Census Tract 9	2,247	167	961	120	8.9	10.5
Census Tract 10.01	561	25	427	21	4.7	5.4
Census Tract 10.02	919	66	491	65	9.3	10.9
Census Tract 11.01	1,436	62	1,115	42	4.1	4.8
Census Tract 11.02	802	60	759	16	4.9	5.7
Census Tract 12.02	1,128	23	1,162	90	4.9	5.8
Census Tract 12.03	462	20	260	0	2.8	3.2
Census Tract 12.04	835	31	378	29	4.9	5.8
Census Tract 13.01	800	29	735	26	3.6	4.2
Census Tract 13.02	1,289	66	726	70	6.7	7.9
Census Tract 14	1,741	60	766	51	4.4	5.2
Census Tract 15.02	1,407	201	593	56	12.9	15.0
Census Tract 15.03	1,496	165	508	108	13.6	15.9
Census Tract 15.04	1,045	104	586	105	12.8	15.0
Census Tract 16	752	42	664	59	7.1	8.3

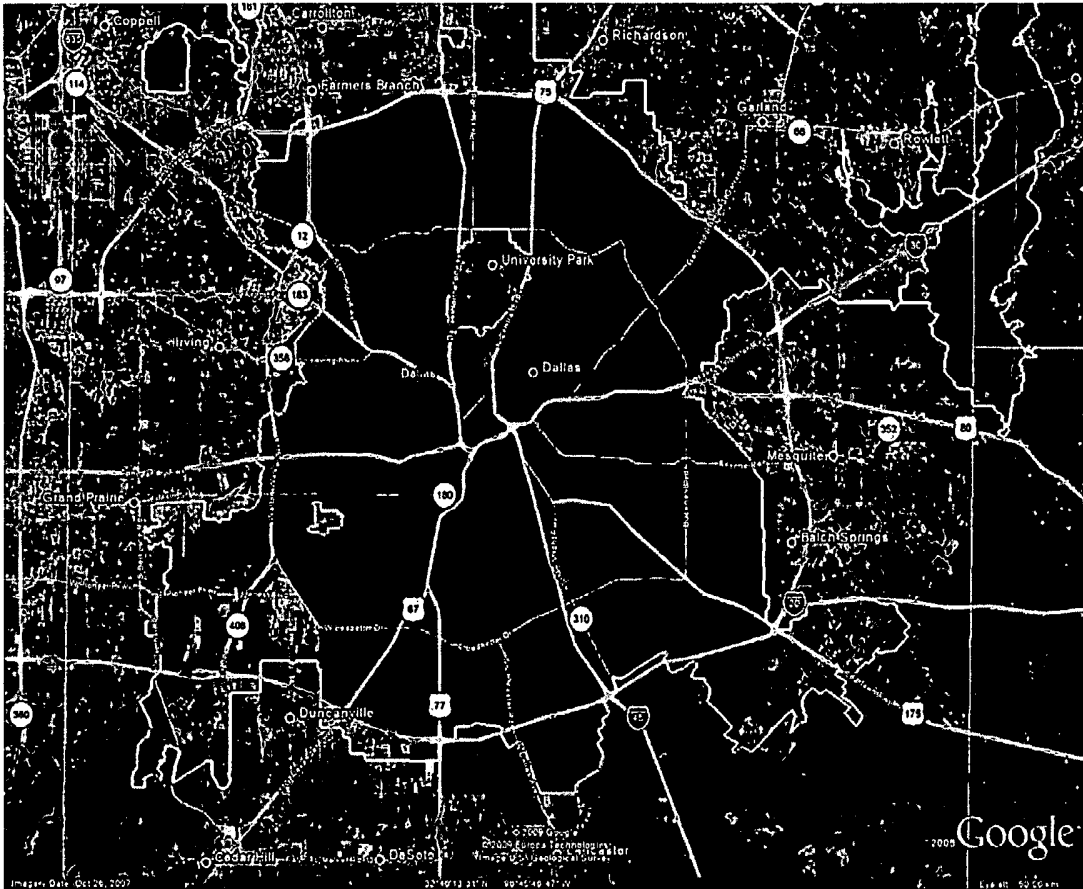
Census Tract 17.01	0	0	1	0	0.0	0.0
Census Tract 17.02	910	26	631	0	1.7	2.0
Census Tract 18	1,245	20	893	30	2.3	2.7
Census Tract 19	713	4	575	7	0.9	1.0
Census Tract 20	2,057	200	819	104	10.6	12.4
Census Tract 21	12	12	0	0	100.0	100.0
Census Tract 22	623	29	429	0	2.8	3.2
Census Tract 24	1,030	105	359	28	9.6	11.2
Census Tract 25	1,204	146	968	162	14.2	16.6
Census Tract 27.01	506	75	710	237	25.7	30.0
Census Tract 27.02	361	107	247	34	23.2	27.1
Census Tract 29	223	0	175	25	6.3	7.4
Census Tract 31.01	630	18	433	5	2.2	2.5
Census Tract 32.01	34	0	112	80	54.8	64.1
Census Tract 33	896	235	364	123	28.4	33.2
Census Tract 34	364	76	266	29	16.7	19.5
Census Tract 35	208	44	367	42	15.0	17.5
Census Tract 37	579	145	787	142	21.0	24.6
Census Tract 38	536	150	520	51	19.0	22.3
Census Tract 39.01	376	61	270	67	19.8	23.2
Census Tract 39.02	320	117	331	90	31.8	37.2
Census Tract 40	310	115	312	64	28.8	33.7
Census Tract 41	249	17	238	78	19.5	22.8
Census Tract 42.01	1,682	84	921	80	6.3	7.4
Census Tract 42.02	1,075	38	673	105	8.2	9.6
Census Tract 43	658	62	410	87	14.0	16.3
Census Tract 44	1,119	14	859	21	1.8	2.1
Census Tract 45	1,969	149	1,015	79	7.6	8.9
Census Tract 46	910	102	567	46	10.0	11.7
Census Tract 47	1,096	144	590	74	12.9	15.1
Census Tract 48	1,751	113	475	80	8.7	10.1
Census Tract 49	766	87	691	90	12.1	14.2
Census Tract 50	921	70	787	88	9.3	10.8
Census Tract 51	593	50	488	19	6.4	7.5
Census Tract 52	1,398	53	818	74	5.7	6.7
Census Tract 53	1,851	122	1,191	115	7.8	9.1
Census Tract 54	1,232	35	909	106	6.6	7.7
Census Tract 55	811	71	788	103	10.9	12.7
Census Tract 56	1,476	117	1,053	126	9.6	11.2
Census Tract 57	967	155	865	83	13.0	15.2
Census Tract 59.01	1,016	123	1,386	138	10.9	12.7
Census Tract 59.02	720	63	879	90	9.6	11.2
Census Tract 60.01	1,009	108	695	101	12.3	14.4
Census Tract 60.02	1,054	191	1,099	78	12.5	14.6
Census Tract 61	1,033	79	1,032	93	8.3	9.7
Census Tract 62	1,269	117	1,130	142	10.8	12.6
Census Tract 63.01	1,102	106	831	60	8.6	10.0
Census Tract 63.02	1,023	58	885	63	6.3	7.4
Census Tract 64	1,767	162	1,061	80	8.6	10.0
Census Tract 65.01	1,266	30	1,000	84	5.0	5.9

Census Tract 65.02	801	33	599	48	5.8	6.8
Census Tract 67	2,178	147	1,116	154	9.1	10.7
Census Tract 68	1,355	89	1,079	47	5.6	6.5
Census Tract 69	867	67	686	50	7.5	8.8
Census Tract 71.01	635	4	507	0	0.4	0.4
Census Tract 71.02	1,350	105	1,261	89	7.4	8.7
Census Tract 72.01	3,567	167	1,546	135	5.9	6.9
Census Tract 72.02	3,949	148	1,518	233	7.0	8.2
Census Tract 73.01	593	11	521	6	1.5	1.8
Census Tract 73.02	1,242	20	1,012	24	2.0	2.3
Census Tract 74	433	0	291	0	0.0	0.0
Census Tract 75	329	0	172	0	0.0	0.0
Census Tract 76.01	522	0	417	4	0.4	0.5
Census Tract 76.04	900	0	568	30	2.0	2.4
Census Tract 76.05	521	22	386	0	2.4	2.8
Census Tract 77	1,248	35	1,069	27	2.7	3.1
Census Tract 78.01	602	20	459	0	1.9	2.2
Census Tract 78.04	1,721	69	1,567	119	5.7	6.7
Census Tract 78.05	771	59	766	19	5.1	5.9
Census Tract 78.06	2,467	129	1,895	144	6.3	7.3
Census Tract 78.09	738	14	630	32	3.4	3.9
Census Tract 78.10	1,544	29	1,377	91	4.1	4.8
Census Tract 78.11	1,544	90	1,858	70	4.7	5.5
Census Tract 78.12	1,062	7	639	7	0.8	1.0
Census Tract 78.13	2,197	63	1,829	114	4.4	5.1
Census Tract 78.14	1,986	74	1,887	83	4.1	4.7
Census Tract 78.15	2,339	196	1,197	132	9.3	10.9
Census Tract 78.16	3,157	202	2,370	221	7.7	9.0
Census Tract 78.18	2,454	87	1,324	120	5.5	6.4
Census Tract 78.19	1,554	91	925	105	7.9	9.3
Census Tract 79.02	1,665	51	1,458	89	4.5	5.2
Census Tract 79.03	711	9	577	73	6.4	7.5
Census Tract 79.05	1,752	68	1,739	65	3.8	4.5
Census Tract 79.06	653	0	479	12	1.1	1.2
Census Tract 79.07	2,262	31	1,411	43	2.0	2.4
Census Tract 79.08	2,526	58	1,532	106	4.0	4.7
Census Tract 80	1,727	44	1,442	24	2.1	2.5
Census Tract 81	1,869	82	1,565	48	3.8	4.4
Census Tract 82	1,152	45	1,058	78	5.6	6.5
Census Tract 84,	2,362	156	1,473	145	7.8	9.2
Census Tract 85	907	60	791	77	8.1	9.4
Census Tract 86.03	274	56	250	72	24.4	28.6
Census Tract 86.04	374	71	382	103	23.0	26.9
Census Tract 87.01	786	99	860	133	14.1	16.5
Census Tract 87.03	612	54	432	50	10.0	11.7
Census Tract 87.04	561	86	619	85	14.5	17.0
Census Tract 87.05	281	53	344	31	13.4	15.7
Census Tract 88.01	519	48	606	73	10.8	12.6
Census Tract 88.02	961	183	1,051	135	15.8	18.5
Census Tract 89	469	114	509	55	17.3	20.2

Census Tract 90	1,443	92	1,181	116	7.9	9.3
Census Tract 91.01	1,060	84	830	105	10.0	11.7
Census Tract 91.03	561	81	536	85	15.1	17.7
Census Tract 91.04	746	58	461	44	8.5	9.9
Census Tract 91.05	822	39	587	65	7.4	8.6
Census Tract 92.01	1,120	115	1,080	105	10.0	11.7
Census Tract 92.02	1,155	136	817	69	10.4	12.2
Census Tract 93.01	888	50	552	74	8.6	10.1
Census Tract 93.03	781	63	511	69	10.2	12.0
Census Tract 93.04	1,017	212	1,040	170	18.6	21.7
Census Tract 94.01	1,040	78	936	5	4.2	4.9
Census Tract 94.02	721	7	657	33	2.9	3.4
Census Tract 95	635	13	480	14	2.4	2.8
Census Tract 98.02	1,818	164	1,215	137	9.9	11.6
Census Tract 98.03	1,118	40	734	78	6.4	7.5
Census Tract 98.04	2,699	83	1,271	130	5.4	6.3
Census Tract 99	367	25	252	17	6.8	7.9
Census Tract 100	709	196	252	9	21.3	25.0
Census Tract 101.01	596	36	477	125	15.0	17.6
Census Tract 101.02	698	56	426	56	10.0	11.7
Census Tract 102	128	58	359	143	41.3	48.3
Census Tract 104	85	6	105	20	13.7	16.0
Census Tract 105	534	67	388	72	15.1	17.6
Census Tract 106.01	1,281	122	796	87	10.1	11.8
Census Tract 106.02	518	48	419	27	8.0	9.4
Census Tract 107.01	806	85	487	52	10.6	12.4
Census Tract 107.03	694	61	483	38	8.4	9.8
Census Tract 107.04	640	59	544	87	12.3	14.4
Census Tract 108.01	1,302	128	1,411	97	8.3	9.7
Census Tract 108.02	1,829	122	1,164	138	8.7	10.2
Census Tract 108.03	1,514	94	1,650	89	5.8	6.8
Census Tract 109.01	1,330	44	1,681	195	7.9	9.3
Census Tract 109.02	1,068	192	1,564	182	14.2	16.6
Census Tract 110.01	1,559	149	1,974	78	6.4	7.5
Census Tract 110.02	769	48	830	18	4.1	4.8
Census Tract 111.01	964	45	1,142	48	4.4	5.2
Census Tract 111.03	803	76	825	72	9.1	10.6
Census Tract 111.04	903	99	1,051	67	8.5	9.9
Census Tract 111.05	777	62	1,113	116	9.4	11.0
Census Tract 112	749	54	854	39	5.8	6.8
Census Tract 113	1,053	87	1,180	137	10.0	11.7
Census Tract 114.01	592	166	817	192	25.4	29.7
Census Tract 114.02	193	25	119	10	11.2	13.1
Census Tract 115	637	96	651	240	26.1	30.5
Census Tract 116.01	814	64	804	99	10.1	11.8
Census Tract 116.02	1,177	89	658	91	9.8	11.5
Census Tract 117.01	1,244	50	1,022	75	5.5	6.5
Census Tract 117.02	960	57	756	54	6.5	7.6
Census Tract 118	1,461	92	1,431	176	9.3	10.8
Census Tract 119	1,916	130	1,587	201	9.4	11.1

Census Tract 120	1,349	92	1,515	208	10.5	12.3
Census Tract 121	1,017	65	922	97	8.4	9.8
Census Tract 122.04	1,625	76	1,300	38	3.9	4.6
Census Tract 122.06	1,037	88	1,077	136	10.6	12.4
Census Tract 122.07	1,478	80	1,793	137	6.6	7.8
Census Tract 122.08	979	92	559	70	10.5	12.3
Census Tract 122.09	857	72	585	58	9.0	10.5
Census Tract 122.10	988	52	970	77	6.6	7.7
Census Tract 122.11	1,041	165	1,134	161	15.0	17.5
Census Tract 123.01	1,153	80	989	92	8.0	9.4
Census Tract 123.02	1,245	66	1,158	161	9.4	11.1
Census Tract 124	1,275	42	1,225	92	5.4	6.3
Census Tract 125	1,631	77	1,466	73	4.8	5.7
Census Tract 126.01	1,597	79	1,347	84	5.5	6.5
Census Tract 126.02	2,001	120	1,942	131	6.4	7.4
Census Tract 127.01	1,296	99	1,106	78	7.4	8.6
Census Tract 127.02	734	13	587	43	4.2	5.0
Census Tract 128	2,035	75	1,704	103	4.8	5.6
Census Tract 129	1,316	51	1,491	81	4.7	5.5
Census Tract 130.04	1,506	54	1,200	14	2.5	2.9
Census Tract 130.05	1,267	41	1,104	28	2.9	3.4
Census Tract 130.06	2,619	229	2,189	203	9.0	10.5
Census Tract 130.07	1,022	52	902	18	3.6	4.3
Census Tract 130.08	950	41	816	25	3.7	4.4
Census Tract 130.09	1,284	57	1,316	62	4.6	5.4
Census Tract 131.01	687	17	531	25	3.4	4.0
Census Tract 131.02	531	0	489	0	0.0	0.0
Census Tract 131.03	2,699	106	2,571	146	4.8	5.6
Census Tract 132	1,477	9	1,083	20	1.1	1.3
Census Tract 133	612	6	386	9	1.5	1.8
Census Tract 134	517	9	330	0	1.1	1.2
Census Tract 135	737	0	357	0	0.0	0.0
Census Tract 167.01	1,169	134	1,302	145	11.3	13.2
Census Tract 167.03	850	52	679	79	8.6	10.0
Census Tract 167.04	1,014	91	1,172	80	7.8	9.2
Census Tract 167.05	1,115	176	1,310	109	11.8	13.8
Census Tract 169.01	1,328	83	1,572	91	6	7.0
Census Tract 169.02	700	93	846	128	14.3	16.7
Census Tract 169.03	656	43	594	47	7.2	8.4
All incl Census Tracts	247,969	16,910	193,397	16,621	7.6	8.9

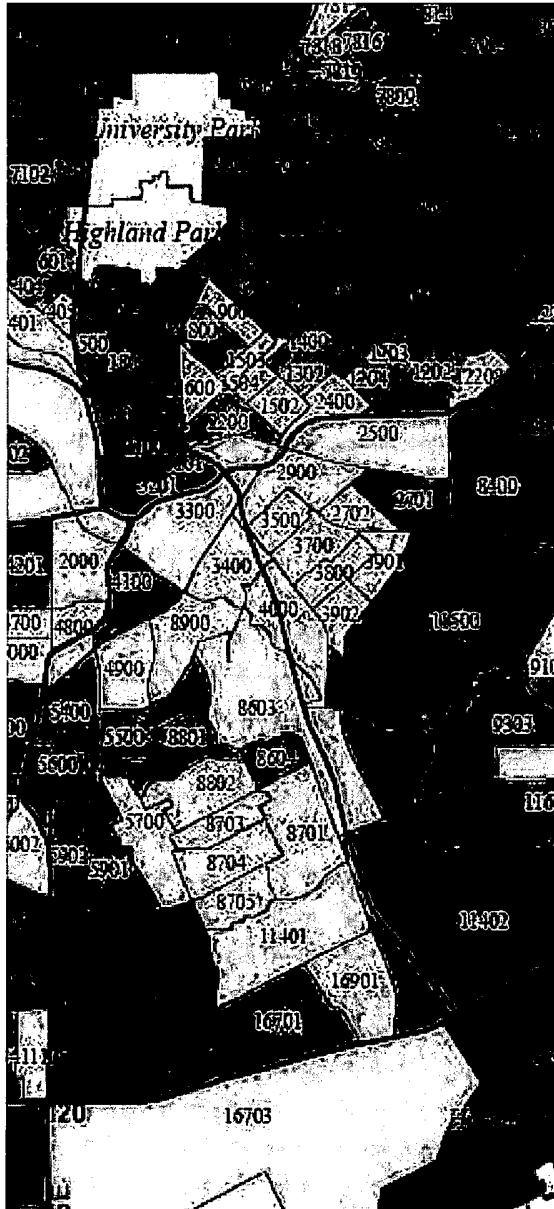
Figure 2. Map of TEA using CTs from Table 1



The TEA shaded in green is comprised of the census tracts listed in Table 1, which have a combined average unemployment rate of 8.9%, per 2008 BLS data, which exceeds the minimum of 8.7% that is required for TEA designation. The white line shows the boundary of the City of Dallas.

Figure 3 shows the poverty rate in Central and South Dallas CTs in 2000. While this is not the same as the unemployment rate, there is a great deal of overlap between the two measures of economic well-being. Also, the numbers of the individual CTs are easier to read in this map than in the Census map, so it is included for ease of exposition.

Figure 3. Poverty Rate by CTs in Central and South Dallas in 2000



In Figure 3, the CTs in orange are those with 25% to 49% of the population living below the poverty line; the light red have 49% to 74% below the poverty line; and the dark red have 74% to 100% of the population below the poverty line.

3. BLS Methodology for Updating Unemployment Rate by CTs

We have now established the list of CTs that satisfy the TEA criterion of 150% of the national unemployment rate. The remainder of this report describes the methodology used to update these figures to 2008. In this respect we use the method recommended by the BLS in their LAUS (local area unemployment statistics). The following information is excerpted from their website.

The LAUS Handbook method is an effort to estimate unemployment for an area, using available information without the expense of expanding a labor force survey like the CPS. The Handbook presents a series of estimating "building blocks," in which categories of unemployed workers are classified by their previous status. Two broad categories of unemployed persons are: (1) Those who were last employed in industries covered by state UI laws, and (2) those who either entered the labor force for the first time or reentered after a period of separation. Handbook inputs were updated using the 2000 Census and other improvements to Handbook estimation were implemented with January 2005 estimates.

Employment. The total employment estimate is based on data from several sources. The primary source for most metropolitan areas (MAs) is the Federal-state CES survey. The CES is designed to produce estimates of the total number of employees on payrolls in nonfarm industries for the particular area. In small labor market areas and the remainder of the MAs, the establishment employment data come from the Quarterly Report of Quarterly Census of Employment and Wages (ES-202 Report).

These "place-of-work" employment estimates must be adjusted to a place-of-residence basis, as in the CPS. Estimated adjustment factors have been developed using employment relationships which existed at the time of the most recent decennial census. The adjustment approach implemented in January 2005 is more dynamic than the previous one and incorporates commuting to nearby labor market areas. These factors are applied to the place-of-work employment estimates for the current period to obtain adjusted employment estimates, to which are added synthetically developed estimates for employment not represented in the establishment series—agricultural workers, nonfarm self-employed and unpaid family workers, and private household workers.

Unemployment. The estimate of unemployment is an aggregate of the estimates for each of the two building-block categories. The "covered" category further consists of two unemployed worker groups: (1) Those who are currently receiving UI benefits and (2) those who have exhausted their benefits. Only the number of those currently collecting benefits is obtained directly from an actual count of UI claimants for the reference week. The estimate of persons who have exhausted their benefits is based upon the number actually exhausting benefits

in previous periods "survived" using a conditional probability approach based on CPS data.

The second category, "new entrants and reentrants into the labor force," cannot be estimated directly from UI statistics, because unemployment for these persons is not immediately preceded by the period of employment required to receive UI benefits. In addition, there is no uniform source of new entrants and reentrants data for States available at the LMA level; the only existing source available is from the CPS at the State level. Separate estimates for new entrants and for reentrants are derived from econometric models based on current and historical state entrants data from the CPS. These model estimates are then allocated to all Labor Market Areas (LMAs) based on the age population distribution of each LMA. For new entrants, the area's proportion of 16-19 years population group to the State total of 16-19 years old population is used, and for reentrants, the handbook area's proportion of 20 years and older population to the State total of 20 years and older population is used.

Substate adjustment for consistency and additivity. Each month, Handbook estimates are prepared for labor market areas that exhaust the entire state area. To obtain a labor force estimate for a given area, a "Handbook share" is computed for that area which is defined as the ratio of that area's Handbook estimates of employment and unemployment to the sum of the Handbook estimates of employment and unemployment for all LMAs in the state. These ratios are then multiplied by the current, statewide estimate for employment and unemployment to produce the final adjusted LMA estimates.

Estimates for Parts of LMAs

Current labor force estimates at the sub-LMA level are required by several Federal programs. Disaggregation techniques are used to obtain current estimates of employment and unemployment for counties within multi-county LMAs and cities, towns, and townships within counties. Two alternative methods are used to disaggregate the LMA estimates.

The population-claims method is the preferred technique. If residence-based UI claims data are available for the subareas within the labor market area, the ratio of claims in the subarea to the total number of claims within the LMA is used to disaggregate the estimate of experienced unemployed to the subarea level. To ensure the quality of the claims data used in this technique, claimant records are processed through a residency assignment system that verifies and/or corrects residence addresses and assigns the associated residency codes. This provides a more accurate count of claims by city. The estimates of unemployed entrants are allocated based on the latest available census distribution of adult and teenage population groups. Employment is disaggregated using decennial census employment-population ratios updated by current population estimates.

This methodology has also been utilized by the California Economic Development Department (EDD), whose results are posted on their website. <http://www.business.ca.gov/page.asp?o=cabth&s=econdev&p=390346&i=274145&m=editon#current>. According to their website, "The EDD has been designated to identify the ... census tracts that meet the "high unemployment" definition and therefore qualify for the \$500,000 minimum investment threshold. To maintain consistency, the federal government has mandated that the labor force and unemployment estimates used to determine if areas meet the "high unemployment" definition should use methodology developed by the BLS. The description of the overall methodology and the census-share method utilized by EDD to produce estimates for sub-Labor Market Areas can be found on the Internet at the BLS web site: <http://www.bls.gov/lau/laumthd.htm>." which we have reproduced above.

Appendix: Resume of Dr. Michael K. Evans

CURRENT AND PREVIOUS POSITIONS

- Chairman, *Evans, Carroll & Associates, Inc.*, 1980-present (previously Evans Economics)

Economic consulting firm specializing in EB-5 immigration analysis, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies.

- Chief Economist, *American Economics Group*, 2000-present.

Built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects (see below).

- Clinical Professor of Economics, Department of Managerial Economics and Decision Sciences (MEDS), Kellogg Graduate School of Management, Northwestern University, 1996-99.

Taught courses in macroeconomics and business forecasting. Wrote textbooks for both courses.

- Winner of Blue Chip Economic Indicator Award for most accurate macroeconomic forecasts during the past four years, November 1999
- Founder and President, *Chase Econometric Associates*, 1970-1980

- Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania, 1964-69. Co-developer of the original Wharton Model.

- Visiting Professor, Radford University, (Radford, VA), 1987

Chairman of Institute for International Economic Competitiveness

- Visiting Lecturer, Hebrew University (Jerusalem), 1966-67

Built econometric model of the Israeli economy

Ph. D. in Economics, Brown University. Dissertation, "A Postwar Quarterly Model of the United States Economy, 1948-1962". A. B. in Mathematical Economics, Brown University

PREVIOUS ACTIVITIES AND EDUCATION

- Contributing Editor, *Industry Week*

Wrote a column in each issue on economic and financial trends as they impact the manufacturing sector.

- Editor, *The Evans Report*

Weekly newsletter discussing economic trends and financial markets. Pioneered the concept of the Monthly Tracking Model to incorporate recent economic releases into the overall economic forecast, including methods to predict these economic data.

- Consultant, *National Printing Equipment and Supply Association*

Prepares quarterly forecasts of shipments of printing equipment and graphic arts supplies by product line, based on an econometric model constructed for NPES. Also prepares analysis and forecasts of exports and imports by principal product line.

- Consultant, *APICS -- The Educational Society for Resource Management*,

In 1993, designed and developed the *APICS Business Outlook Index*, which uses survey data collected by the Evans Group to measure current production, production plans, shipments, employment, new orders, unfilled orders, inventory stocks, and the comparison of the actual to desired inventory/sales ratio to predict short-term changes in manufacturing sector activity. The results of this survey appeared every month in *APICS: The Performance Advantage*

- Consultant, *American Hardware Manufacturing Association*

Wrote a separate weekly edition of the Evans Report analyzing recent trends in the hardware and housing industries, including forecasts of the hardware industry based on an econometric model developed for AHMA.

- Board of Economists, *Los Angeles Times*

Wrote column every 6 weeks (5 other economists on the Board)

- Columnist, *United Press International*

Wrote twice-weekly column, "Dollars and Trends"

- Consultant, Senate Finance Committee,

Built the first large-scale supply-side model of the U. S. economy

- Consultant, Environmental Protection Agency and Council on Environmental Quality

Estimated inflationary impact of government regulations

- Consultant, National Aeronautics and Space Administration

Estimate impact of R&D spending on productivity growth

- Consultant, U. S. Treasury

Estimated impact of investment tax credit and accelerated depreciation on capital spending by industry

- Consultant, U. S. Department of Agriculture

Built large-scale econometric model of agricultural sector of U. S. economy

- Consultant, Organization of Economic Cooperation and Development

Built econometric model of the French economy

SAMPLE OF RECENT CONSULTING PROJECTS

For more information on these projects, see www.evansb5.com

A. Economic Impact of EB-5 Immigrant Investor Programs and New Markets Tax Credits

- Calculated the economic impact of "green" hotels in 10 counties in Central California.
- Calculated the economic impact of generic projects in manufacturing, financial services, health services, hotels, and restaurants for a proposed regional center for the state of Florida.
- Calculated the economic impact of 12 different types of economic activity for an expansion of the Palm Beach Regional Center to five contiguous counties.
- Calculated the economic impact of a new auto parts plant in Alabama to supply parts to Kia automobiles.
- Calculated the economic impact of opening fast-food restaurants in Miami-Dade and Broward counties in Florida.
- Calculated the economic impact of a mixed-use commercial center in Flushing, Queens County.
- Calculated the economic impact of revitalizing and renovating part of the Brooklyn Navy Yard for "green" manufacturing facilities.
- Calculated the economic impact of 12 different types of economic activity for Charlotte and Sarasota counties in Florida.
- Calculated the economic impact of four new manufacturing and distribution companies in Palm Beach County, Florida.
- Calculated the economic impact of developing a resort area and building residences in rural Tennessee.
- Calculated the economic impact of assembling and installing solar panels in the state of Louisiana.

- Calculated the economic impact of developing and operating a resort area in Southern Arizona.
- Calculated the economic impact of revitalizing the depressed East Side of Cleveland, Ohio, with new commercial and industrial buildings.
- Determined the nationwide economic impact of a \$1 billion investment in Mississippi for a new hybrid motor vehicle plant.
- Determined the economic impact of expanding a shipyard in Southeastern Louisiana.
- Calculated the economic impact of a new shopping center in Buena Vista, California, and two other generic shopping centers in Los Angeles and San Bernardino counties.
- Calculated the economic impact of enhancing resort areas in eight rural counties in Colorado.
- Calculated the economic impact of the rehabilitation of Fitzsimons Village in Aurora, Colorado, by adding an office building with medical labs, hotel, shopping center, and residences.
- Determined the economic impact of a mixed-use commercial center for the Kansas City metropolitan area.
- Calculated the number of jobs created for a film production company in New York City.
- Calculated economic impact of small-scale rooftop solar panels in various counties in California.
- Calculated economic impact of 7 different types of proposed businesses for a proposed regional center in the Bay Area of California.
- Determined the economic impact of a new biological research park, office building, and logistics center in Wooster, Ohio.
- Calculated the economic effect of a mixed-use urban renewal project in Cleveland, Ohio.
- Calculated economic impact of dairy farm and cheese processing plant in Northern California.

- Determined economic impact of a shipyard, food processing plant, and semiconductor plant for a proposed regional center in Louisiana and Mississippi.
- Calculated the economic impact of a new gaming casino in Natchez, Mississippi.
- Calculated the economic impact of a retail shopping center in suburban Los Angeles County.
- Prepared an economic impact analysis for the “timber to homes” project for a proposed regional center in Colorado.
- Calculated the economic impact for a proposed regional center in Baltimore, Maryland that would include the rebuilding of depressed areas in East Baltimore and along the riverfront.
- Prepared the economic analysis for a proposed EB-5 regional center for the entire state of Florida that included impact calculations for 14 different types of industries.
- Prepared the economic analysis for a proposed EB-5 regional center in the San Francisco Bay area that included calculations for 10 different types of industries.
- Prepared economic impact calculations for proposed EB-5 regional centers in New York City and Northeastern New Jersey.
- Calculated the economic impact of a rehabilitated office building in Albuquerque, New Mexico, including the increase in high quality jobs.
- Calculated the economic impact of a rehabilitated skilled nursing center in East Los Angeles, California, including the impact on nearby census tracts.
- Calculated the economic impact of development of warehouse and light industrial manufacturing space in Las Vegas, Nevada.
- Calculated the economic impact of rehabilitation and expansion of a vacation and health spa in Sharon Springs, New York
- Calculated economic impact of revitalizing an old resort hotel and adding new facilities for Lake Geneva, WI.
- Calculated the employment and tax effects for a portfolio of projects undertaken under the New Market capital program.

- Calculated generic employment changes for proposed EB-5 project for an Inland Port in Palm Beach County, FL
- Calculated the economic impact of construction of El Monte Village in El Monte, CA.
- Built an input/output model of Guam to be used to calculate economic impact of EB-5 projects. Used this model to estimate impact of various proposed projects.
- Calculated the economic impact of moving the Social Security Administration building in Birmingham, AL, and revitalizing the surrounding neighborhood.
- Calculated the economic impact of rehabbing and expanding the Everett Mall in Everett, WA.
- Determined the economic impact of building a new medical center in Charleston, SC
- Calculated economic impact of expanding Sugarbush resort in Vermont. Study included expansion of existing facilities and addition of new facilities.
- Calculated economic impact for new market tax credit program in Portsmouth, N.H. Study included both overall economic impact, and the increase in employment and income and the decrease in the unemployment rate and incidence of poverty in individual census tracts.
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-use construction project, including a hotel, retail stores, apartments, and a sports stadium in the Washington, D. C. metropolitan area
- Calculated the economic benefits of EB-5 programs for foreign investors for a mixed-used retail shopping center in the New York City metropolitan area.
- Calculated the economic benefits of EB-5 programs for foreign investors for proposed shopping centers in five separate counties in Southern California, including differential impacts of building the shopping centers in different counties.

B. Projects for State and Local Governments

- Constructed an econometric model for the State of New York and determined the change in employment, labor income, and tax revenues for 43 different tax changes proposed by the Governor's office.

- Constructed a detailed econometric model for the State of Pennsylvania to determine the economic impact of the complete panoply of state taxes levied; the model contains over 1,000 equations. In cooperation with American Economics Group, the model was developed to simulate the effect of changes in any state tax rate on households and businesses by income deciles, household status, age of individuals, size of households, and many other demographic variables. The change in business taxes can also be simulated for detailed industry classifications.
- Determined whether the Washington, D.C. water and sewer authority should accept a high bid for a new waste disposal system. Decision to reject has saved the authority over \$200 million, as construction prices turned down sharply as predicted.
- Built an econometric model to determine the "tax gap" caused by Internet sales for the state of Minnesota.
- Determined appropriate levels of shelter grants individual counties in New York State, and for utility allowances in New York City. Reviewed and prepared testimony in ongoing court cases in these areas.
- Calculated the economic impact of the revitalization of downtown Milwaukee, Wisconsin.

C. Economic Impact of Casino Gaming

- Built an econometric model to predict the growth of the gaming industry over the next decade, and the economic impact of that industry on employment and tax revenues at the Federal and state levels.
- Estimated the economic impact of Indian casino gaming nationally and for the State of Wisconsin.
- Determined the economic impact of the Oneida Indian gaming casino on the Green Bay metropolitan area.
- Estimated the negative economic impact on the Milwaukee area if a new Indian gaming casino were to be built in Kenosha, Wisconsin.

D. Economic Impact of Smoking Bans and Higher Taxes

- Testified on economic impact of smoking bans in Canada; certified as an expert witness by the Court.

- Examined the impact of smoking bans on restaurant sales in several different locations in the U.S. to determine how much sales changed when these bans were imposed, and the differential effects depending on whether these bans were partial or total.
- Determined the cross-border effects on retail sales from differential rates in cigarette, gasoline, and alcohol excise taxes
- Determined the economic impact of higher cigarette taxes on minority group employment.
- Estimated the economic impact and loss of Federal and state tax revenues when higher cigarette prices lead to increased smuggling.

E. Consulting Projects for Travel and Tourism

- Built an econometric model to predict tourism trips and revenues for the major regions of the U.S. economy.
- Constructed econometric models to predict tourism in Las Vegas and Orlando.
- Using the IMPLAN model, predicted economic impact of tourism and travel expenditures for all counties in Pennsylvania.

F. Other Private Sector Consulting Projects

- Calculated the revenue gain at the Federal, state and local level generated by domestic manufacturing of Airbus parts and equipment.
- Calculated the economic impact of proposed EPA bans on fluoropolymer production.
- Estimated the size and economic importance of the fluoropolymer industry, and calculated economic impact of shutting down domestic production.
- Built an econometric model to examine how U.S. tax and regulatory policies help determine whether the gold mining industry would invest in the U.S. or other countries. Testified before Congress to help defeat legislation inimical to the mining industry.
- Built an econometric model to predict consumer bankruptcies, based on recent growth in consumer credit outstanding, the overall economic environment, and recent changes in credit regulations

- Estimated the economic impact of the ethanol subsidy on the U.S. economy and Farm Belt States, including the impact on the balance of payments, employment, and tax receipts. Testified before Congress to help pass legislation to extent subsidies to the ethanol industry.
- Built an econometric model to determine the impact of updating and improving the system of locks on the Upper Mississippi River on corn prices and exports, farm income, and the overall economy.

BOOKS PUBLISHED

Macroeconomics for Managers, Blackwell, 2003

Practical Business Forecasting, Blackwell, 2002

Economic Impact of the Demand for Ethanol, Diane Publishing Company, 1998

How to Make Your Shrinking Salary Support You in Style for the Rest of Your Life, Random House, 1991

The Truth About Supply-Side Economics. Basic Books, 1983.

A Supply-Side Model of the U. S. Economy, mimeo (prepared for Senate Finance Committee), 1980.

An Econometric Model of the French Economy: A Short-Term Forecasting Model. O.E.C.D, March 1969.

Econometric Gaming (with L. R. Klein and M. J. Hartley). Random House, 1969.

Macroeconomic Activity: Theory, Forecasting and Control. Harper & Row, 1969.

The Wharton Econometric Forecasting Model (with L.R. Klein), Economics Research Unit, Wharton School: University of Pennsylvania Press, 1967. Enlarged edition, 1968.

Over 30 articles in major academic journals and publications (list on request)

Appendix E

Private Placement Memorandum and Limited Partnership Agreement

Civitas Phoenix Fund, LP

CIVITAS PHOENIX FUND, LP

SUBSCRIPTION DOCUMENTS

CIVITAS PHOENIX FUND, LP

SUBSCRIPTION INSTRUCTIONS

Any person subscribing (a “**Subscriber**”) to invest in a limited partner interest (an “**Interest**”) of Civitas Phoenix Fund, LP, a Texas limited partnership (the “**Fund**”), may do so only by means of the completion, delivery and acceptance of the subscription documents in this package (the “**Subscription Documents**”) as follows:

- Completion of the Subscription Documents, which include:
 - Subscriber Information Form: Complete all requested information;
 - Subscription Agreement: Date and sign **two copies** of the signature page;
 - Power of Attorney: Subscribers who are individuals (*i.e.* natural persons) located in New York at the time of execution (regardless of place of residence) must complete and sign the “Power of Attorney for Individuals in New York.” All other Subscribers will be subject to the power of attorney otherwise included in the Subscription Agreement.
 - IRS Form W-9: Complete and sign IRS Form W-9 to certify your tax identification number. If you are not a U.S. person, you must instead complete the appropriate IRS Form W-8. Attached hereto as Appendix B is the Form W-9 (Rev. October 2007) from the Department of the Treasury Internal Revenue Service. For the appropriate Form W-8 and an updated Form W-9, please go to www.irs.gov.
- Delivery of the completed Subscription Documents (including duplicate signature pages); and
- Payment of the Subscription Amount;
- Payment of the Administrative Fee (as described herein) to Civitas Capital Management, LLC (the “**Manager**”); and
- Acceptance of the Subscription by Civitas Phoenix Fund GP, LP, the Fund’s general partner (the “**General Partner**”).

Additional information regarding these Subscription Documents and the subscription process is set out below. All references herein to “dollars” or “\$” are to U.S. dollars. Capitalized terms not otherwise defined herein shall have the meaning given such terms in the Fund’s limited partnership agreement.

DELIVERY INSTRUCTIONS. Subscription Documents should be delivered to the General Partner at the following address:

Civitas Phoenix Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street, Suite 150
Dallas, Texas 75202
Tel: (214) 572-2300
Fax: (214) 572-2398
Attention: Attention: Tina Hou, Managing Director – Investor Relations
Email: tina.hou@civitascapital.com

All Subscription Documents will be returned to the Subscriber if this subscription is not accepted.

SUBSCRIPTION PAYMENTS; CLOSING DATE. Payments for the amounts subscribed (the “*Subscription Amount*”), not less than \$500,000 unless otherwise agreed in advance by the General Partner, must be made by wire transfer to the following escrow account:

To: _____, as escrow agent
SWIFT Code: _____
Routing No: _____
Account Name: _____
Account No.: _____
F/C/T: _____
Attention: _____
Reference: *[Subscriber Name]*

The General Partner will notify each Subscriber as to the Subscription Amount and due date of its capital contribution. Unless otherwise agreed to by the General Partner, the initial capital contribution is payable by wire transfer at least one business day prior to the proposed date of subscription.

The Subscription Amount will be held in escrow until the subscriber’s I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a Subscriber’s I-526 Petition is not approved, or the General Partner rejects a subscription for any reason whatsoever, the Subscription Amount will be returned to the Subscriber without interest thereon and the Subscriber will not be admitted as a limited partner to the Fund.

PAYMENT OF ADMINISTRATIVE FEE. The General Partner will not accept a subscription for an Interest unless the Subscriber has paid in full the Administrative Fee to the Manager in the amount set forth on the signature page of the Subscriber's subscription agreement. The Administrative Fee must be made by wire transfer to the following account of the Manager:

If wiring funds from outside the United States of America:

To: _____
SWIFT Code: _____
Beneficiary Bank: _____
Account No.: _____
F/C/T: **Civitas Capital Management, LLC #** _____
Reference: **[Subscriber Name]**

If wiring funds from the United States of America:

To: _____
ABA No.: _____
Account Name: **Civitas Capital Management, LLC**
Account No.: _____
Reference: **[Subscriber Name]**

ACCEPTANCE OF SUBSCRIPTIONS. The acceptance of subscriptions is within the absolute discretion of the General Partner, which may require additional information prior to making a determination. The General Partner will seek to notify the Subscriber of its acceptance or rejection of the subscription prior to the date of subscription. If the subscription is rejected, the Fund will, unless restricted by law, promptly refund (without interest) to the Subscriber any subscription payments received by the Fund. As noted above, the General Partner will not accept any subscription unless the Administrative Fee has been paid to the Manager.

PRIORITY BASED ON SUBSCRIPTION DATE. EB-5 Program rules require creation of not less than ten full-time (*i.e.*, 35 hours per week) jobs ("**EB-5 Jobs**") per Subscriber. EB-5 Jobs created by the Fund, via the Term Loan to the Borrower, will be allocated to each Subscriber based on a "first-in" priority allocation method, which will be measured as of the date and time the Fund's escrow agent receives the Subscription Amount from each Subscriber (the "**Subscription Date**"). Each Subscriber will be allocated EB-5 Jobs based on the maturity of their Subscription Date relative to the Subscription Date of other Subscriber, whereby the Subscriber with the earliest Subscription Date will be the first to be allocated ten EB-5 Jobs. This process shall continue until all EB-5 Jobs have been allocated.

ADDITIONAL INFORMATION. For additional information concerning subscriptions, prospective investors should contact Tina R. Hou, Managing Director – Investor Relations (telephone: (214) 572-2302) at the office of the General Partner.

CIVITAS PHOENIX FUND, LP

PRIVACY POLICY

The Fund takes precautions to maintain the privacy of personal information concerning the Fund's current and prospective individual Subscribers. These precautions include the adoption of certain procedures designed to maintain and secure such Subscribers' nonpublic personal information from inappropriate disclosure to third parties. Federal regulations require the Fund to inform Subscribers of this privacy policy.

The Fund collects nonpublic personal information about its Subscribers from the following sources:

- Information the Fund receives from a Subscriber in these Subscription Documents or other related documents or forms;
- Information about a Subscriber's transactions with the Fund, its affiliates or others; and
- Information the Fund may receive from a consumer reporting agency.

The Fund does not disclose any nonpublic personal information about its prospective, existing or former Subscribers to anyone, except as permitted or required by law and regulation.

The Fund restricts access to nonpublic personal information about its Subscribers to those employees and agents of the Fund who have been advised as to the proper handling of such information and who need to know that information in order to provide services to its Subscribers. The Fund may also disclose such information to its affiliates and to service providers and financial institutions that provide services to the Fund. The Fund will require such third party service providers and financial institutions to protect the confidentiality of the Subscribers' nonpublic personal information and to use the information only for purposes for which it is disclosed to them. The Fund may also disclose nonpublic personal information to regulatory authorities as required or permitted by applicable law. The Fund maintains physical, electronic and procedural safeguards that comply with federal standards to safeguard the Subscribers' nonpublic personal information and which the Fund believes are adequate to prevent unauthorized disclosure of such information.

The Fund does not otherwise provide information about current, former and prospective individual Subscribers to outside firms, organizations or individuals except at the Subscriber's request or to attorneys, accountants and auditors of any current, former and prospective individual Subscriber.

If you have any questions concerning this privacy policy, please contact Tina R. Hou (telephone: (214) 572-2302) at the office of the General Partner.

CIVITAS PHOENIX FUND, LP

SUBSCRIBER INFORMATION FORM

PART A OF THIS SUBSCRIBER INFORMATION FORM IS DIVIDED INTO THREE SECTIONS. ALL SUBSCRIBERS ARE REQUIRED TO COMPLETE SECTION I AND SECTION II.

ALL SUBSCRIBERS MUST COMPLETE THE SUBSCRIBER QUALIFICATION QUESTIONS IN **PART B**.

SUBSCRIBERS SUBSCRIBING AS A CUSTODIAN OR AN AGENT ON BEHALF OF A BENEFICIAL OWNER SHOULD COMPLETE THE QUESTIONS BELOW WITH REFERENCE TO THE BENEFICIAL OWNER OF THE INTEREST.

PART A – SUBSCRIBER INFORMATION

SECTION I. TO BE COMPLETED BY ALL SUBSCRIBERS

1. Identity of Subscriber

Name(s):

Country of
Citizenship

Please check *all* of the boxes that describe the beneficial owner(s) for whose account an Interest is being acquired.

2. U.S. Person Status

Is the Subscriber a “U.S. Person”?

Yes No

For purposes of this Subscriber Information Form, the term “*U.S. Person*” means a **resident or citizen of the U.S.**

For purposes of the foregoing, the term “*U.S.*” means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

3. Contact Information

Primary Contact for Notices and Communications

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Secondary Contact for Notices and Communications (optional)

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Send copy of Financial Statements and Tax Information Returns to (optional)

Name: _____

Mailing Address: _____

Telephone: _____

Fax: _____

E-mail: _____

Please set forth below the names of persons authorized by the Subscriber to give and receive instructions between the Fund and the Subscriber together with their respective signatures. Such persons are the only persons so authorized until further written notice to the General Partner signed by one or more of such persons.

<u>Name</u>	<u>Signature</u>
_____	_____
_____	_____
_____	_____
_____	_____

4. Remitting Bank or Financial Institution

All subscriptions are payable in full by wire transfer of readily available U.S. dollars to the account of the Fund on or before the business day prior to the proposed date of subscription. Please identify the bank or other financial institution (the "*Wiring Institution*") from which the Subscriber's funds will be wired. Note that any amounts paid to the Subscriber will be paid to the same account from which its subscription funds were originally remitted, unless the General Partner agrees otherwise.

A. Name of Wiring Institution: _____

Address¹: _____

ABA, Chips or SWIFT Number: _____

Account Name: _____

Account Number: _____

For Benefit of: [Subscriber Name]

Account Representative: _____

¹ If the Wiring Institution is not located in a jurisdiction that is a member of the Financial Action Task Force on Money Laundering (the "FATF"), the General Partner may require additional information. For a current list of FATF members see: www.fatf-gafi.org.

Telephone: _____

B. Is the Subscriber a customer of the Wiring Institution?

Yes No

If you responded "No," please contact the General Partner for additional information that may be required.

5. Electronic Delivery of Reports and Other Communications

The Fund may make reports and other communications available in electronic form, such as E-mail or by posting on a web site (with notification of the posting by E-mail). Do you consent to receive deliveries of reports and other communications from the Fund (including annual and other updates of our consumer privacy policies and procedures) exclusively in electronic form without separate mailing of paper copies?

Yes No

6. Information Regarding Actual Ownership of the Interest

Is the Subscriber subscribing for an Interest with the intent to sell, distribute or transfer the Interest to any other person or persons?

Yes No

Is the Subscriber subscribing for an Interest as agent, nominee, trustee, partner or otherwise on behalf of, for the account of, or jointly with any other person or entity?

Yes No

Will any other person or persons have a beneficial interest in the Interest acquired (other than as a shareholder, partner or other beneficial owner of equity interests in the Subscriber)?

Yes No

Does the Subscriber control, or is the Subscriber controlled by or under common control with, any other existing or prospective investor in the Fund?

Yes No

Note: If any of the above questions were answered "Yes," please provide identifying information or contact the General Partner:

7. Private Investment Fund Experience

Has the Subscriber previously made an investment in a private investment fund such as a hedge fund, private equity or venture capital fund, commodity pool, real estate or energy partnership or fund of funds?

Yes No

8. Net Worth

Is the Subscriber's net worth more than 10 times the amount of the subscription commitment?

Yes No

9. Ability to Bear Risk

Does the Subscriber have the financial ability to bear the economic risk of this investment and have adequate means to provide for its current needs and contingencies?

Yes No

SECTION II. ADDITIONAL QUESTIONS

1. Please indicate desired type of ownership interest

- Individual
 Joint

2. Place of Residence

(a) Indicate the state where Subscriber has his or her principal residence:

Note: If you are married and live in a community property state, both you and your spouse must sign the signature page of the Subscription Agreement. Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington and Wisconsin. Property held by married persons resident in Alaska may also be subject to community property law if the married persons opted into the community property regime.

(b) Is the Subscriber a United States citizen or permanent resident of the United States?

- Yes No

3. Social Security Number: _____

4. Joint Subscriptions

If you are subscribing with another person, please answer the following questions:

(a) Please indicate type of ownership interest:

- Joint Tenants (rights of survivorship)
 Tenants in common (no rights of survivorship)

(b) If you are subscribing for an Interest jointly with another person, please answer the following questions:

(i) Is the other person a United States citizen or permanent resident of the United States?

- Yes No

(ii) If the answer to the above question is yes, please provide such other person's U.S. Social Security number: _____

PART B – SUBSCRIBER QUALIFICATION

SUBSCRIPTIONS WILL BE ACCEPTED ONLY FROM PERSONS WHO QUALIFY AS ELIGIBLE INVESTORS WITHIN THE MEANING OF APPLICABLE FEDERAL AND STATE SECURITIES REGULATIONS. UNLESS OTHERWISE INDICATED, RESPONSES SHOULD BE GIVEN BY REFERENCE TO THE SPECIFIC PERSON FOR WHOSE ACCOUNT THE INTEREST IS BEING ACQUIRED. THE SUBSCRIBER MAY BE REQUIRED TO PROVIDE SUCH FURTHER INFORMATION AND EXECUTE AND DELIVER SUCH DOCUMENTS AS THE GENERAL PARTNER MAY REASONABLY REQUEST TO VERIFY THAT THE SUBSCRIBER QUALIFIES AS AN ELIGIBLE INVESTOR.

SECTION I. ACCREDITED INVESTOR STATUS

Each Subscriber must indicate whether the intended beneficial owner of the Interest qualifies as an “accredited investor” pursuant to *at least one* of the following tests. (Please check *all* that apply, or, if none applies, consult the General Partner.)

- The Subscriber is a *natural person* whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase exceeds \$1,000,000, excluding the value of the Subscriber’s primary residence.²
- The Subscriber is a *natural person* with individual income (without including any income of the Subscriber’s spouse) in excess of \$200,000 or joint income with that person’s spouse of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year.
- Subscriber is a grantor trust and the grantor of the grantor trust is a *natural person* that meets the requirements described above.³

² An individual need not deduct from his or her net worth the amount of mortgage debt secured by an excluded primary residence, except to the extent that the mortgage liability exceeds the fair value of the residence.

³ Additional information may be required in connection with a grantor trust’s investment.

SECTION II. QUALIFIED CLIENT STATUS

Each subscriber must indicate whether the intended beneficial owner of the Interest qualifies as a "qualified client."

- The Subscriber (or the grantor, in the case of a grantor trust) is a natural person whose net worth (together, in the case of a natural person, with assets held jointly with that person's spouse), at the time of subscription exceeds \$1,500,000.

CIVITAS PHOENIX FUND, LP

SUBSCRIPTION AGREEMENT

Civitas Phoenix Fund, LP
c/o Civitas Phoenix Fund GP, LP
900 Jackson Street, Ste 150
Dallas, TX 75202

Ladies and Gentlemen:

1. Documents Received

(a) The undersigned (the "**Subscriber**") hereby acknowledges having (i) received and read the current Confidential Private Placement Memorandum, as supplemented (the "**Private Placement Memorandum**"), of Civitas Phoenix Fund, LP, a limited partnership organized under the laws of the State of Texas (the "**Fund**"), and the Limited Partnership Agreement of the Fund, as amended to date (the "**Partnership Agreement**") and (ii) been given the opportunity to (A) ask questions of, and receive answers from, Civitas Phoenix Fund GP, LP (the "**General Partner**") or one of its affiliates, including Civitas Capital Management, LLC (the "**Manager**"), the Fund's manager, concerning the terms and conditions of the offering and other matters pertaining to an investment in the Fund and (B) obtain any additional information that the General Partner can acquire without unreasonable effort or expense that is necessary to evaluate the merits and risks of an investment in the Fund.

(b) Appendix A hereto contains the definitions of certain capitalized terms used but not otherwise defined herein and should be read by the Subscriber prior to entering into this Subscription Agreement.

2. Subscription Commitment

(a) The Subscriber hereby irrevocably subscribes for a limited partner interest in the Fund (the "**Interest**") and agrees to contribute in cash to the capital of the Fund, the amount set forth on the Signature Page of this Subscription Agreement (the "**Subscription Amount**"). Such amount shall be payable in full in readily available U.S. dollars by wire transfer to the escrow account of the Fund at least one business day prior to the proposed date of subscription.

(b) The Subscriber understands that this subscription is not binding on the Fund until accepted by the General Partner, and it may be rejected, in whole or in part, by the General Partner in its absolute discretion. If and to the extent rejected, the Fund shall, to the extent permitted by law, direct the escrow agent to return to the Subscriber, without interest or deduction, any payment tendered by the Subscriber, and the Fund and the Subscriber shall have no further obligation to each other hereunder.

(c) The Subscription Amount shall be held in escrow until the Subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the

Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund and the Subscriber formally admitted as a Limited Partner of the Fund. In the event Subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the Subscriber without interest thereon and the Subscriber shall not be admitted as a Limited Partner to the Fund.

3. Representations, Warranties and Covenants – All Subscribers

To induce the Fund to accept this subscription, the Subscriber hereby makes the following representations, warranties and covenants to the Fund's general and limited partners:

(a) The Subscriber acknowledges that the subscription for an Interest does not guarantee conditional or unconditional permanent residency in the United States and that none of the Fund, the General Partner, the Manager nor their respective affiliates have given any assurances or advice with respect to U.S. immigration matters or that the Subscriber will obtain conditional or unconditional permanent resident status under U.S. law.

(b) The information set forth in the subscriber information form attached hereto, which shall be considered an integral part of this Subscription Agreement (the "**Subscriber Information Form**"), is true, correct, accurate and complete as of the date hereof, and the Subscriber will promptly notify the Fund of any change in such information. The Subscriber consents to the disclosure of any such information, and any other information furnished to the Fund, to any governmental authority, self-regulatory organization or, to the extent required by law or deemed (subject to applicable law) by the General Partner to be in the best interest of the Fund, to any other person.

(c) Except as disclosed in the accompanying Subscriber Information Form, the Subscriber is acquiring the Interest for the Subscriber's own account; does not have any contract, undertaking or arrangement with any person or entity to sell, transfer or grant a participation with respect to any of the Interest; and is not acquiring the Interest with a view to or for sale in connection with any distribution of the Interest.

(d) The Subscriber or an advisor or consultant relied upon by the Subscriber in reaching a decision to subscribe has such knowledge and experience in financial, tax and business matters as to enable the Subscriber or such advisor or consultant to evaluate the merits and risks of an investment in the Interest (including the risks set forth in the Private Placement Memorandum) and to make an informed investment decision with respect thereto.

(e) The Subscriber understands that the Interests have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any state law, and that the Fund is not registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Subscriber agrees to notify the Fund in writing prior to any proposed sale, transfer, distribution or other disposition of the Interest or any beneficial interest therein, and will not sell, transfer, distribute or otherwise dispose of the Interest without the prior written consent of the General Partner, which may be granted or withheld in its sole discretion, and unless the Interests are registered or such sale, transfer, distribution or other disposition is exempt from registration. The Subscriber understands that the General Partner has no intention

to register the Fund or the Interests with the Securities and Exchange Commission or any state and is under no obligation to assist the Subscriber in obtaining or complying with any exemption from registration. The Fund may require that a proposed transferee meet appropriate financial and other suitability standards and that the transferor, at its expense, furnish a legal opinion satisfactory to the Fund and its counsel that the proposed transfer complies with applicable federal, state and any other applicable securities laws. An appropriate legend evidencing such restrictions may be placed on any certificates issued representing the Interests and appropriate stop-transfer instructions may be placed with respect to the Interests.

(f) In formulating a decision to invest in the Fund, the Subscriber has not relied or acted on the basis of any representations or other information purported to be given on behalf of the Fund or the General Partner, except as set forth in the Private Placement Memorandum or the Partnership Agreement (it being understood that no person has been authorized by the Fund or the General Partner to furnish any such representations or other information).

(g) The Subscriber recognizes that there is not now any secondary market for Interests and that such a market is highly unlikely to develop. Accordingly, it will not be possible for the Subscriber readily to liquidate the Subscriber's investment in the Fund.

(h) If the Subscriber is a natural person, the Subscriber is qualified to become a limited partner in the Fund and (i) has the legal capacity to execute, deliver and perform this Subscription Agreement and the Partnership Agreement, and (ii) has all permits, licenses or approvals as may be required to make the subscription payment for the Interest in US Dollars.

(i) The purchase of the Interest hereunder and the compliance by such Subscriber with all of the provisions of this Subscription Agreement and the Partnership Agreement applicable to such Subscriber and the consummation by such Subscriber of the transactions herein and therein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Subscriber is a party or by which such Subscriber is bound or to which any of the property or assets of such Subscriber is subject, nor (ii) will such action result in any violation of any statute applicable to such Subscriber or any order, rule or regulation of any court or governmental agency or body having jurisdiction over such Subscriber or the property of such Subscriber.

(j) Upon the request of the General Partner, the Subscriber shall provide such information and execute such documents as may be required (i) in connection with any borrowing by the Fund in accordance with the Partnership Agreement and (ii) to allow the General Partner or the Manager to make further investigation concerning the Subscriber's source of funds and the personal and business background of the Subscriber and his or her family members.

(k) The Subscriber has carefully reviewed and understands the various risks of an investment in the Fund, as well as the fees and conflicts of interest to which the Fund is subject, as set forth in the Private Placement Memorandum. The Subscriber hereby consents and agrees

to the payment of the fees so described to the parties identified as the recipients thereof, and to such conflicts of interest.

(l) The Subscriber believes that the compensation terms of the Partnership Agreement represent an “arm’s-length” arrangement and the Subscriber is satisfied that it has received adequate disclosure from the General Partner to enable it to understand and evaluate the compensation and other terms of the Partnership Agreement and the risks associated therewith.

(m) The Subscriber represents and warrants that no holder of any beneficial interest in the Interest (each a “***Beneficial Interest Holder***”) and, no Related Person is:

- (1) A person or entity whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Asset Control from time to time;
- (2) A Foreign Shell Bank; or
- (3) A person or entity resident in or whose subscription funds are transferred from or through an account in a Non-Cooperative Jurisdiction.

The Subscriber agrees promptly to notify the General Partner or the person appointed by the General Partner to administer the Fund’s anti-money laundering program, if applicable, of any change in information affecting this representation and covenant.

(n) The Subscriber represents that (except as otherwise disclosed to the General Partner in writing):

- (1) none of it, any Beneficial Interest Holder nor any Related Person (in the case of a Subscriber that is an entity) is a Senior Foreign Political Figure, any member of a Senior Foreign Political Figure’s Immediate Family or any Close Associate of a Senior Foreign Political Figure;
- (2) none of it, any Beneficial Interest Holder nor any Related Person (in the case of a Subscriber that is an entity) is resident in a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT Act as warranting special measures due to money laundering concerns;⁴ and
- (3) its subscription funds do not originate from, nor will they be routed through, an account maintained at a Foreign Shell Bank, an “offshore bank,” or a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction.

⁴ The Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) issues advisories regarding countries of primary money laundering concern. FinCEN’s advisories are posted at http://www.fincen.gov/pub_main.html.

(o) The Subscriber acknowledges and agrees that any amounts paid to it will be paid to the same account from which its subscription funds were originally remitted, unless the General Partner agrees otherwise.

(p) If the Subscriber is purchasing the Interest as agent, representative or intermediary/nominee, or in any similar capacity for any other person, or is otherwise requested to do so by the General Partner, it shall provide a copy of its anti-money laundering policies ("**AML Policies**") to the General Partner. The Subscriber represents that (i) it is in compliance with its AML Policies, (ii) its AML Policies have been approved by counsel or internal compliance personnel who have been reasonably informed of the legal requirements and best practices for anti-money laundering policies and their implementation, and (iii) it has not received a deficiency letter, negative report or any similar determination regarding its AML Policies from independent accountants, internal auditors or some other person responsible for reviewing compliance with its AML Policies.

(q) The Subscriber represents and warrants that as a result of its acquisition and holding of an Interest: (i) the assets of the Fund will not constitute the assets of any employee benefit plan subject to any federal, state, local or non-U.S. law, rule or regulations ("**Similar Law**") that is similar to (A) the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or (B) Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"); (ii) neither the General Partner nor the Manager will be considered to be a fiduciary of the Subscriber under any Similar Law; and (iii) no activity of the Fund contemplated in the Private Placement Memorandum or the Partnership Agreement will violate any Similar Law.

(r) The Subscriber understands that all EB-5 Jobs created by the Fund, via the Term Loan to the Borrower, will be allocated pursuant to the terms and conditions contained in the Partnership Agreement. The Subscriber hereby consents and agrees to such allocation method and further understands that it may not receive legal permanent residency in the United States as a result of its subscription.

4. **Indemnification**

The Subscriber understands the meaning and legal consequences of the representations, warranties, agreements, covenants and confirmations set out above and agrees that the subscription made hereby, if accepted by the General Partner, will be accepted in reliance thereon. The Subscriber agrees to indemnify and hold harmless the Fund, the General Partner, the Manager, and their affiliates, and the partners, members, managers, stockholders, other beneficial owners, officers, directors and employees of any of the foregoing (the "**Indemnified Persons**") from and against any and all loss, damage, liability or expense, including reasonable costs and attorneys' fees and disbursements, which an Indemnified Person may incur by reason of, or in connection with, any representation or warranty made herein (or in the accompanying Subscriber Information Form) not having been true, correct and complete when made, any misrepresentation made by the Subscriber or any failure by the Subscriber to fulfill any of the covenants or agreements set forth herein, in the Subscriber Information Form or in any other document provided by the Subscriber to the Fund.

5. Miscellaneous

(a) The Subscriber agrees that neither this Subscription Agreement, nor any of the Subscriber's rights, interest or obligations hereunder, is transferable or assignable by the Subscriber, and further agrees that the transfer or assignment of any Interest acquired pursuant hereto shall be made only in accordance with the provisions hereof, the Partnership Agreement and all applicable laws. Any assignment in violation of this Section 5(a) shall be null and void.

(b) The Subscriber agrees that, except as permitted by applicable law, it may not cancel, terminate or revoke this Subscription Agreement or any agreement of the Subscriber made hereunder, and that this Subscription Agreement shall survive the death or legal disability of the Subscriber and shall be binding upon the Subscriber's heirs, executors, administrators, successors and assigns.

(c) All of the representations, warranties, covenants, agreements, indemnities and confirmations set out above and in the Subscriber Information Form shall survive the acceptance of the subscription made herein and the issuance of any Interest.

(d) This Subscription Agreement, together with the Subscriber Information Form, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior understandings, agreements or representations among the parties, written or oral, as they relate to the subject matter hereof.

(e) This Subscription Agreement may be amended or modified only by a writing executed by both parties.

(f) Within ten days after receipt of a written request therefor from the Fund, the Subscriber agrees to provide such information and to execute and deliver such documents as the Fund may deem reasonably necessary to comply with any and all laws, rules, regulations, orders and ordinances to which the Fund is or may be subject.

(g) The Subscriber agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its investment in the Fund) or disclose to any person, any information or matter relating to the Fund and its affairs and any information or matter related to any investment of the Fund (other than disclosure to the Subscriber's authorized representatives); provided that (i) the Subscriber may make such disclosure to the extent that (x) the information to be disclosed is publicly known at the time of proposed disclosure by the Subscriber through no fault of the Subscriber, (y) the information otherwise is or becomes legally known to the Subscriber other than through disclosure by the Fund, or (z) such disclosure is required by law or in response to any governmental agency request or in connection with an examination by any regulatory authority; provided, that such agency or regulatory authority is aware of the confidential nature of the information disclosed; (ii) the Subscriber may make such disclosure to its Beneficial Interest Holders to the extent required under the terms of its arrangements with such persons; and (iii) the Subscriber will be permitted, after written notice to the General Partner, to correct any false or misleading information that becomes public concerning the Subscriber's relationship to the Fund. Prior to making any disclosure required by law, the Subscriber shall use its best efforts to notify the General Partner of such disclosure. Prior to any

disclosure to any authorized representative or Beneficial Interest Holder, the Subscriber shall advise such persons of the confidentiality obligations set forth herein and each such person shall agree to be bound by such obligations. Notwithstanding the foregoing, the Subscriber may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Fund and all materials of any kind (including opinions or other tax analyses) that are provided in connection with this Subscription Agreement to the Subscriber relating to such tax treatment or tax structure. The Subscriber acknowledges and agrees that the Fund and the General Partner would be damaged irreparably and would not have an adequate remedy at law if this Section 5(g) is not performed in accordance with its specific terms or is otherwise breached. Accordingly, in addition to any other remedy to which it may be entitled at law or in equity, each party will be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Section 5(g) and to enforce specifically this Section 5(g), without bond or other security being required. The rights and remedies in this Section 5(g) are cumulative and in addition to any other rights and remedies otherwise available at law or in equity. Nothing will be considered an election of remedies or a waiver of the right to pursue any other right or remedy to which party may be entitled.

6. Agreement to be a Limited Partner

Subject only to the acceptance of this Subscription Agreement by the General Partner, the Subscriber hereby joins in and agrees to be bound by the Partnership Agreement as a limited partner.

7. Power of Attorney

The following shall not be applicable to individuals executing this Subscription Agreement while physically present in the State of New York, regardless of such individuals' state of residence. Such individuals must execute the separate "Power of Attorney for Individuals in New York." This provision shall automatically not be applicable to any individuals signing such power of attorney. By not executing the "Power of Attorney for Individuals in New York," the Subscriber represents that such Subscriber is not a natural person that is present in the State of New York at the time of execution and delivery of this Subscription Agreement.

(a) Subject only to the acceptance of this Subscription Agreement by the General Partner, the Subscriber does hereby appoint the General Partner, acting through any of its authorized partners, members or officers, as the Subscriber's true and lawful attorney-in-fact with full power of substitution and re-substitution, to have full power and authority to act in the Subscriber's name, place and stead and on the Subscriber's behalf to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish all such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, may from time to time be required by the laws of the United States of America, the State of Texas, or any other jurisdiction in which the Fund determines to do business, or any political subdivision or agency thereof.

(b) The Subscriber acknowledges receipt of the Partnership Agreement. The Subscriber is aware that the terms of the Partnership Agreement permit certain amendments to the Partnership Agreement to be effected and certain other actions to be taken or omitted by or

with respect to the Fund without the Subscriber's consent, including the formation of any alternative investment vehicle by the General Partner in furtherance of the business of the Fund and the transfer of the Subscriber and his or her Interest or capital account in the Fund to such new investment vehicle by any means permitted by law.

(c) If an amendment of the Certificate of Limited Partnership of the Fund or the Partnership Agreement or any action by or with respect to the Fund is taken by the General Partner in the manner contemplated by the Partnership Agreement, the Subscriber agrees that, notwithstanding any objection that the Subscriber may assert with respect to such action, the General Partner in its sole discretion is authorized and empowered, with full power of substitution, to exercise the authority granted above in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. The Subscriber is fully aware that each other partner of the Fund relies on the effectiveness of this special power-of-attorney with a view to the orderly administration of the affairs of the Fund. This power-of-attorney is a special power-of-attorney and is coupled with an interest in favor of the General Partner and as such:

- (i) is irrevocable and continues in full force and effect notwithstanding the subsequent death or incapacity of any party granting this power-of-attorney, regardless of whether the Fund or the General Partner has had notice thereof; and
- (ii) survives the delivery of an assignment by the Subscriber of the whole or any portion of the Subscriber's Interest, except that where the assignee thereof has been approved by the General Partner for admission to the Fund as a substituted limited partner, this power-of-attorney given by such assignor survives the delivery of such assignment for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

(d) The Subscriber has the legal capacity to execute, deliver and perform the obligations contained in this Subscription Agreement, including this Power of Attorney.

(e) The undersigned agrees to hold the General Partner harmless from any liability, damages or loss that the undersigned sustains from the General Partner's action or failure to act except to the extent such losses, liability or damages are directly caused by the gross negligence or willful misconduct of the General Partner.

8. Notices

Any notice required or permitted to be given to the Subscriber in relation to the Fund shall be sent to the address specified in Part A, Section I of the Subscriber Information Form or to such other address as the Subscriber designates by written notice received by the General Partner.

9. Governing Law

This Subscription Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to any conflict of law principles that would result in the application of the laws of any other jurisdiction.

[Signature Page Follows]

**CIVITAS PHOENIX FUND, LP
SIGNATURE PAGE**

(Complete and sign)

By signing below, the Subscriber (1) confirms that the information contained in the Subscriber Information Form is accurate and complete, (2) agrees to the terms of the Subscription Agreement and the Partnership Agreement (3) requests that the records of the Fund reflect the Subscriber's admission as a limited partner and (4) agrees to pay an administrative fee to the Manager in an amount equal to \$_____ (the "*Administrative Fee*").

Dated: _____, 2010

AMOUNT OF SUBSCRIPTION

U.S.\$ _____

Name of Subscriber's Spouse
*(if a natural person and purchasing jointly
or if Subscriber is in a community property
jurisdiction)*

Name of Subscriber

Signature of Spouse
*(if a natural person and purchasing jointly
Or if Subscriber is in a community property
jurisdiction)*

Subscriber's Signature

Name and title or representative
capacity, if applicable

The Subscriber's subscription is accepted, subject to the provisions of the Subscription Agreement and the Partnership Agreement and receipt by the Manager of the Administrative Fee.

Civitas Phoenix Fund GP, LP, General Partner

By: Civitas Partners, LLC, its general partner

By: _____

Name: _____

Title: Manager

Dated: _____, 2010

**** FOR PURPOSES OF THE "FIRST-IN" PRIORITY ALLOCATION OF EB-5 JOBS,
THERE ARE CURRENTLY ___ NUMBER OF PRIOR SUBSCRIPTIONS
RECEIVED AND ACCEPTED BY THE GENERAL PARTNER.**

CIVITAS PHOENIX FUND, LP

SIGNATURE PAGE

(Complete and sign)

By signing below, the Subscriber (1) confirms that the information contained in the Subscriber Information Form is accurate and complete, (2) agrees to the terms of the Subscription Agreement and the Partnership Agreement (3) requests that the records of the Fund reflect the Subscriber's admission as a limited partner and (4) agrees to pay an administrative fee to the Manager in an amount equal to \$ _____ (the "Administrative Fee").

Dated: _____, 2010

AMOUNT OF SUBSCRIPTION

U.S.\$ _____

Name of Subscriber's Spouse
*(if a natural person and purchasing jointly
or if Subscriber is in a community property
jurisdiction)*

Name of Subscriber

Signature of Spouse
*(if a natural person and purchasing jointly
Or if Subscriber is in a community property
jurisdiction)*

Subscriber's Signature

Name and title or representative
capacity, if applicable

The Subscriber's subscription is accepted, subject to the provisions of the Subscription Agreement and the Partnership Agreement and receipt by the Manager of the Administrative Fee.

Civitas Phoenix Fund GP, LP, General Partner

By: Civitas Partners, LLC, its general partner

By: _____

Name: _____

Title: Manager

Dated: _____, 2010

**** FOR PURPOSES OF THE "FIRST-IN" PRIORITY ALLOCATION OF EB-5 JOBS, THERE ARE CURRENTLY ____ NUMBER OF PRIOR SUBSCRIPTIONS RECEIVED AND ACCEPTED BY THE GENERAL PARTNER.**

Execute the below power of attorney if the Subscriber is an individual (i.e. natural person) present in the State of New York at the time of execution (regardless of place of residence)

POWER OF ATTORNEY
FOR INDIVIDUALS IN NEW YORK

I, _____, do hereby appoint Civitas Phoenix Fund GP, LP (the "**General Partner**"), acting through any of its authorized partners, members or officers, as my true and lawful attorney-in-fact with full power of substitution and re-substitution, to have full power and authority to act in my name, place and stead and on my behalf to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish all such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, may from time to time be required by the laws of the United States of America, the State of Texas, or any other jurisdiction in which the Fund determines to do business, or any political subdivision or agency thereof.

I acknowledge receipt of the Partnership Agreement. I am aware that the terms of the Partnership Agreement permit certain amendments to the Partnership Agreement to be effected and certain other actions to be taken or omitted by or with respect to the Fund without my consent, including the formation of any alternative investment vehicle by the General Partner in furtherance of the business of the Fund and the transfer of the Subscriber and his or her Interest or capital account in the Fund to such new investment vehicle by any means permitted by law.

If an amendment of the Certificate of Limited Partnership of the Fund or the Partnership Agreement or any action by or with respect to the Fund is taken by the General Partner in the manner contemplated by the Partnership Agreement, I agree that, notwithstanding any objection that I may assert with respect to such action, the General Partner in its sole discretion is authorized and empowered, with full power of substitution, to exercise the authority granted above in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. I am fully aware that each other partner of the Fund relies on the effectiveness of this special power-of-attorney with a view to the orderly administration of the affairs of the Fund. This power-of-attorney is a special power-of-attorney and is coupled with an interest in favor of the General Partner and as such:

- (1) is irrevocable and continues in full force and effect notwithstanding the subsequent death or incapacity of any party granting this power-of-attorney, regardless of whether the Fund or the General Partner has had notice thereof; and
- (2) survives the delivery of an assignment by me of the whole or any portion of my Interest, except that where the assignee thereof has been approved by the General Partner for admission to the Fund as a substituted limited partner, this power-of-attorney given by such assignor survives the delivery of such assignment for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

This Power of Attorney shall not revoke any powers of attorney granted to any attorney-in-fact prior to this Power of Attorney, nor shall this Power of Attorney be revoked by future powers of attorney I grant. I understand that the General Partner is not receiving any compensation in its capacity as an attorney-in-fact in this Power of Attorney, but I understand and agree that the General Partner and/or any investment adviser appointed by the General Partner shall be entitled to the compensation provided in the Partnership Agreement or investment management

Power of Attorney
for Individuals in New York

agreement as now in effect or as amended in the future. I have the legal capacity to execute, deliver and perform this Power of Attorney.

I agree to hold the General Partner harmless from any liability, damages or loss that I sustain from the General Partner's action or failure to act as my agent except to the extent such losses, liability or damages are directly caused by the General Partner's gross negligence or willful misconduct. To the extent permitted by law, I hereby waive any standard of care expressly prescribed by statute.

I acknowledge receipt of the following language required by the State of New York:

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the "principal," you give the person whom you choose (your "agent") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

IMPORTANT INFORMATION FOR THE AGENT: *When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:*

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent: The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

[Signature Page Follows]

IN WITNESS WHEREOF, I have executed this Power of Attorney on _____, 20__.

Name of Subscriber

Signature

STATE OF NEW YORK §
 §
COUNTY OF _____ §

On the ___ day of _____ in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Print Name: _____

My Commission Expires: _____

APPENDIX A

DEFINITIONS

Beneficial Interest Holder: A holder of any beneficial interest in an Interest.

Close Associate: With respect to a Senior Foreign Political Figure, a person who is widely and publicly known internationally to maintain an unusually close relationship with the Senior Foreign Political Figure; includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the Senior Foreign Political Figure.

EB-5 Program: that certain program designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a "regional center," as such term is defined at 8 CFR 204.6(e), approved under the USCIS' Immigrant Investor Pilot Program as provided in 8 CFR 204.6(m).

FATF: The Financial Action Task Force on Money Laundering.

FATF Country: A country that is a member of FATF. For a current list of FATF members, see: www.fatf-gafi.org.

Foreign Bank: An organization that (a) is organized under the laws of a country outside the United States, (b) engages in the business of banking, (c) is recognized as a bank by the bank supervisory or monetary authority of the country of its organization or principal banking operations, (d) receives deposits to a substantial extent in the regular course of its business, and (e) has the power to accept demand deposits, but does not include the U.S. branches or agencies of a foreign bank.

Foreign Shell Bank: A Foreign Bank without a Physical Presence in any country; does not include a Regulated Affiliate.

Government Entity: Any government or any state, department or other political subdivision thereof, or any governmental body, agency, authority or instrumentality in any jurisdiction exercising executive, legislative, regulatory or administrative functions of or pertaining to government.

I-526 Petition: the application for participation in the EB-5 Program.

Immediate Family: With respect to a Senior Foreign Political Figure, typically includes the political figure's parents, siblings, spouse, children and in-laws.

Non-Cooperative Jurisdiction: Any foreign country or territory that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as FATF, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur. For FATF's list of non-cooperative countries and territories See http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236992_1_1_1_1_1,00.html.

APPENDIX B

W-9

(See Attached)

B-1

**Request for Taxpayer
 Identification Number and Certification**

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: Individual/sole proprietor Corporation Partnership
 Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ Exempt payee
 Other (see instructions) ▶

Address (number, street, and apt. or suite no.) **Requester's name and address (optional)**

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
OR
Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶ Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity.

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Physical Presence: A place of business that is maintained by a Foreign Bank and is located at a fixed address, other than solely a post office box or an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location the Foreign Bank: (a) employs one or more individuals on a full-time basis, (b) maintains operating records related to its banking activities and (c) is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities.

Publicly Traded Company: An entity whose securities are listed on a recognized securities exchange or quoted on an automated quotation system in the U.S. or a country other than a Non-Cooperative Jurisdiction, or a wholly-owned subsidiary of such an entity.

Qualified Plan: A tax qualified pension or retirement plan in which at least 100 employees participate that is maintained by an employer that is organized in the U.S. or is a U.S. Government Entity.

Regulated Affiliate: A Foreign Shell Bank that: (a) is an affiliate of a depository institution, credit union, or Foreign Bank that maintains a Physical Presence in the U.S. or a foreign country, as applicable; and (b) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or Foreign Bank.

Related Person: With respect to any entity, interest holder, director, senior officer, trustee, beneficiary or grantor of such entity; provided that, in the case of an entity that is a Publicly Traded Company or a Qualified Plan, the term "**Related Person**" shall exclude any interest holder holding less than 5% of any class of securities of such Publicly Traded Company and beneficiaries of such Qualified Plan.

Senior Foreign Political Figure: A senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a Senior Foreign Political Figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a Senior Foreign Political Figure.

USA PATRIOT Act: The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 (Pub. L. No. 107-56).

USCIS: United States Citizenship and Immigration Service, an agency of the U.S. Department of Homeland Security. See www.uscis.gov.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).
2. The United States or any of its agencies or instrumentalities.
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation.
7. A foreign central bank of issue.
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
9. A futures commission merchant registered with the Commodity Futures Trading Commission.
10. A real estate investment trust.
11. An entity registered at all times during the tax year under the Investment Company Act of 1940.
12. A common trust fund operated by a bank under section 584(a).
13. A financial institution.
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹See Form 1099-MISC, Miscellaneous Income, and its instructions.

²However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. *Other payments* include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account*
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor†
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee‡
b. So-called trust account that is not a legal or valid trust under state law	The actual owner‡
6. Sole proprietorship or disregarded entity owned by an individual	The owner‡
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity‡
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

* List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

† Circle the minor's name and furnish the minor's SSN.

‡ You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

§ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see Special rules for partnerships on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-368-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.



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The information in this confidential private offering memorandum is not complete and may be changed. We will deliver a final confidential private offering memorandum to purchasers of these securities. This preliminary confidential private offering memorandum does not constitute an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

PROSPECTIVE INVESTOR: _____

COPY NUMBER: _____

**PROSPECTIVE INVESTORS ELECTING NOT TO
MAKE AN INVESTMENT ARE REQUESTED TO
RETURN ALL OFFERING MATERIALS TO THE
FUND.**

CIVITAS PHOENIX FUND, LP

Limited Partner Interests

Confidential Private Offering Memorandum

September 2010

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THIS MEMORANDUM MAY NOT BE REPRODUCED

Contact Information:

Civitas Phoenix Fund, LP
c/o Civitas Capital Management, LLC
900 Jackson Street
Suite 150
Dallas, Texas 75202
P: (214) 572-2300
F: (214) 572-2398

CIVITAS PHOENIX FUND, LP

LIMITED PARTNERSHIP INTERESTS

CONFIDENTIAL

PRIVATE OFFERING MEMORANDUM

IMPORTANT NOTICES

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM (THE "*MEMORANDUM*") OF CIVITAS FIREBIRD FUND, LP (THE "*FUND*") DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY LIMITED PARTNERSHIP INTERESTS AS TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. WITHIN THE UNITED STATES, THIS OFFERING IS MADE AS A PRIVATE PLACEMENT PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), AND ONLY TO PARTIES THAT ARE "*ACCREDITED INVESTORS*" AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THIS OFFERING IS MADE PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, ONLY TO PARTIES THAT ARE NOT "*U.S. PERSONS*" AS DEFINED IN SUCH REGULATION, AND PURSUANT TO EXEMPTIONS FROM APPLICABLE SECURITIES LAWS OF OTHER COUNTRIES ("*FOREIGN SECURITIES LAWS*").

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING IS NOT BEING MADE TO THE PUBLIC.

THIS OFFERING IS MADE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOREIGN SECURITIES LAWS AS DESCRIBED ABOVE. THE FUND (AS DEFINED BELOW) WILL NOT BE OBLIGATED TO REGISTER THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY (THE "*INTERESTS*") UNDER THE SECURITIES ACT OR ANY FOREIGN SECURITIES LAWS IN THE FUTURE. THERE CURRENTLY IS NO PUBLIC OR OTHER MARKET FOR THE INTERESTS AND THE GENERAL PARTNER (AS DEFINED BELOW) DOES NOT EXPECT THAT ANY SUCH MARKET WILL DEVELOP. ALL OF THE INTERESTS, WHETHER ACQUIRED WITHIN THE UNITED STATES OR OUTSIDE THE UNITED STATES, WILL BE "*RESTRICTED SECURITIES*" WITHIN THE MEANING OF RULE 144 OF THE SECURITIES ACT AND THEREFORE MAY NOT BE TRANSFERRED BY A HOLDER THEREOF WITHIN THE UNITED STATES OR TO A "*U.S. PERSON*" UNLESS SUCH TRANSFER IS MADE PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, PURSUANT TO AN EXEMPTION THEREFROM, OR IN A TRANSACTION OUTSIDE THE UNITED STATES PURSUANT TO THE RESALE PROVISIONS OF REGULATION S AND AS PERMITTED UNDER APPLICABLE STATE SECURITIES LAW. MOREOVER, THE INTERESTS MAY BE TRANSFERRED ONLY WITH THE CONSENT OF THE GENERAL PARTNER AND THE SATISFACTION OF CERTAIN OTHER CONDITIONS.

THE INTERESTS ARE SPECULATIVE AND PRESENT A HIGH DEGREE OF RISK. SEE "*RISK FACTORS*." INVESTORS MUST BE PREPARED TO BEAR SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THE AMOUNT INVESTED.

THE INTERESTS ARE BEING OFFERED SUBJECT TO VARIOUS CONDITIONS, INCLUDING: (I) WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE; (II)

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THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION FOR AN INTEREST, IN WHOLE OR IN PART, FOR ANY REASON; AND (III) THE APPROVAL OF CERTAIN MATTERS BY LEGAL COUNSEL.

THE INFORMATION SET FORTH IN THIS MEMORANDUM IS CONFIDENTIAL. RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY THE RECIPIENT THAT THIS MEMORANDUM SHALL NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE RECIPIENT'S EVALUATION OF AN INVESTMENT IN AN INTEREST. THIS MEMORANDUM IS THE PROPERTY OF THE GENERAL PARTNER AND, EXCEPT AS HELD BY A LIMITED PARTNER OF THE FUND (A "**LIMITED PARTNER**"), MUST BE RETURNED UPON REQUEST. NOTWITHSTANDING THE FOREGOING, EACH INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE FUND AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. ACCEPTANCE OF THIS MEMORANDUM BY A RECIPIENT CONSTITUTES AN AGREEMENT TO BE BOUND BY THE FOREGOING TERMS.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE FUND, THE GENERAL PARTNER OR THE INTERESTS, OTHER THAN AS CONTAINED IN THIS MEMORANDUM, THE FUND'S LIMITED PARTNERSHIP AGREEMENT (THE "**PARTNERSHIP AGREEMENT**"), THE SUBSCRIPTION AGREEMENT TO BE EXECUTED BY EACH INVESTOR OR A WRITTEN SUPPLEMENT TO THIS MEMORANDUM APPROVED BY THE GENERAL PARTNER. PROSPECTIVE INVESTORS SHOULD NOT RELY UPON INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE. PRIOR TO ACQUIRING AN INTEREST, A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING, AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE UNITED STATES ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

CERTAIN DOCUMENTS RELATING TO THE FUND WILL BE COMPLEX OR TECHNICAL IN NATURE, AND PROSPECTIVE INVESTORS MAY REQUIRE THE ASSISTANCE OF LEGAL COUNSEL TO PROPERLY ASSESS THE IMPLICATIONS OF THE TERMS AND CONDITIONS SET FORTH THEREIN. LEGAL COUNSEL TO THE FUND AND THE GENERAL PARTNER WILL REPRESENT THE INTERESTS SOLELY OF THE FUND AND THE GENERAL PARTNER. NO LEGAL COUNSEL HAS BEEN ENGAGED BY THE FUND OR THE GENERAL PARTNER TO REPRESENT THE INTERESTS OF PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO ENGAGE AND CONSULT WITH ITS OWN LEGAL COUNSEL IN REVIEWING DOCUMENTS RELATING TO THE FUND.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM

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NOR ANY SALE OF INTERESTS SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE FUND SINCE THE DATE HEREOF.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON, AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND. ANY STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE GENERAL PARTNER, WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES AND PROJECTIONS.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE GENERAL PARTNER TO BE RELIABLE. THE GENERAL PARTNER AND THE FUND HAVE NOT INDEPENDENTLY VERIFIED ANY SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

EACH INVESTOR THAT ACQUIRES AN INTEREST WILL BECOME SUBJECT TO THE FUND'S PARTNERSHIP AGREEMENT. IN THE EVENT ANY TERMS OR PROVISIONS OF THE PARTNERSHIP AGREEMENT CONFLICT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM, THE PARTNERSHIP AGREEMENT SHALL CONTROL.

NOTICE TO ALL PROSPECTIVE INVESTORS:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE INTERESTS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE OFFER OF INTERESTS IS PERSONAL TO THE PERSON TO WHOM THIS MEMORANDUM HAS BEEN DELIVERED AND AN APPLICATION FOR SUBSCRIPTION WILL ONLY BE ACCEPTED FROM SUCH PERSON. THIS MEMORANDUM MAY NOT BE USED, COPIED, REPRODUCED OR DISTRIBUTED IN WHOLE OR IN PART BY THE RECIPIENT TO ANY OTHER PERSON.

FOR RESIDENTS OF CHINA ONLY:

THE INTERESTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE PEOPLE'S REPUBLIC OF CHINA ("**CHINA**") AND NEITHER THIS MEMORANDUM, WHICH HAS NOT BEEN SUBMITTED TO THE CHINESE SECURITIES AND REGULATORY COMMISSION, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED HEREIN RELATING TO THE INTERESTS, MAY BE SUPPLIED TO THE PUBLIC IN CHINA OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF THE INTERESTS TO THE PUBLIC IN CHINA. THE INTERESTS MAY ONLY BE OFFERED OR SOLD TO CHINA-RELATED ORGANIZATIONS THAT ARE AUTHORIZED TO ENGAGE IN FOREIGN EXCHANGE BUSINESS AND OFFSHORE INVESTMENT FROM OUTSIDE OF CHINA.

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SUCH CHINA-RELATED INVESTORS MAY BE SUBJECT TO FOREIGN EXCHANGE CONTROL APPROVAL AND FILING REQUIREMENTS UNDER THE RELEVANT CHINA FOREIGN EXCHANGE REGULATIONS.

FOR RESIDENTS OF HONG KONG ONLY:

THIS MEMORANDUM HAS NOT BEEN APPROVED BY OR REGISTERED WITH THE SECURITIES AND FUTURES COMMISSION OF HONG KONG OR THE REGISTRAR OF COMPANIES IN HONG KONG. NO PERSON MAY OFFER TO SELL IN HONG KONG, BY MEANS OF ANY DOCUMENT, ANY INTERESTS OTHER THAN (A) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) OF THE LAWS OF HONG KONG AND ANY RULES MADE UNDER THAT ORDINANCE, OR (B) IN ANY CIRCUMSTANCES THAT DO NOT RESULT IN THIS MEMORANDUM BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES ORDINANCE (CAP. 32) OF THE LAWS OF HONG KONG OR THAT DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THAT ORDINANCE. NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT (INCLUDING THIS MEMORANDUM) RELATING TO THE INTERESTS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG, OTHER THAN (1) WITH RESPECT TO ANY INTERESTS THAT ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG, (2) TO "PROFESSIONAL INVESTORS" WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, (3) TO ANY PERSONS IN THE CIRCUMSTANCES REFERRED TO IN PARAGRAPH (B) ABOVE, OR (4) EXCEPT AS MAY OTHERWISE BE PERMITTED UNDER THE SECURITIES LAWS OF HONG KONG.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Memorandum constitute "forward-looking statements" and are subject to a number of significant risks and uncertainties. Any such forward-looking statements contained herein should not be relied upon as predictions of future events. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, intentions or unrealized investment results. Such forward-looking statements are subject to numerous risks and are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may not be realized. In that regard, the matters discussed in this Memorandum or other factors could cause actual results and other matters to differ materially from those in such forward-looking statements. As a result of the foregoing, no assurances can be or are given as to the future results of operations or financial condition of the Fund.

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DIRECTORY

**Fund
Registered Office**

Civitas Phoenix Fund, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

General Partner

Civitas Phoenix Fund GP, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

Manager

Civitas Capital Management, LLC
900 Jackson Street
Suite 150
Dallas, Texas 75202
U.S.A.

Fund Legal Advisors

As to the Fund and Offering of Interests:
Strasburger & Price, LLP
901 Main Street
Suite 4400
Dallas, Texas 75202
U.S.A.

As to Immigration Matters:
Spencer Crain Cabbage Healy & McNamara, PLLC
1201 Elm Street,
Suite 4100, Lockbox 50
Dallas, Texas 75270
U.S.A.

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I. SUMMARY OF TERMS

The following is a summary of certain facts about a private placement of limited partner interests in Civitas Phoenix Fund, LP, a Texas limited partnership, and is qualified in its entirety and should be read in connection with the Limited Partnership Agreement of Civitas Phoenix Fund, LP, as may be amended from time to time (the "**Partnership Agreement**") and the other disclosures set forth in this Confidential Offering Memorandum. Terms not otherwise defined herein shall have the meaning set forth in the Partnership Agreement.

The Fund: Civitas Phoenix Fund, LP, a Texas limited partnership (the "**Fund**"), is designed specifically for investment by non-U.S. citizens seeking to immigrate to the United States. The Fund is intended to serve as a qualifying investment under the United States Citizenship and Immigration Service's ("**USCIS**") program designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a "**Regional Center**," as such term is defined in 8 CFR 204.6(e), approved under the USCIS' Immigrant Investor Pilot Program as provided in 8 CFR 204.6(m) (the "**EB-5 Program**").

Fund Investment: The Fund intends to make \$8,500,000 corporate term loan (the "**Term Loan**") to Firebird Restaurant Group, LLC ("**Firebird**"), Firebird's wholly-owned subsidiary, El Fenix Corporation, a Texas corporation ("**El Fenix**"), and all of El Fenix's wholly-owned subsidiaries (such subsidiaries, together with Firebird and El Fenix are collectively the "**Borrower**"). The Term Loan will be used by the Borrower to renovate and improve its existing restaurant locations, expand into new locations in Dallas, Texas, refinance a portion of its existing indebtedness and provide working capital. A description of the Borrower, including Firebird and El Fenix, and the terms of the Term Loan are described in the section of this Memorandum entitled "**Investment Summary**."

The General Partner: Civitas Phoenix Fund GP, LP, a Texas limited partnership (the "**General Partner**"), is the General Partner of the Fund. The General Partner may appoint an affiliate to perform one or more of the General Partner's responsibilities to the Fund. The general partner of the General Partner is Civitas Partners, LLC, a Texas limited liability company controlled by Jason T. Barnes and Daniel J. Healy (collectively, the "**Principals**").

The Manager: The General Partner has appointed Civitas Capital Management, LLC, a Texas limited liability company (the "**Manager**"), to act as manager of the Fund, responsible for the Fund's day to day activities. The Manager is also controlled by the Principals.

The CDRC: The City of Dallas Regional Center (the "**CDRC**"), is a "regional center," as such term is defined in 8 CFR 204.6(e), that was approved by the United States Citizenship and Immigration Service ("**USCIS**") on September 8, 2009. The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "**City of Dallas**"), and is responsible for all operations related thereto pursuant to an exclusive management contract dated August 10, 2009 (the "**CDRC Management Contract**"). The Fund is an official CDRC investment.

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Overview of the Offering:

This offering is for limited partner interests in the Fund (the "*Interests*"), for up to a maximum aggregate amount of \$8,500,000. The minimum investment by an investor in the Fund (a "*Limited Partner*") is \$500,000 (the "*Subscription Amount*").

Each person subscribing for an Interest must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by USCIS, at which time the Subscription Amount shall be distributed to the Fund, the Subscription Amount shall be booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund.

Administrative Fee:

As consideration for the costs of compliance with U.S. immigration regulations, each subscriber for an Interest will be required at the time of subscription to pay directly to the Manager an administrative fee in the amount shown on the signature page of such subscriber's Subscription Agreement (the "*Administrative Fee*"). The Administrative Fee is partially refundable in the event a subscriber's subscription is not ultimately accepted or if the subscriber's I-526 Petition is not approved, as detailed in the Subscription Agreement.

Additional Contributions:

Following the delivery of the Subscription Amount, and the payment of the Administrative Fee, no Limited Partner will have a future obligation to make any Capital Contribution or other payment to the Fund or the Manager.

Closing:

The Fund will begin accepting subscriptions for Interests in the fourth quarter of 2010 and will remain open for subscriptions until \$8,500,000 of Interests in the aggregate have been subscribed for.

Fund Term:

The Fund will have an initial term expiring four years after the final funding of the Term Loan to the Borrower, subject to an option permitting the General Partner to extend the term for up to two additional one-year periods for the purpose of liquidating the Term Loan to the Borrower and making distributions to the Fund's Partners.

Fund Distributions to Partners:

The General Partner shall make distributions of Net Cash Flow (as defined below) of the Fund at such times and in such amounts as it determines. The General Partner will initially allocate Net Cash Flow for distribution among all Partners in proportion to their Capital Contributions. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

1. *Preferred Return* - first, 100% to the applicable Limited Partner until the cumulative distributions of Net Cash Flow to such Limited Partner represent a 2% cumulative, simple, non-compounded annual rate of return on such Limited Partner's capital contributions;

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2. *Return of Capital and Costs* - second, 100% to the applicable Limited Partner until such Limited Partner has received distributions of Net Cash Flow equal to its aggregate capital contributions;
3. *General Partner Catch-up* - third, 100% to the General Partner until the cumulative distributions to the General Partner with respect to such Limited Partner equal 42.85714% of the total amounts distributed in respect of such Limited Partner; and
4. *80/20 Split* - thereafter, 70% to the applicable Limited Partner and 30% to the General Partner (the distributions to the General Partner described in clause 3 and this clause 4 being referred to collectively as "*Carried Interest Distributions*").

"*Net Cash Flow*" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Fund from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from the Term Loan or any other Fund investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of the Borrower or other Fund investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, and (ii) the sum of (a) all Fund Expenses then due and owing, (b) the Management Fee (as defined below) then due and owing, and (c) any amounts necessary to fund any reserves as may be determined by the General Partner.

Notwithstanding the foregoing, in no event will Net Cash Flow be distributed to a Limited Partner if the result would cause a violation of EB-5 Program rules or otherwise jeopardize the Visa Process (as defined below).

In-Kind Distributions:

At the discretion of the General Partner, certain marketable securities may be distributed to the Partners prior to the liquidation of the Fund. Upon liquidation of the Fund, distributions may be made in-kind on a *pro rata* basis.

Allocations of Profits and Losses:

Profits and losses of the Fund will be allocated among the Partners in a manner consistent with the foregoing distribution provisions and the requirements of the Internal Revenue Code of 1986, as it may be amended from time to time (the "*Code*").

Management Fee:

As compensation for services rendered to the Fund, the Manager will be paid by the Fund an annual management fee ("*Management Fee*"), calculated and paid quarterly in advance. The Management Fee shall equal (i) two percent (2.00%) per annum *times* (ii) the aggregate Capital Contributions of the Fund's Limited Partners. For those Limited Partners admitted after the Initial Closing, their allocable portion of the Management Fee will be calculated as though such Limited Partner was admitted at the Initial Closing. The Management Fee will be paid out of the Net Cash Flow or accumulate until sufficient Net Cash Flow exist to pay the Management Fee.

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Fund Expenses:

The General Partner and the Manager will pay all of their own ordinary administrative and overhead expenses, including salaries, benefits and rent. Except as noted above, the Fund will pay all other expenses attributable to the activities of the Fund (the "*Fund Expenses*"), including but not limited to: (i) fees, costs and expenses related to the Term Loan; (ii) transaction costs and finance charges; (iii) expenses for custodians, outside legal counsel, administrators and accountants; (iv) any insurance or litigation expenses; and (v) any taxes, fees or other governmental charges levied against the Fund.

Other Fees:

The Borrower will be required to pay certain other transaction fees, including: (i) a commitment fee of \$170,000 paid to the Manager, (ii) transaction fees of in a total amount of \$118,750 paid to the City of Dallas, and (iii) a monthly administrative fee of \$2,500 per month, paid to the Manager (the foregoing fee amounts "*Other Fees*"). The Fund does not receive or otherwise share in any of the Other Fees and none of the Other Fees are used to offset any of the Management Fees or the Administrative Fees paid to the Manager.

Transfer of Interests:

No Limited Partner will be permitted to withdraw from the Fund or to withdraw a portion of its capital account. A Limited Partner may not assign, sell, exchange or transfer its interest in the Fund without the consent of the General Partner, except that certain assignments by operation of law will be permitted; *provided*, that no such assignee will be admitted as a substitute Limited Partner without the consent of the General Partner (which consent may be given or withheld in the General Partner's sole discretion).

Withdrawal:

A Limited Partner may not voluntarily withdraw any amount from the Fund.

Indemnification:

The General Partner, the Manager and their respective partners, officers, directors, employees, agents, stockholders, members and other affiliates (in each case, an "*Indemnitee*") will not be liable to the Fund or to the Limited Partners for (i) any act performed or omission made by an Indemnitee in the absence of its own fraud, willful misconduct or gross negligence, or (ii) losses due to the negligence of agents of the Fund. The Fund will indemnify each Indemnitee for any loss, damage or expense incurred by such Indemnitee on behalf of the Fund or in furtherance of the interest of the Partners or otherwise arising out of or in connection with the Fund or the business of the Fund, except for losses arising from such Indemnitee's own fraud, willful misconduct or gross negligence. Limited Partners will not be individually obligated with respect to such indemnification beyond their respective Capital Contributions. The General Partner may cause the Fund to purchase, at the Fund's expense, insurance to cover the General Partner, the Manager or any other Indemnitee against liability for any breach or alleged breach of their fiduciary or similar responsibilities.

**Rights of Partners
In Capital:**

No Limited Partner has the right to the return of any contribution to the capital of the Fund, except (i) through distributions of Net Cash Flow (as described above) or (ii) upon the dissolution of the Fund. The entitlement to any such return at such time is limited to the value of the Capital Account of the Limited Partner. The General Partner is not liable for the return of any such amounts. Furthermore, Limited Partners will not have recourse against the Fund, the General Partner, the Manager, the Borrower or any of their respective affiliates

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in the event that Borrower defaults on the Term Loan. Only the General Partner, acting on behalf of the Fund, may pursue remedies against the Borrower for any default by the Borrower under the Term Loan Agreement.

**Priority of EB-5 Program
Job Creation Allocations:**

EB-5 Program rules require creation of not less than ten full-time (*i.e.*, 35 hours per week) jobs ("**EB-5 Jobs**") per EB-5 investor. EB-5 Jobs created by the Fund, via the Term Loan to the Borrower, will be allocated to each Limited Partner based on a "first-in" priority allocation method, which will be measured as of the date and time the Fund's escrow agent receives the Subscription Amount from a potential investor (the "**Subscription Date**"). Each Limited Partner will be allocated EB-5 Jobs based on the maturity of their Subscription Date relative to the Subscription Date of other Limited Partners, whereby the Limited Partner with the earliest Subscription Date will be the first to be allocated ten EB-5 Jobs. This process shall continue until all EB-5 Jobs have been allocated. There is no assurance that the Term Loan will generate enough EB-5 Jobs for all Limited Partners.

Tax Considerations:

Limited Partners are encouraged to consult their advisors concerning the U.S. federal, state, local and foreign tax consequences of an investment in the Fund. See "**Tax Matters**" for additional information.

Reports:

Annual Reports

As soon as practicable following the end of the Fund's fiscal year, the General Partner will provide to each Limited Partner: (a) unaudited consolidated annual financial statements, prepared in accordance with U.S. GAAP, consisting of a balance sheet, income statement and statement of cash flows ("**Financial Statements**") of the Fund; and (b) a performance assessment of the investment by the Fund in the Term Loan.

Quarterly Reports

Within forty five (45) days of the end of each fiscal quarter, the General Partner will provide to each Limited Partner: (a) unaudited, consolidated Financial Statements of the Fund, prepared in accordance with U.S. GAAP; and (b) a brief narrative description of any material events affecting the Fund or the Interests.

Audited Reports

Although not required, the General Partner, in its sole discretion, may engage a U.S. accounting firm, at the Fund's expense, to audit the Fund's Financial Statements for any fiscal year.

**Risk Factors and
Conflicts of Interest:**

An investment in the Fund involves certain risks and potential conflicts of interest, which are described in more detail below. See "**Risk Factors**" and "**Conflicts of Interest**" sections of this Memorandum.

Fund Legal Counsel:

Strasburger & Price, LLP, as to the Fund and offering of Interests.

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Spencer Crain Cabbage Healy & McNamara, PLLC, as to immigration matters.

Subscription Matters:

Persons interested in investing in the Fund are required to complete and return to the General Partner the subscription documents for the Fund, a copy of which will be made available to each prospective investor. Subscriptions may be rejected in whole or in part in the General Partner's sole discretion. All persons interested in investing in the Fund must attest that they are accredited investors under the Securities Act of 1933, as amended.

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II. INVESTMENT SUMMARY

Overview

Civitas Phoenix Fund, L.P., a Texas limited partnership (the "*Fund*"), is being organized by Civitas Phoenix Fund GP, LP, a Texas limited partnership (the "*General Partner*"), and managed by Civitas Capital Management, LLC, a Texas limited liability company (the "*Manager*"). The Fund is being established to make a term loan of \$8,500,000 (the "*Term Loan*") to Firebird Restaurant Group, LLC ("*Firebird*"), its wholly-owned subsidiary El Fenix Corporation ("*El Fenix*" or the "*Company*"), and all of El Fenix's wholly-owned subsidiaries (such subsidiaries, together with Firebird and El Fenix, are collectively the "*Borrower*") for the purpose of financing the renovation and improvement of three (3) of Borrower's existing restaurants in Dallas, Texas, open four (4) new restaurants in Dallas, Texas, refinance a portion of the Borrower's existing indebtedness and provide Borrower with working capital. The Term Loan will be unconditionally guaranteed by Michael D. Karns, Managing Member of Firebird and Chief Executive Officer of El Fenix.

The Fund is designed specifically to serve non-U.S. citizens seeking to immigrate to the United States by making a qualifying investment through the City of Dallas Regional Center ("*CDRC*"), a "Regional Center" (as such term is defined at 8 CFR 204.6(e)) approved under a program designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a Regional Center approved under the United States Citizenship and Immigration Service's ("*USCIS*") Immigrant Investor Pilot Program (as provided in 8 CFR 204.6(m)) (the "*EB-5 Program*"). The Manager is the exclusive manager of the CDRC on behalf of the City of Dallas, Texas (the "*City of Dallas*"). The USCIS approval letter for the CDRC under the EB-5 Program is attached as Appendix B.

The Fund is targeting a double-bottom line return, one that delivers a fair return on invested capital, but also affords investors lawful, permanent resident status, subject to the investor's compliance with the requirements of the USCIS and EB-5 Program. The key advantage of the Regional Center designation is that EB-5 Program job creation requirements may be satisfied by a showing of direct, indirect and/or induced jobs. The Fund's strategy for meeting the job-creation requirement is described in detail below.

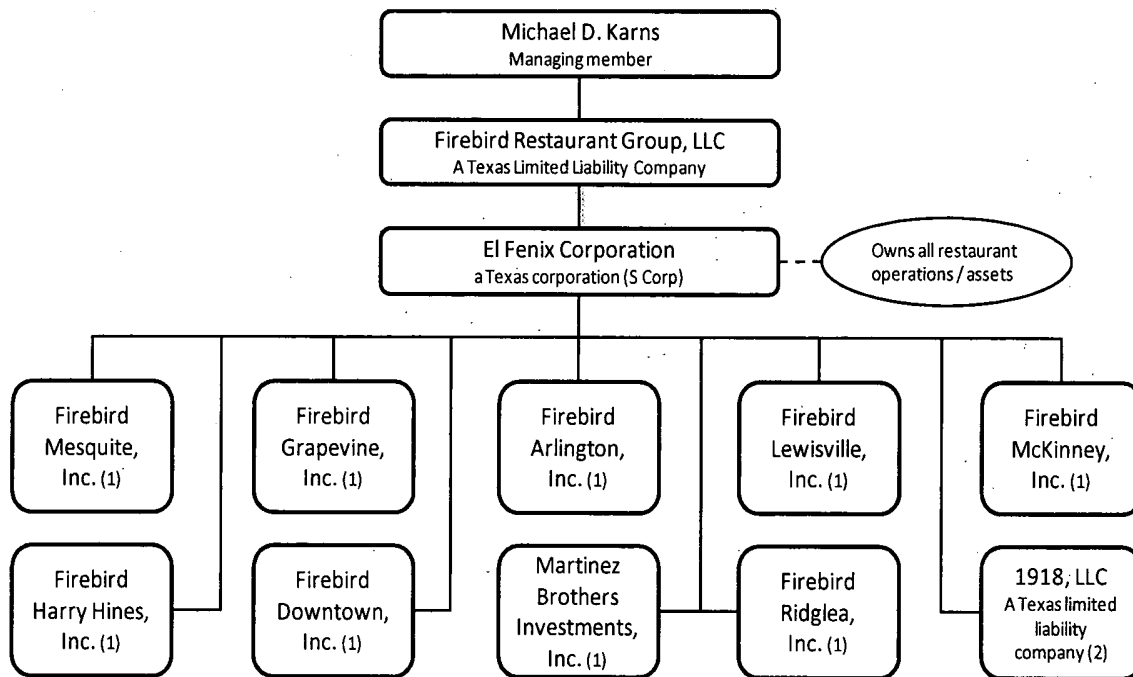
The information contained in this Investment Summary is based on information provided to the General Partner and the Manager from Firebird, El Fenix, their affiliates or other sources. Certain of the factual statements contained herein are based upon such information and are believed by the General Partner to be reliable. Although the Manager has conducted a review of such information, none of the General Partner, the Fund or the Manager have independently verified all such information and make no assurances as to the accuracy or adequacy of such information.

Description of the Borrower

Firebird Restaurant Group

Firebird Restaurant Group, LLC was formed in 2008 by Mr. Karns to acquire El Fenix. Firebird is a Texas limited liability company, and its sole operating company is El Fenix. El Fenix owns the real estate for several of its locations, and utilizes a single purpose entity ownership structure for each of these locations to facilitate its ownership. Firebird and El Fenix have the same headquarters, which is located within the City of Dallas in a TEA (defined herein). Firebird's headquarters are located at 11075 Harry Hines Boulevard, Dallas, Texas 75229. The following graphic summarizes the organizational structure of the Borrower.

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Notes:

- 1) Each is a qualified S-Corp Subsidiary; each owns a separate tract of real property leased to El Fenix.
- 2) Disregarded LLC for tax purposes; leases the property on which Hispañola 1918 will operate.

El Fenix Restaurants

Background

El Fenix was originally founded in 1918 and is the oldest chain of Mexican restaurants in the United States. Recognized by The Food Network as the “childhood home” of TexMex style dining, the company has 18 locations in the Dallas-Fort Worth Metroplex. The El Fenix concept features fresh, high-quality and flavorful foods served TexMex style in a casual full service atmosphere. The extensive varieties of Mexican dishes are moderately-priced, innovative, and authentic, and are served for lunch and dinner seven days-a-week. The company also offers certain branded food products for retail sale at each location, through its website (www.elfenix.com) and selected regional grocery chains.



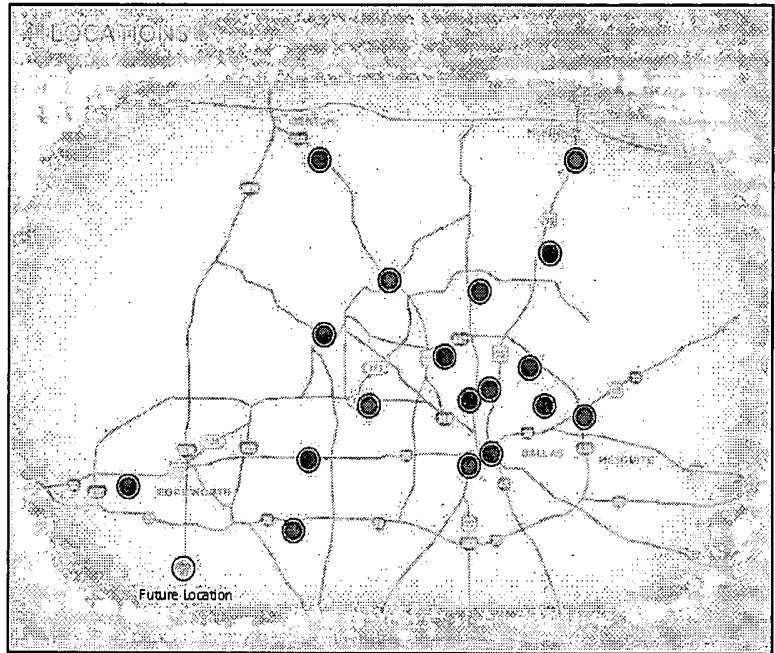
Proven Operating Platform

El Fenix has developed and continues to refine extensive operating procedures and systems which have sustained the brand since 1918 and allow the Company to operate consistently in each of its stores. Time-tested procedures allow the Company to consistently maximize the service and quality of the dining experience. These procedures are essential to the continued success of existing locations and provide new locations with a high probability of success, consistent with past stores. The Company has developed a proven and easily repeatable model.

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Locations

El Fenix currently has 18 locations (8 owned and 10 leased), three of which have been opened since El Fenix was acquired by Firebird in 2008. El Fenix offers stability and a long tenure, having been a tenant for an average of over 30 years in eight of its ten leased locations. El Fenix has received numerous awards and recognitions from many publications, including The Dallas Morning News, the Dallas Observer, Nation's Restaurant News, and The Ultimate Guide to Tex-Mex in Dallas - D Magazine.



Management Team

Michael D. Karns, Owner and Chief Executive Officer. Mr. Karns, a Dallas native, began his career in 1987 at Highland Park Bank with a desire to learn the commercial real estate lending business. His next move was directly into retail real estate brokerage. After just three years at one of the leading brokerage firms in Dallas, Karns was honored with both of the company's most prestigious awards, "Top Producer" and "Most Deals." By the following year, he formed Karns Commercial Real Estate, Inc. Specializing in tenant representation, Karns completed 365 lease and sale transactions for a single company. Karns secured all locations for CiCi's Pizza over a 10-year period. Beginning with 12 local restaurants, Karns expanded CiCi's Pizza into a national brand with nearly 400 locations. Mr. Karns served as acting Director of Real Estate for CiCi's Pizza, reporting directly to the President. He teamed together and worked closely with other key department heads including construction, operations, marketing, distribution, and accounting. Applying his in-depth market knowledge of over 20 states and in the midst of \$200 million in real estate brokerage transactions, he then formed The Karns Development Companies. Acquisition and development of retail properties have spanned multiple states and investments exceed \$130 million.

Gregory T. Cook, Chief Financial Officer. Mr. Cook has over twenty years experience at the senior executive level, in the consumer products, telephony, high technology and restaurant industries in both public and privately held companies. Mr. Cook spent nine years in the vision care industry, building one firm from the ground up and serving as President of Foster Grant, building the firm into one of the largest optical companies in the world. Prior to the acquisition of El Fenix, Mr. Cook spent four years as CFO with a CiCi's pizza franchisee where he and a small team grew the company from 11 stores to 89 locations in nine states. Mr. Cook has completed over 25 merger and acquisition transactions with an aggregate value of \$480 million. Additionally he has negotiated and structured loans and public equity in excess of \$550 million. His achievements also include aggregate revenue growth in excess of 350% and income improvements in excess of \$45 million.

John McBride Jr., Chief Operating Officer. John McBride Jr. has grown up in the restaurant business. He is a member of the Martinez family (great-grandson of El Fenix founder Mike Martinez) and spent his early years working in all aspects of the family business. After graduating from SMU, John managed Andrews Restaurants (a popular Cajun restaurant chain in Dallas) and then in 1990, moved to New York City and owned and operated two TexMex concepts. In 1999, he sold his business and became managing partner of Rosa Mexicano Lincoln

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Center. In 2004, he returned to Dallas and to the family business – El Fenix – as Executive Vice-President of Operations. He currently serves as COO of El Fenix.

Michael Dailey, Chief Development Officer. Mr. Dailey has thirty years of construction management experience in design/build projects ranging from big box construction and retail finish out to luxury custom residential. Nine of those years were spent as the Principal for Details Construction, Inc. Mr. Dailey has a proven record of successful management in all phases of the construction process – from concept to completion – on time and under budget. Ashley/Karns/Baker Properties, LLC recognized these valuable attributes and asked Mr. Dailey to represent their interests exclusively as Vice President of Construction and Development. There he led a \$9 million renovation of a former Target location in California, with five National Credit Tenant Improvements – all from his office in Dallas – saving \$2 million in costs over the entire project. The project was completed in just eight months and then sold. His success as Vice President of Ashley/Karns/Baker Properties, LLC led him to become Chief Operating Officer of Karns Commercial Real Estate, where he is responsible for financial management, property closings, property management and TI work for company owned buildings. Mr. Dailey is also an integral leader of Firebird, where he serves as Chief Development Officer. Mr. Dailey provides direction in marketing, construction, property management, design and development.

Robert E. Morrison, General Counsel. Mr. Morrison has over thirty years experience in the practice of business and transactional law. Over the last several years, his practice has primarily focused on counseling management and owners of business enterprises and leading teams of lawyers and support staff in connection with transactions involving the acquisition, disposition, financing and restructuring of business enterprises and the relationships among the owners of those enterprises. Total value involved in the various transactions on which Mr. Morrison has been lead counsel exceeds \$1 billion. Mr. Morrison began his legal career as an officer in the United States Air Force, after which he joined the Texas law firm of Brown McCarroll, L.L.P. In 2008, after representing Mike Karns in connection with the acquisition of El Fenix Corporation, Mr. Morrison became “of counsel” to Brown McCarroll, L.L.P. and general counsel for El Fenix Corporation and its affiliates.

The Brand

El Fenix is a restaurant brand that transcends time and its regional competition, and has been doing so for over 90 years. The success of the job creation activity is supported by the regional identification of the El Fenix brand.



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Investment Thesis

The following represents the Manager's views and expectations related to the Term Loan to the Borrower. There is no assurance that the Manager's views will ultimately prove to be correct or that other factors will not influence the Borrower's ability to meet its obligations under the Term Loan Agreement.

- 1. Established Brand:** El Fenix was founded over 90 years ago and has over 18 locations across Dallas-Fort Worth. The El Fenix brand is very well recognized, and El Fenix has many long-standing, prominently located restaurants. Founded in 1918, El Fenix is credited with having created TexMex style dining. El Fenix was acquired in 2008 by Firebird, and Firebird has introduced new management with an institutional background in order to continue growing the company.
- 2. Value of the Company:** The Manager commissioned an independent third-party enterprise valuation of El Fenix to determine its value relative to the loan amount of the combined senior and subordinated loan. **[The enterprise value of El Fenix was appraised at \$52 million, which places the Term Loan at a 63% loan to value.]** On a related note, the new management has increased the value of the Company by \$4.5 million (9.5%) since the 2008 acquisition previously appraised enterprise value. This increase in value occurred during a period of economic recession that has negatively impacted consumer spending habits, especially as it relates to discretionary spending on restaurants.
- 3. Loan Guaranty by Ownership:** Firebird has pledged 100% of its ownership interest in El Fenix as collateral for the Term Loan. In addition, the CEO of El Fenix, Michael D. Karns, has provided a personal guaranty of the Term Loan. Mr. Karns will also be providing a guaranty of the \$24.5 million Senior Loan. As of May 31, 2010, Mr. Karns' net worth was \$40.98 million, which is \$7.98 million (24%) more than the combined Senior Loan and Term Loan balances of \$33 million. A substantial amount of Mr. Karns' net worth is invested in El Fenix and Firebird, helping align the interests of management with the successful repayment of the Term Loan.
- 4. Strong Performance and Growth:** Current management acquired the Company in 2008 and proceeded to increase its EBITDA and EBITDA Margin from \$2.0 million and 5.7%, respectively, in 2007 to \$5.2 million and 14.3%, respectively, in 2009 by increasing revenue and controlling costs. In 2008 and 2009, the Company generated gross operating margins of 77% and 78%, respectively. El Fenix has also maintained debt service ratio in excess of 2.0x on total debt service. As previously mentioned, it is important to note that this improved financial performance occurred during a period of economic recession that has negatively impacted consumer spending habits – both nationally and locally – especially discretionary spending relating to restaurants.
- 5. Experienced Management:** Firebird's management team has significant business and restaurant experience to lead the growth and expansion of the El Fenix brand. El Fenix's management team has over 120 years of experience in the restaurant, commercial real estate and various other consumer product industries. This broad experience brings with it in-depth knowledge of operations, development, individual markets and key relationships with suppliers and vendors.

Financial Analysis

Income Statements

The following tables summarize El Fenix's income statements for 2007, 2008, 2009, and the trailing twelve month periods ending June 30, 2009 and June 30, 2010.

El Fenix Corporation

Historical Financial Statements - Income Statements

INCOME STATEMENT (\$ in thousands)	Pre-Acquisition	Post-Acquisition	Post-Acquisition	Post-Acquisition	Post-Acquisition
	Actual	Actual	Actual	Actual	Actual
	FYE 12/31	FYE 12/31	FYE 12/31	Trailing 12 Mos.	Trailing 12 Mos.
	2007	2008	2009	6/30/2009	6/30/2010
Net Sales	35,497	36,349	36,363	36,435	38,631
Costs of Goods Sold					
Food Cost Of Goods Sold		7,726	7,101		
Bar Cost Of Goods Sold		561	580		
Total Cost Of Goods Sold	8,764	8,288	7,681	8,123	8,419
Gross Profit	26,733	28,061	28,682	28,312	30,211
Gross Margin	75.3%	77.2%	78.9%	77.7%	78.2%
Selling, general & administrative expense total	24,705	24,560	23,469	23,632	24,238
EBITDA	2,028	3,502	5,213	4,680	5,973
EBITDA Margin	5.7%	9.6%	14.3%	12.8%	15.5%
Depreciation & amortization expense	926	896	925	1,015	900
Earnings before interest & taxes (EBIT)	1,102	2,606	4,287	3,665	5,074
Interest expense	-	1,640	2,583	2,603	2,556
Other expense / (income)	(142)	(23)	176	4	473
Earnings before taxes	1,243	989	1,528	1,059	2,044
Tax expense	-	90	75	94	79
Net Income	1,243	899	1,453	965	1,965

El Fenix generates revenue from food and beverage sales at its restaurants, and retail sales of certain branded items through its commissary. From the 2007 income statement, which was the year prior to Firebird's acquisition of the Company, El Fenix generated a total of \$35.5 million in revenue. Gross operating profits (revenues less costs of goods sold) were \$26.7 million, resulting in a gross margin of 75.3%. El Fenix's 2007 EBITDA (earnings before interest, taxes, depreciation, and amortization – a measure of operating cash flow) was \$2.03 million. The Company's net income was \$1.2 million, resulting in a net profit margin of 3.5%.

Firebird acquired El Fenix in 2008. Regarding El Fenix's 2008 income statement, revenues increased by 2.4% to \$36.3 million versus 2007 figures. Gross operating profits increased by 4.9% to \$28.1 million over the same period due to management implementing new cost controls. Gross margin also increased to 77.2% versus the prior period. The implementation of new cost control measures and increasing operating efficiencies were responsible for the increase in EBITDA by 73% to \$3.5 million versus 2007 figures. El Fenix's 2008 net income was \$0.9 million, resulting in a net profit margin of 2.5%. Net income declined 27.6% from 2007 due to debt service associated with the financing used to acquire the Company. For reference, the Company's EBITDA to debt service ratio for the period was 2.14x.

During 2009, management continued implementing cost saving measures and opened a new location (Irving, Texas). Despite the softening economy, El Fenix was able to maintain existing revenue levels, generating total revenues in 2009 of \$36.4 million. Gross operating profits increased by 2.2% versus 2008 figures to \$28.7 million, and gross margin also increased to 78.9% versus the prior period's gross margin of 77.2%. The implementation of new cost control measures and increasing operating efficiencies were responsible for these increases. For 2009, EBITDA increased 48.9% versus 2008 figures to \$5.2 million. This significant increase in EBITDA is attributed in large part by an increased profitability associated with the operation of El Fenix's commissary. El Fenix's commissary packages specialty products for retail sale such as tostada chips, salsa, queso dip, pralines and margarita mix. El Fenix's 2009 net income was \$1.5 million, a 61.5% increase over

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2008 figures and a 16.9% increase over pre-acquisition 2007 figures. Net profit margin for the period was 4.0%. For reference, the Company's EBITDA to debt service ratio for the period was 2.02x.

For the trailing twelve month ("*TTM*") period ending June 30, 2010, El Fenix generated revenues of \$38.6 million, a 6.0% increase over the same period in 2009. During the first six months of 2010, El Fenix opened two new restaurants (Denton and Arlington, Texas) which contributed to revenue growth. Gross operating profits increased by 6.7% versus TTM 2009 figures to \$30.2 million, and gross margin also increased to 78.2% versus the prior period's gross margin of 77.7%. For the TTM June 30, 2010 period, El Fenix increased EBITDA 27.6% versus TTM 2009 figures to \$5.9 million. El Fenix's net income was \$1.9 million, a 103.6% increase over TTM 2009 figures. Net profit margin for the period was 5.1% versus 2.6% for the prior period. For reference, the Company's EBITDA to debt service ratio for the period was 1.98x.

Balance Sheets

The following tables summarize El Fenix's balance sheets for 2007, 2008, 2009, and June 30, 2010.

El Fenix Corporation				
Historical Financial Statements - Balance Sheets				
BALANCE SHEET	Pre-Acquisition	Post-Acquisition	Post-Acquisition	Post-Acquisition
(<i>\$ in thousands</i>)	Actual	Actual	Actual	Actual
	As of 12/31	As of 12/31	As of 12/31	As of 6/30
	2007	2008	2009	2010
Assets				
Cash	4,704	2,102	2,343	1,715
Accounts Receivable	82	287	40	85
Inventory	638	558	395	355
Prepaid expenses and supplies	111			
Other current assets		171	693	744
Total Current Assets	5,535	3,117	3,471	2,899
Total current assets				
Plant, property & equipment, net	10,932	35,191	35,771	36,901
Equipment for resale	135			
Prepaid expenses	48			
Total Assets	16,649	38,308	39,242	39,801
Liabilities and Shareholders' Equity				
Accounts Payable	992	732	945	1,373
Accrued wages and benefits		2,790	2,719	2,281
Income taxes payable				
Payroll and sales tax payable	58			
Notes payable	736			
Accrued expenses	1,129			
Total current liabilities	2,915	3,522	3,663	3,653
Long-term debt	2,688	31,076	30,515	30,178
Total liabilities	5,602	34,598	34,178	33,832
Total shareholders' equity	11,047	3,711	5,064	5,969
Total liabilities and shareholders' equity	16,649	38,308	39,242	39,801

Due to the sale of the Company to Firebird, El Fenix dramatically increased its assets and liabilities from 2007 and 2008. The primary reason for the dramatic increase in plant, property, and equipment from 2007 to 2008 is that much of the Company's fixed assets had been fully depreciated prior to the sale of the Company. The book value of these assets subsequently increased post-acquisition. Firebird used long term debt to finance the acquisition of El Fenix, and as a result El Fenix's debt to increased to \$31.1 million in 2008 from \$2.7 million in 2007. As of June 30, 2010, the Company's long term debt position is as follows.

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<i>El Fenix Corporation</i>			
<i>Current Capital Structure</i>			
<i>(\$ in thousands)</i>	Loan	Leverage	Interest
Financing Source	Amount	Multiple	Rate
Senior Loan	\$23,055	4.5 x	7.00%
Mezzanine Loan	\$5,400	5.6 x	15.00%
Junior Seller Financing	\$500		3.25%
Manitowoc Capital Lease	\$16		8.35%
Equipment Loan	\$1,207		
TOTAL	\$30,178	5.9 x	
TTM 6/30/10 EBITDA	\$5,074		

After the acquisition, El Fenix has steadily increased its profitability during 2008, 2009, and TTM 2010. During 2008 and 2009, El Fenix generated a return on equity of 24.2% and 28.7%, respectively. Due to the moderate growth of the Company, return on assets during 2008 and 2009 remained relatively flat at 2.3% and 3.7%, respectively. El Fenix's profitability continued to improve during TTM 2010, generating a return on equity and a return on assets of 32.9% and 4.9%, respectively.

Company Projections

The following projections summarize El Fenix's business plan for the future. In short, the Company plans to grow and expand its restaurant operations by opening new stores throughout the region. The projections include the assumption that margins are generally steady throughout the projection period and are level with historical margins. In addition, certain assumptions are made with regards to increasing the number of locations, the associated capital expenditure per location (approximately \$1.0 million for each new location), and a contribution of revenue of \$2.2 million for each new location opened. Management's business plan calls an increase in 46 locations from the current 18 through 2015, and management is planning to use leverage and internally generated cash flow to finance this expansion.

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El Fenix Corporation
Company Pro Forma - Income Statement

INCOME STATEMENT

(\$ in thousands)

	Budget 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
New restaurant openings	3	5	6	10	12	12
Total restaurants	19	24	30	40	52	64
Net Sales	40,899	49,073	57,135	74,533	98,917	125,317
Costs of Goods Sold						
Food Cost Of Goods Sold	8,203	9,842	11,459	14,949	19,839	25,134
Bar Cost Of Goods Sold	675	810	943	1,230	1,632	2,068
Total Cost Of Goods Sold	8,878	10,652	12,402	16,179	21,472	27,202
Gross Profit	32,021	38,421	44,733	58,355	77,445	98,114
Gross Margin	78.3%	78.3%	78.3%	78.3%	78.3%	78.3%
Selling, general & administrative expense total	25,907	30,715	35,608	46,345	61,242	77,328
EBITDA	6,115	7,706	9,125	12,009	16,203	20,787
EBITDA Margin	15.0%	15.7%	16.0%	16.1%	16.4%	16.6%
Depreciation & amortization expense	1,494	1,792	2,087	2,722	3,613	4,577
Earnings before interest & taxes (EBIT)	4,621	5,914	7,038	9,287	12,590	16,210
Interest expense	2,534	2,441	2,339	2,610	2,771	2,659
Other expense / (income)	786	3,430	780	1,530	1,830	1,800
Earnings before taxes	1,301	43	3,920	5,147	7,989	11,751
Tax expense	113	124	144	188	250	316
Net Income	1,188	(81)	3,775	4,959	7,740	11,435

El Fenix Corporation
Company Pro Forma - Balance Sheet

BALANCE SHEET

(\$ in thousands)

	Budget 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Assets						
Cash	2,000	1,430	1,430	1,430	1,430	1,430
Accounts Receivable	24	28	33	43	57	73
Inventory	443	532	619	808	1,072	1,358
Other current assets	780	935	1,089	1,421	1,885	2,389
Total Current Assets	3,246	2,926	3,171	3,702	4,445	5,249
Total current assets						
Plant, property & equipment, net	36,780	41,145	45,597	52,013	59,447	66,143
Total Assets	40,026	44,071	48,769	55,715	63,892	71,392
Liabilities and Shareholders' Equity						
Accounts Payable	1,591	1,909	2,223	2,900	3,849	4,876
Accrued wages and benefits	2,510	3,010	3,510	4,010	4,510	5,010
Total current liabilities	4,102	4,920	5,733	6,910	8,359	9,886
Long-term debt	30,123	35,208	33,783	37,263	39,289	37,726
Total liabilities	34,225	40,128	39,516	44,173	47,648	47,612
Total shareholders' equity	5,801	3,943	9,253	11,542	16,244	23,780
Total liabilities and shareholders' equity	40,026	44,071	48,769	55,715	63,892	71,392

El Fenix Corporation
Company Pro Forma - Statement of Cash Flows

STATEMENT OF CASH FLOWS
(\$ in thousands)

	Budget 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Net Income - Less transaction fees	1,188	2,299	3,805	4,989	7,770	11,435
<u>Cash Flow from operations</u>						
Accounts Receivable	16	(5)	(5)	(10)	(14)	(15)
Inventory	(48)	(89)	(87)	(189)	(264)	(286)
Prepaid Expenses And Other	(86)	(156)	(154)	(332)	(465)	(503)
Accounts Payable	647	318	314	677	949	1,027
Other Short Term Liabilities	(208)	500	500	500	500	500
Depreciation	1,494	1,792	2,087	2,722	3,613	4,577
Cash Flow From Operations	3,001	4,660	6,460	8,358	12,088	16,735
<u>Cash Flow For Development</u>						
Capital Expenditure	(2,503)	(6,158)	(6,539)	(9,138)	(11,046)	(11,272)
Organization Cost	-	-	-	-	-	-
Cash Flow For Development	(2,503)	(6,158)	(6,539)	(9,138)	(11,046)	(11,272)
<u>Cash Flow From Financing</u>						
Notes Payable	(391)	5,085	(1,426)	3,480	2,026	(1,563)
Purchase Price Adjustment	-	-	-	-	-	-
Transaction and Exit Fees	-	(2,380)	(30)	(30)	(30)	-
Cash Flow From Financing	(391)	2,705	(1,456)	3,450	1,996	(1,563)
Dividends For Tax	(450)	(368)	25	(1,170)	(1,537)	(2,399)
Dividends per terms of loans	-	(1,409)	1,509	(1,500)	(1,500)	(1,500)
Retained Earnings Adjustment	-	-	-	-	-	-
Total Cash Flow	(343)	(570)	-	-	(0)	-
Beginning Cash	2,343	2,000	1,430	1,430	1,430	1,430
Ending Cash	2,000	1,430	1,430	1,430	1,430	1,430

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El Fenix Corporation
Company Pro Forma - Financing Structure Summary

FINANCING STRUCTURE SUMMARY

(\$ in thousands)

	Budget 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Senior Loan	23,055	24,500	23,900	23,300	22,700	22,100
Interest Rate	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%
Interest Expense	1,614	1,593	1,554	1,515	1,476	1,437
Civitas [1]	-	8,500	8,500	8,500	8,500	8,500
Interest Rate [2]	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense	-	680	680	680	680	680
Existing Mezzanine Financing	5,400	-	-	-	-	-
Interest Rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Interest Expense	810	-	-	-	-	-
Shareholder Note [3]	500	-	-	-	-	-
Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Interest Expense	16	-	-	-	-	-
Manitowoc Capital Lease	16	-	-	-	-	-
Interest Rate	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%
Interest Expense	6	-	-	-	-	-
Equipment Loan	1,152	2,208	1,383	5,463	8,089	7,126
Interest Rate	7.61%	7.61%	7.61%	7.61%	7.61%	7.61%
Interest Expense	88	168	105	416	616	542
Total Debt	30,123	35,208	33,783	37,263	39,289	37,726
Total Debt to EBITDA	4.93 x	4.57 x	3.70 x	3.10 x	2.42 x	1.81 x
Interest Expense	2,534	2,441	2,339	2,610	2,771	2,659
EBITDA to Interest Expense	2.41 x	3.16 x	3.90 x	4.60 x	5.85 x	7.82 x
EBITDA minus CapEx to Interest Expense	1.88 x	1.54 x	1.70 x	3.19 x	4.78 x	6.26 x

Notes:

- [1] = Civitas Phoenix Fund, LP debt is assumed to be refinanced in year 4. Total Senior and Civitas Phoenix Fund, LP debt is \$31.2 million, 1.9x Year 2014 EBITDA. This is a very low leverage loan and would have a very high probability of sourcing in the marketplace.
- [2] = Actual interest rate is structured to be 5% paid current and 3% deferred to maturity. Financial projections assume all 8% is paid current, a more conservative approach.
- [3] = Shareholder Note reflects the current amount. Repayment will be subject to purchase price adjustment claims.

Summary Terms of the Term Loan

A summary of the Term Loan Agreement follows:

Borrower:

Firebird Restaurant Group, LLC, a Texas limited liability company ("**Firebird**"); El Fenix Corporation, a Texas corporation and wholly-owned subsidiary of Firebird ("**El Fenix**"); Firebird Harry Hines, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Harry Hines**"); Firebird Downtown, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Downtown**");

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Martinez Brothers Investments, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Martinez**"); Firebird Ridglea, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Ridglea**"); 1918, LLC, a Texas limited liability company and wholly-owned subsidiary of El Fenix ("**1918**"); Firebird Mesquite, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Mesquite**"); Firebird Grapevine, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Grapevine**"); Firebird Arlington, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Arlington**"); Firebird Lewisville, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**Lewisville**"); and Firebird McKinney, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix ("**McKinney**", and collectively with Firebird, El Fenix, Harry Hines, Downtown, Martinez, Ridglea, 1918, Mesquite, Grapevine, Arlington and Lewisville, "**Borrower**")

Commitment Amount: \$8,500,000

Interest Rate: 8.00% fixed, per annum (the "**Base Rate**"). Interest shall be paid quarterly based on 5.0% fixed, per annum (the "**Current Rate**"). The remaining 3.00% (the "**Accrued Rate**") shall accrue on a non-compounding basis and be paid in full at maturity.

Default Interest Rate: 8.00% per annum in excess of the Base Rate, fixed and paid quarterly in arrears, and upon default all interest accrued at the Accrued Rate shall become immediately due and payable.

Interest rate calculation basis: Actual / 360

Term: Four years

Collateral: The Term Loan shall be secured by a perfected first priority security interest in all of the membership interests in each of the Borrower entities (the "**Equity Interests**"), as well as a second lien on all of the assets of El Fenix and its subsidiaries (the "**Second Lien Collateral**" and, collectively with the Equity Interests, the "**Collateral**"), which Collateral is currently pledged to the existing mezzanine lender as collateral for the existing mezzanine financing

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detailed under *Existing Financing* below.

In addition to the foregoing, all equity interests in the Borrower, or any other borrowing entity, as approved by the Lender, that is held by any existing mezzanine lender as a result of their conversion rights under the existing mezzanine loan documents shall (a) be pledged as collateral to the Loan, (b) be subject to the same perfected first priority security interest in the Equity Interests as the pre-conversion equity, and (c) shall be included in the Equity Interests.

Term Loan prepayment:

The Term Loan may not be prepaid without the Lender's consent. In the event Lender consents to a prepayment, Borrower shall pay to Lender a fee (the "**Prepayment Fee**") as follows: (i) if the date of prepayment is on or prior to the last day of the thirtieth month of the term, the Prepayment Fee shall be equal to 2.0% of the then-outstanding balance of the Term Loan or the portion thereof to be prepaid; or (ii) if the date of prepayment is after the last day of the thirtieth month of the term, the then-outstanding balance of the Term Loan or the portion thereof to be prepaid.

Existing Financing:

The Borrower currently has debt obligations in its capital structure as follows: (a) senior loan from CapitalOne Bank (the "**Senior Lender**") in an amount of approximately \$23,055,000, bearing interest at a rate of 7.00% per annum (the "**Senior Loan**"), (b) mezzanine loan from [Firebird Investments] in an amount of approximately \$5,400,000, bearing interest at a rate of 15.00% per annum; (c) junior indebtedness from [] [original seller] incurred in connection with the acquisition of the Company from [] in an amount of approximately \$500,000, bearing interest at a rate of 3.25% per annum; (d) capital lease obligations of approximately \$16,000, bearing interest at 8.35% per annum; and (e) an equipment loan of approximately \$1,152,000, bearing interest at 7.61% per annum.

The Borrower is in, or will be initiating, discussions with the Senior Lender regarding an extension and expansion of the Senior Loan. The closing of the Term Loan shall be

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contingent upon the Fund's approval of the terms of such restructuring of the Senior Loan, as well as any additional financing or refinancing for the Borrower. Any restructuring or refinancing of the Senior Loan is required to close simultaneously with the Term Loan, as a condition precedent to the closing of the Term Loan.

The Fund has agreed to the following general parameters under which the Borrower will seek to refinance the Senior Loan:

Principal Amount:	Up to \$24,500,000
Collateral:	Same as current collateral for Senior Loan
Interest Rate;	Up to 7.00% current pay:
Payment Terms:	20 year amortization schedule
Maturity:	Four years from date of closing, co-terminus with the Term Loan.
Loan Provisions:	No material change from current Senior Loan covenants and provisions.
Additional Loan or Capital Lease:	An additional amount up to \$500,000 per new store on the same general terms and conditions as the current growth financing.

Other indebtedness:

All terms of any financing for Borrower other than the Term Loan shall be subject to approval by the Fund.

Guarantor:

Mr. Michael D. Karnes, Firebird, El Fenix and each of Firebird's and El Fenix's direct and indirect domestic and foreign subsidiaries designated by the Fund, whether now existing or later formed, shall jointly and severally guaranty the obligations of the Borrower under the Term Loan.

Fund Cash Flow Projections from the Term Loan

Based on the terms of the Term Loan Agreement, the cash flow projections for the Fund are as set forth in the table below.

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CIVITAS PHOENIX FUND, LP PRO FORMA CASH FLOWS					Year 0	Year 1	Year 2	Year 3	Year 4
Principal Investment		(8,500,000)		(8,500,000)					
Current Interest	5.00%	1,700,000			425,000	425,000	425,000	425,000	
Accrued Interest	3.00%	1,020,000			255,000	255,000	255,000	255,000	
Cumulative Accrued Interest					255,000	510,000	765,000	1,020,000	
Principal Repayment		8,500,000							8,500,000
	<i>IRR</i>	<i>Multiple</i>	<i>Profit</i>						
Total Gross Cash Flows	7.7%	1.32 x	2,720,000		(8,500,000)	425,000	425,000	425,000	9,945,000
Less: Fund Level Operating Expenses		(152,000)			(38,000)	(38,000)	(38,000)	(38,000)	
Less: Civitas Asset Management Fee	2.00%	(680,000)			(170,000)	(170,000)	(170,000)	(170,000)	
	<i>IRR</i>	<i>Multiple</i>	<i>Profit</i>						
Net Cash Flows available for Distribution	5.3%	1.22 x	1,888,000		(8,500,000)	217,000	217,000	217,000	9,737,000
Investor Preferred Return	2.00%	(680,000)			(170,000)	(170,000)	(170,000)	(170,000)	
Payment of Preferred Return		680,000			170,000	170,000	170,000	170,000	
Unpaid and Accrued Preferred Return					-	-	-	-	
Cumulative excess funds available for distribution once I-829 Approved					47,000	94,000	-	-	
Net Cash Flow in excess of Preferred Return					-	-	141,000	1,067,000	
Return of Investor Capital		8,500,000							8,500,000
Profit to Investor	70%	641,600					-	641,600	
Civitas Performance Payment	30%	566,400					141,000	425,400	
	<i>IRR</i>	<i>Multiple</i>	<i>Profit</i>						
Net EB-5 Investor Returns	3.8%	1.16 x	1,321,600		(8,500,000)	170,000	170,000	170,000	9,311,600

Job Creation and TEA Status

EB-5 Program rules require creation of not less than ten full-time (*i.e.*, 35 hours per week) jobs per EB-5 investor. It is anticipated that the Fund will have 17 investors, meaning the Fund would need to create, via the Term Loan to the Borrower, at least 170 full-time jobs in order to meet this requirement. The Term Loan documents require the Borrower to hire at least 132 new full-time employees within 20 months of the loan's closing date (as provided in the Loan Agreement). The Borrower intends to meet this requirement by hiring employees into the seven new and remodeled restaurants located in Targeted Employment Areas within the City of Dallas Regional Center. However, job creation will be evidenced to the USCIS using the Regional Industrial Multiplier System ("**RIMS II**"). RIMS II is a tool developed by the US Bureau of Economic Analysis (BEA) for conducting regional economic impact analysis, and is an USCIS-approved methodology for estimating total job creation under the regional center pilot program. Civitas, on behalf of the Investors, will submit to the USCIS El Fenix's financial statements and paid construction invoices to demonstrate the economic activity that will create the projected jobs.

The primary job-creating activity is twofold: (a) the construction associated with opening and remodeling a total of seven new and existing restaurants, and (b) the hiring of new employees at those seven restaurants. All restaurant locations are within a Dallas TEA, and the Borrower is required to locate the El Fenix New Store and the two Quick Serve stores in a Dallas TEA. The Manager has commissioned Evans, Carroll & Associates ("**Evans Carroll**") to conduct an econometric study of the Borrower's proposed capital spending and operating strategy of the seven restaurants (the "**Economic Study**") in order to ensure that the Fund and its investors will comply with EB-5 job-creation requirements. A copy of the Executive Summary section of the Economic Study

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is attached hereto as Appendix C. The following table describes the job creating activity at each location and the total jobs projected to be created:

TOTAL JOB CREATION - PER EVANS CARROLL ECONOMIC STUDY									
Name	Restaurant type	Square Feet	Location	Located			Capital Expenditure	Year 2 Revenues	
				in TEA	City	State			
1918 (new)	Full service	10,602	2209 Caroline St.	Yes	Dallas	Texas	\$ 1,985,400	\$ 3,900,000	
El Fenix New Store (new)	Full service	6,500	Dallas TEA	Yes	Dallas	Texas	1,197,000	2,200,000	
Quick Serve 1 (new)	Quick service	4,000	Dallas TEA	Yes	Dallas	Texas	450,000	1,008,333	
Quick Serve 2 (new)	Quick service	4,000	Dallas TEA	Yes	Dallas	Texas	450,000	916,667	
[1] Downtown Remodel	Full service	17,532	1601 McKinney Ave.	Yes	Dallas	Texas	150,000	138,122	
[1] Casa Linda Remodel	Full service	7,298	255 Casa Linda Plaza	Yes	Dallas	Texas	150,000	69,677	
[1] Oak Cliff Remodel	Full service	7,401	120 East Colorado Blvd.	Yes	Dallas	Texas	150,000	59,567	
Total	7 Restaurants	57,333					\$ 4,532,400	\$ 8,292,366	
[2] RIMS II Final Demand Multiplier (per \$ million in capital expenditure / revenue)							10.155	29.91	
					Number of New Jobs		46	248	
					Construction	Restaurant			
					TOTAL NEW JOBS			294	

Notes:

- [1] Amounts represent incremental sales increases over existing revenue.
- [2] RIMS II Final Demand Multiplier per Evans Carroll Economic Study; Page 4 - Tabulation of Principal Results, Table A.

As described in the table above, it is projected that the total number of jobs to be created in connection with the Fund and the Term Loan will be 294. Assuming that the Fund is fully subscribed, this amount of jobs exceeds the minimum number of jobs required to be created (i.e., 170) by approximately 75%.

In the event the Fund is fully subscribed and the total number of jobs required to be created (i.e., 170) under the EB-5 Program rules is not achieved, any jobs created will be allocated to each Limited Partner based on a "first-in" priority allocation method, which will be measured as of the date and time the Fund's escrow agent receives the Subscription Amount from a potential investor (the "**Subscription Date**"). Each Limited Partner will be allocated jobs based on the maturity of their Subscription Date relative to the Subscription Date of other Limited Partners, whereby the Limited Partner with the earliest Subscription Date will be the first to be allocated ten jobs. This process shall continue until all jobs created by the Fund, via the Term Loan to the Borrower, have been allocated. There is no assurance that the Term Loan will generate enough EB-5 Jobs for all Limited Partners.

TEA Qualification

The Borrower and the call center intended to create the aforementioned jobs will be located in a targeted employment area (as such term is used at 8 CFR 204.6(e), a "**TEA**") within the CDRC. The Manager has commissioned Evans Carroll to conduct an analysis of census tracts within the CDRC (the "**TEA Study**") in order to determine whether the Fund's Term Loan to the Borrower qualifies for the \$500,000 minimum investment under EB-5 Program rules, rather than the standard \$1,000,000. Based on the results of the TEA Study, attached as Appendix D, the Borrower is located in a TEA and, therefore, investors in the Fund are permitted to participate in the EB-5 Program by investing a minimum of \$500,000. Accordingly, the minimum investment in the Fund is \$500,000.

Approved Industries for Investment

As described in the CDRC Approval Letter attached hereto as Appendix B, the CDRC is approved to invest in twelve industry sectors. The Manager believes that the Fund's Term Loan to the Borrower is a permitted investment because it falls into the following approved industry sector:

- Media, Entertainment & Amenities. This cluster includes food and drink establishments, as set forth in the tables attached to Appendix A. The Borrower is a new commercial enterprise headquartered within the CDRC. Its restaurant activities will be managed from its Dallas headquarters within the aforementioned TEA. In addition, all of the job creating activities will be located within the CDRC.

III. MANAGEMENT OF THE FUND

The General Partner and The Manager

The General Partner has appointed the Manager to manage and operate the Fund. The Manager has established an Investment Committee of seasoned professionals who are responsible for overseeing the Manager's investments on behalf of its clients, including the Term Loans made by the Fund to the Borrower. In overseeing investments (including the Term Loan), the Manager also utilizes from time to time the expertise of its Advisory Board. The composition of the Investment Committee and the Advisory Board are set forth below.

The Manager will be primarily responsible for the Fund's day-to-day operations, with input from the Investment Committee and Advisory Board, as needed. The Manager generally implements its business strategy and performs services and activities relating to the Fund's operations and investment in accordance with the terms of the management agreement between the Manager and the Fund. Under the management agreement, the General Partner delegates its management authority in respect of the Fund's operations, including the Fund's investment activities as described in this Memorandum, to the Manager for the duration of the Fund's term. Under the agreement, the Fund agrees to provide the Manager with all of the benefits of the Partnership Agreement, applicable to it as a delegate of the General Partner, including, without limitation, the right to reimbursement of expenses and indemnification provided under the Partnership Agreement.

Management Team

The General Partner and Manager are controlled by Jason T. Barnes and Daniel J. Healy (collectively, the "*Principals*"), who also serve as the members of the Manager's Investment Committee. Daniel J. Healy is responsible for the day-to-day management of the General Partner and the Manager. The following are background summaries of the Principals and other managers of Civitas Capital Management, LLC:

Jason T. Barnes. Mr. Barnes is Chairman of Civitas Capital Management, LLC. He is a Partner with Strasburger & Price, LLP, a Dallas-based national law firm. Throughout his career he has developed relationships with a wide variety of financial institutions, asset managers, principals and high net worth individuals in businesses and transactions that cross industries, markets, geographies and asset classes. Mr. Barnes' practice and experience covers transactions involving over \$25 billion in value and clients with assets ranging from \$10 million to \$40 billion.

Mr. Barnes has a particular emphasis on and high level of experience working with the principals and sponsors of investment vehicles, both during and after formation. He works with clients to better structure products and offerings for their target market and assists in the process of identifying and negotiating with prospective investors and partners. In addition to providing advice related to the structural issues, tax-minimization strategies and regulatory matters that are important to investment funds, Mr. Barnes actively represents such funds in connection with their ongoing equity, debt and acquisition-related investment activities.

In addition, Mr. Barnes has spent years working *pro bono* with funds and managers in the structuring of social-purpose investment vehicles and the tailoring of mainstream structures to provide "double bottom line" returns to investors. He writes and speaks regularly about this issue and works to educate the investment community on the merits of investments in underserved and emerging markets.

Mr. Barnes graduated from the Georgia Institute of Technology with a Bachelor of Science in Economics, earned his Juris Doctor from the Emory University School of Law, has been a member of the Pro Bono College of the State Bar of Texas since 2001, and has been named a Texas "*Rising Star*" (best lawyers under 40) by *Texas Monthly* magazine every year since 2003. He presently serves as the Chairman of the Finance and

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Funding Committee of the Mayor's Southern Dallas Task Force and is actively involved at the board level with multiple non-profit organizations.

Daniel J. Healy. Dan Healy is Managing Partner of Civitas Capital Management, LLC. He is responsible for the general management of the Manager, including overseeing financial analysis of the Manager's investment opportunities, as well as transaction sourcing, asset management and disposition, and compliance with EB-5 Program rules and regulations. Mr. Healy has thirteen years of real estate investment and consulting experience.

Mr. Healy has served as Executive Vice President and Partner with Royalton Real Estate Capital, LLC, a Dallas-based real estate private equity firm, where he had broad management and transaction responsibilities. He was responsible for the firm's acquisition strategy for multifamily assets and completed transactions with a total value in excess of \$100 million for the firm. He also oversaw asset management of the firm's portfolio and maintained the firm's relationships with its individual and institutional investors.

Previously, Mr. Healy was Executive Vice President with Highland Capital Real Estate Advisors, the real estate private equity arm of Highland Capital Management, L.P., a private investment firm with more than \$30 billion in assets under management. There, he sourced, structured and monitored a variety of notable transactions. Together with Jim Crigler, Mr. Healy managed an investment portfolio of more than \$600 million, including approximately \$150 million in equity investments.

Mr. Healy is also experienced with securities compliance. At Highland, Mr. Healy oversaw the development of a licensed broker-dealer platform for an affiliated company and served as the broker-dealer's Chief Compliance Officer.

Mr. Healy holds a Bachelor of Arts in Government and Politics, *summa cum laude*, from the University of Texas at Dallas and a Master of Business Administration from the Cox School of Business at Southern Methodist University.

Gabriel Hidalgo. Mr. Hidalgo is Managing Director for Investments with Civitas Capital Management, LLC. He is responsible for evaluating prospective investments and asset management for the Manager's portfolio. With respect to the Term Loan, Mr. Hidalgo will supervise servicing and operations.

Prior to joining Civitas, Mr. Hidalgo was an Associate with Macfarlan Capital Partners, LP, a Dallas-based real estate private equity firm. There he was responsible for asset management of a \$400 million real estate investment portfolio consisting of industrial, hospitality, office, medical and resort assets. Mr. Hidalgo is experienced with all aspects of asset management, including financial analysis, budgeting, operational planning, financing and workouts.

Prior to his tenure at Macfarlan, Mr. Hidalgo worked for five years with CSG Investments, Inc., the investment advisor to Beal Bank, controlled by well-known investor Andrew Beal. At CSG, Mr. Hidalgo was responsible for monitoring and servicing a \$1.2 billion portfolio of asset-based, high-yield corporate bonds and loans and participated in several debt restructurings. He was also responsible for identifying potential investment opportunities and the quantitative analysis of borrowers and issuers.

Mr. Hidalgo holds a Masters in Business Administration degree from the Cox School of Business at Southern Methodist University, as well as a Bachelor of Science in Economics from Texas A&M University.

James C. Crigler, III. Jim Crigler is Managing Director of Business Development for Civitas Capital Management, LLC. Among other things, he is responsible for sourcing and evaluating transactions for the Manager. Mr. Crigler has ten years of investment experience.

Mr. Crigler's background is diverse, providing Civitas and its investors with a broad range of skills. Prior to joining Civitas, Mr. Crigler worked with Mr. Healy as a Partner with Royaltan Real Estate Capital, LLC and Senior Vice President with Highland Capital Management, L.P. In both positions, he was responsible for identifying investments and managing relationships with the firm's institutional investors, which included insurance companies, private funds and pension funds.

Mr. Crigler also has substantial experience with corporate financial analysis. Prior to his tenure at Highland, Mr. Crigler worked for six years with MCM Associates, a New York-based long/short hedge fund focused on small-capitalization stocks. Mr. Crigler was responsible for financial analysis of potential investments.

A native of Louisiana, Mr. Crigler holds a Bachelor of Science in Finance from Louisiana State University. He has also completed graduate coursework in finance and accounting at New York University.

Advisory Board

The Manager has formed an Advisory Board (the "*Advisory Board*") that at the Manager's request considers and comments on such matters as the financial statements and appraisal reports, the status of outstanding investments, and the economic and financial trends and conditions affecting investments. No fees will be paid to the members of the Advisory Committee, although the Fund will pay its pro rata share of all reasonable expenses, if any, associated with the Advisory Board's meetings and of the members attending them. The current members of the Advisory Board are as follows:

Rafael M. Anchia. Mr. Anchia is a Senior Advisor to the Manager and Chairman of the Advisory Board. Mr. Anchia is a Partner at Haynes and Boone, LLP, an international law firm. He represents financial institutions and public and private funds in a variety of transactions involving, among other things, senior and subordinated debt and equity, domestic and international syndications and distressed debt acquisitions and sales. He also represents issuers and underwriters on tax-exempt bond transactions. He is also actively involved in community affairs and public service. Representing District 7 on the Dallas Independent School District Board of Trustees from 2001 to 2004, he oversaw a \$1 billion budget, 19,000 employees and almost 220 schools in the nation's 12th largest school district. Mr. Anchia was recently elected to his third term as Texas State Representative for District 103, which includes parts of Dallas, Irving, Carrollton and Farmers Branch. Texas Monthly named Mr. Anchia "Rookie of the Year" during the 79th Legislative Session and one of the "10 Best Legislators" during the 80th Legislative Session. He was named an American Marshall Memorial Fellow in 2001, a Broad Foundation Fellow in 2003, LULAC National "Man of the Year" in 2005, a Flemming Institute Fellow in 2006 and an Aspen Institute Rodel Fellow in 2007. He also presently serves as the National Chairman of the National Association of Latino Elected Officials and is Board Secretary for the Dallas-based charitable organization Education is Freedom. Mr. Anchia earned his undergraduate degree from Southern Methodist University and his Juris Doctor from Tulane University.

J. McDonald Williams. J. McDonald "Don" Williams serves as Vice-Chairman of the Advisory Board. Mr. Williams served as the chairman of Trammell Crow Company from 1994 until May 2002. Prior to serving in that role, he was the chief executive officer of Trammell Crow from 1977 to 1994. Mr. Williams received his Bachelor of Science degree from Abilene Christian University and his L.L.B. from George Washington University Law School. He serves as a director of Tenet Healthcare Corporation and recently retired as a director of A.H. Belo Corporation after more than twenty years of service. In 1995, Mr. Williams founded the Foundation for Community Empowerment to assist in redeveloping low-income neighborhoods in Dallas. He also serves on the boards of a number of nonprofit organizations, including the Hoblitzelle Foundation.

James W. Keyes. Mr. Keyes is the Chairman and Chief Executive Officer of Blockbuster Inc. The firm is currently undergoing a transformation under his leadership. He is also an Operating Partner at CIC Partners, LP, a private equity firm, where he focuses on retail operations. From May 2000 to November 2005, Mr. Keyes served as the President and Chief Executive Officer of 7-Eleven, Inc. During his tenure, 7-Eleven achieved 36

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consecutive quarters of same-store sales increases. Mr. Keyes also served as Executive Vice President and Chief Operating Officer of 7-Eleven from May 1998 to April 2000, as Chief Financial Officer from May 1996 to April 1998, and in various other capacities at the firm since 1985. Mr. Keyes also served as a Director of the firm from April 1997 to November 2005. He serves as a member of the Advisory Board of Americas Strategic Alliances, L.L.C. and Southern Methodist University's Edwin L. Cox School of Business. Mr. Keyes serves on the Board of Directors of the American Red Cross.

Brett Lawson. Mr. Lawson was most recently the National Managing Partner of Strategic Initiatives for Tatum, LLC, a national executive services firm and a leader in the delivery of finance, accounting, technology and recruiting services in and around the CFO suite. During his tenure at Tatum, Mr. Lawson provided strategic and operational leadership for Tatum's national consulting practice and was instrumental in Tatum's transformational expansion from providing CFO outsourcing services to a full-service executive services firm. Prior to his tenure at Tatum, Mr. Lawson was a Partner in The Controller Group (TCG), a Texas-based professional services firm focused on accounting, technology and recruiting services. TCG was twice named to the Dallas 100, which honors the 100 fastest-growing private firms (#13 and #11). TCG was acquired by Tatum CFO, the predecessor to Tatum, LLC, in 2006. Mr. Lawson began his career with Ernst & Young in the UK, where he focused on retail and manufacturing businesses in the public company space, before transferring to the Dallas office for a two-year rotation. Before returning to the US in 2003, Mr. Lawson spent a year within the Education and Training department of Ernst & Young, instructing internal staff on global audit methodology and related soft skills. Mr. Lawson graduated from the University of Warwick in the UK and is a Chartered Accountant.

G. Brint Ryan. Mr. Ryan is the Founder, Chief Executive Officer and Managing Principal of Ryan Co., the leading tax services firm in North America, with the largest transactional tax practice in the United States and Canada. Mr. Ryan is a Member of the Taxpayer Advisory Group for the Texas Comptroller of Public Accounts; a Member of the Accounting Advisory Board of the University of North Texas, a Member of the Business Administration Advisory Board of the University of North Texas; and a Member of the UNT Dallas Founders Circle of the University of North Texas; a Member of the Industry/Practitioner Liaison Group for the Texas Comptroller of Public Accounts; and Chairman of the Accounting Advisory Board of the University of North Texas. Mr. Ryan is a frequent speaker on various tax topics, including for the following organizations: Institute for Professionals in Taxation; National Business Institute; Tax Executives Institute; and Texas Society of Certified Public Accountants – Dallas, El Paso, Fort Worth, and Houston Chapters. Mr. Ryan has also received numerous awards, including the Distinguished Alumnus Award, University of North Texas (2009); Outstanding Alumnus Service Award, University of North Texas (2003); Alumnus of the Year, Department of Accounting, University of North Texas (1997); Distinguished Alumnus, Beta Pi Chapter, Beta Alpha Psi; and Salute to Excellence Award for CPE Presentations, Houston Chapter, TSCPA. Mr. Ryan is a member of the American Institute of Certified Public Accountants; the Dallas/Fort Worth State Tax Association – Executive Director (1993–1995); Institute for Professionals in Taxation; Texas Association of Business – Executive Committee; Texas Society of Certified Public Accountants; and Texas Taxpayers and Research Association – Board of Directors. Mr. Ryan received his Bachelor of Science Degree in Accounting from the University of North Texas and his Master of Science Degree in Accounting (Emphasis in Taxation) from the University of North Texas. Mr. Ryan is a Certified Public Accountant, licensed in the State of Texas.

Michael J. Sorrell. Michael J. Sorrell is the 34th President of Paul Quinn College. Under his leadership, the school has embarked upon an aggressive agenda that stresses academic excellence, accountability and a commitment to the community. His vision is to create a nationally renowned institution that produces Quinnites that redefine the term "servant leader". Among the numerous accomplishments of his leadership team during his tenure at the college are the following: revamping the school's admissions policy; the creation of the "Food for Good Farm at Paul Quinn College"; achieving consecutive clean audits for the first time in more than a decade; establishing the Presidential Scholars Program; adopting a school-wide business casual dress code; securing the largest single donor gift in approximately 15 years; securing candidacy status from the Transnational

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Association of Christian Colleges and Schools; consecutive years of six-figure surpluses; the creation and implementation of the "Leave No Quinnite Behind" retention project; the development and implementation of the First Year Experience Program and modernizing institutional operations. President Sorrell came to PQC from his post as the co-founder and Chief Problem Solver of Victor Credo, LLC where he primarily represented athletes, coaches and other sports related organizations. Sorrell has spent the majority of his career advising key decision-makers in sports, Fortune 500 companies and government entities. His unique experiences include having served as the Director of Communications and Government Relations for Dallas 2012, Executive Director of the Global Games, and an assignment in the White House, as the Special Assistant to the Executive Director of the President's Initiative on Race. President Sorrell received his J.D. and M.A. in Public Policy from Duke University. While in law school, he was one of the founding members of the Journal of Gender Law & Policy and served as the Vice President of the Duke Bar Association. Sorrell was a recipient of the Sloan Foundation Graduate Fellowship, which funded his studies at both Harvard University's Kennedy School of Government (as a graduate fellow) and Duke University. He graduated from Oberlin College with a B.A. in Government, served as Secretary-Treasurer of his senior class, became a member of Kappa Alpha Psi Fraternity, Inc., was a two-time captain of the men's varsity basketball team and was the school's fifth all-time leading scorer.

Tamela Thornton. Tamela Thornton is a Principal with ESmith Legacy, Inc., a real estate development and investment firm with offices in Philadelphia, Baltimore and Dallas. Ms. Thornton oversees the company's Alternative Investments group, focusing on the acquisition of value-add assets in the retail and multi-family sectors, as well as the incorporation of other business segments into the company portfolio. She has over 23 years of experience in the real estate industry, including retail development and market/financial feasibility analysis for new business expansion. Her unique experience base has evolved from a variety of work experiences with large corporations such as Starbucks Coffee Company and YUM Restaurants, as well as private developers and public agencies. Her experience with market and financial feasibility consulting for public agencies and private developers early in her career laid the foundation for the practical application of growth principles to everyday development opportunities. During her career at YUM Restaurants (formerly the PepsiCo Restaurant Division), Ms. Thornton's responsibilities included new store development as well as crafting site selection and strategic development analysis techniques to identify optimal market penetration for restaurant brands in both traditional and non-traditional settings. She has extensive knowledge of many domestic markets, as well as international in markets as diverse as China, Brazil, South Africa, Mexico, most Latin American countries and the Caribbean. At Starbucks Coffee Company, she managed the real estate and construction team in one of the fastest growing regions in the country. Ms. Thornton holds bachelor's and master's degrees in Regional Science from the University of Pennsylvania. She is a member of the Board of Directors for the Business Assistance Center Education Foundation, Inc. and Services of Hope, a non-profit service organization dedicated to building capacity of underserved youth in Dallas through literacy and character enhancement programming.

IV. IMMIGRATION MATTERS

The following is a summary of the application process, requirements and related issues for a qualifying alien to obtain the employment-based fifth preference immigrant classification (the "EB-5 Visa"). This summary should not be considered as legal advice or as a complete description of all of the issues associated with obtaining an EB-5 Visa. Investors should seek their own legal counsel with respect to immigration matters and the EB-5 Visa process.

The EB-5 Visa allows qualifying aliens and any accompanying spouses and children under the age of twenty-one at the time of application to obtain United States lawful permanent resident ("**LPR**") status, if the qualifying aliens have invested, or are actively in the process of investing, in a new commercial enterprise (see Immigration and Nationality Act ("**INA**") §§ 203(b)(5)(A) and (C), 8 U.S.C. 1153(b)(5)(A) and (C)). The investment must benefit the United States economy and create full-time jobs for ten or more qualifying employees (see INA § 203(b)(5)(A)(ii), and 8 U.S.C. 1153(B)(5)(A)(ii)). If the investment is in a rural area or an area that has experienced high unemployment (referred to as a "**TEA**"), the required capital investment amount is \$500,000 per EB-5 Visa (see INA § 203(b)(5)(C)(ii), 8 U.S.C. 1153(b)(5)(C)(ii) and 8 CFR 204.6(f)(2)). To qualify for consideration of direct, indirect and induced job creation in connection with the qualifying investor's EB-5 Visa, the investor must invest in a new commercial enterprise that is located in a geographical region of the United States covered by a "regional center" (as defined by 8 CFR 204.6(e)) approved by the United States Citizenship and Immigration Service ("**USCIS**") for participation in the USCIS' Foreign Trader, Investor and Regional Center Program (the "**EB-5 Program**").

A flowchart summarizing the EB-5 Program immigration procedures is attached as Appendix A. To qualify for residency, investors must file an I-526 Petition at their designated USCIS processing center. Tax returns and substantial documentation evidencing that an investor's funds intended for investment in the Fund were derived from lawful sources must be filed. Such evidence may include information concerning real estate transactions, business income, proceeds from the sale of a business, employment income, investments, bank accounts and dealings, licenses or similar evidence. If investment funds are from a gift or inheritance, an appropriate affidavit and/or other evidence will be required to be filed.

Persons applying for United States residency must demonstrate that they are admissible to the United States in accordance with Section 212 of the INA. Section 212 sets forth various grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa or entering the United States. Aliens precluded from entering the United States include: (a) persons who are determined to have a communicable disease of public health significance; (b) persons who are found to have, or have had, a physical or mental disorder and behavior associated with the disorder which poses, or may pose, a threat to the property, safety or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior; (c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime; (d) persons who have been convicted of violating any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same; (e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude, persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances; (f) persons engaged in prostitution or commercialized vice; (g) persons who have committed in the United States certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity; (h) persons excludable on grounds related to national security, related grounds or terrorist activities; (i) persons determined to be excludable by the Secretary of State of the United States on grounds related to foreign policy; (j) persons who are or have been a member of a totalitarian party, or persons who have

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participated in Nazi persecutions or genocide; (k) persons who are likely to become a public charge at any time after entry; (l) persons who were previously deported or excluded and deported from the United States; (m) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the United States or other benefit under the Immigration Act; (n) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law; (o) certain aliens who have departed the United States to avoid or evade U.S. military service or training; (p) persons who are practicing polygamists; and (q) persons who were unlawfully present in the United States for periods in excess of 180 days.

Following approval of an investor's I-526 Petition, the investor must apply for an immigrant visa or permanent resident status. If the investor is domiciled outside of the United States, then the application is filed at the appropriate U.S. Consulate. If the investor is domiciled in the United States, then the application is filed at the appropriate office of the USCIS. The Consular Interview Process, or the USCIS adjustment of status process, as applicable, (the "*Visa Process*"), is designed to enable the U.S. Government to determine whether the investor is inadmissible to the United States as explained above. As part of this process, the investor is subjected to medical, police, security and immigration history checks. Upon approval, the investor (and spouse and children) are granted conditional permanent residency status.

Each prospective investor should review these substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission for United States residency of the prospective investor, notwithstanding eligibility for immigration based on an investment in the Fund.

Investors who have been granted conditional permanent residency status must file a petition to remove the condition (Form I-829) between 21 and 24 months after the date they received their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. However, the Manager will facilitate the preparation of all requisite evidence regarding the Fund and its investments.

There can be no assurance that an I-526 Petition will be approved, that an investor will successfully complete the Visa Process or that upon the approval thereof that the conditions attaching thereto will be removed.

V. INVESTOR SUBSCRIPTION PROCEDURE

Information Provided

Prior to the consummation of the offering, the Fund will provide to each prospective investor and each such prospective investor's representatives and advisers the opportunity to ask questions regarding the terms and conditions of this offering and to obtain any additional information required. Any questions or requests for information should be directed to Civitas Firebird Fund, LP, c/o Civitas Capital Management, LLC, 900 Jackson Street, Suite 150, Dallas, Texas 75202, Attention: Managing Director – Investor Relations.

Copies of the Partnership Agreement and the Fund's subscription application materials (including the subscription agreement) (the "**Subscription Documents**") for the purchase of Interests will be made available upon request. Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision. During the course of the transaction, and prior to sale, each purchaser of an Interest is invited to ask questions of the General Partner and the Manager concerning the terms and conditions of the offering and to obtain any additional information necessary or to verify the accuracy of the information furnished in this Memorandum. No other persons have been authorized to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund.

Investor Suitability

Only persons of adequate financial means who have no need for liquidity with respect to this investment should consider purchasing the Interests offered hereby because (i) an investment in the Interests involves certain risks (see "**Risk Factors**"), and (ii) a market for the Interests does not exist and is not likely to develop. This offering is intended to be a "private offering" and therefore exempt from registration under the Securities Act and applicable state securities laws.

This offering is limited to investors who meet the qualification criteria set forth in the Fund's subscription application materials, which must be completed prior to making an investment in the Fund.

The Fund will not register as an "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), by reason of the provisions of Section 3(c)(1) thereof. Accordingly, the Fund is currently limited to no more than 99 beneficial owners, as provided by the Investment Company Act.

Offers and sales of Interests will not be registered under the laws of any jurisdiction. Neither U.S. Securities and Exchange Commission nor the securities commission of any non-U.S. jurisdiction nor any other agency has reviewed or passed upon the merits of this offering. Certain information required by the securities laws of certain jurisdictions outside the United States is included in the "**Important Notices**" section of this Memorandum.

Only the General Partner may accept subscriptions, and the General Partner will have the absolute right and sole discretion to refuse to accept any subscription (or any portion thereof) from you or any other person and for any reason. The General Partner is entitled to rely exclusively upon the accuracy of your representations provided in the subscription application materials. The General Partner may require additional evidence that a prospective investor meets the Fund's eligibility criteria at any time prior to acceptance of a prospective investor's subscription.

Subscription Procedure

To subscribe for an Interest, you must complete the Subscription Documents and submit them to the General Partner. These materials must be delivered to Civitas Firebird Fund, LP, c/o Civitas Capital Management, LLC, 900 Jackson Street, Suite 150, Dallas, Texas 75202, Attention: Managing Director – Investor Relations.

Each person subscribing for an Interest must deliver its Subscription Amount, as payment for its Interest, directly to an escrow account of the Fund. The Subscription Amount will be held in escrow until the subscriber's I-526 Petition for participation in the EB-5 Program is approved by the USCIS, at which time the Subscription Amount shall be distributed to the Fund and booked as a capital contribution to the Fund (a "*Capital Contribution*") and the subscriber formally admitted as a Limited Partner of the Fund. In the event that a subscriber's I-526 Petition is not approved, the Subscription Amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Fund. All payments should be in the form of a wire transfer, following the wiring instructions as indicated in the subscription application materials. The minimum Capital Contribution (exclusive of fees) is \$500,000.

Subject to applicable state securities laws, you may not revoke any subscription that you deliver to the General Partner. However, the General Partner may reject any subscription, in whole or in part, at its sole discretion.

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VI. RISK FACTORS

An investment in the Fund involves a high degree of risk, and is suitable only for investors of substantial means who have no need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. References herein to "the Fund", "we", "our", "us" and like terms include, as the context may require, the Fund, the General Partner, the Manager or any other investment vehicles established by the Fund.

We make no warranty regarding your satisfaction of the EB-5 Program requirements and have not and will not provide you with any legal advice regarding your immigration status or the tax consequences to you of an investment in the Fund. Prior to investing, you must consult your personal immigration lawyer and tax consultant.

In addition to factors set forth elsewhere in this Memorandum, prospective investors should carefully consider the following.

Risks Related to Immigration Status

As a Limited Partner, you will be subject to certain general immigration risks faced by all immigrants to the United States.

The process of obtaining conditional resident status and permanent resident status involves many factors and circumstances that are not within the control of the Fund. These include the investor's past history, source of investment funds, immigration visa backlogs, potential changes in immigration laws and regulations, including those specific to the EB-5 Program, and quotas established by the United States government limiting the number of visas available to qualified individuals seeking conditional resident status under the EB-5 program. Although the Fund has been structured with the objective of providing Limited Partners with eligibility for conditional and subsequent permanent resident status under U.S. immigration laws, no assurance can be given that each Limited Partner will obtain approval of his or her particular immigrant petition. Purchase of an Interest does not guarantee conditional or permanent residency in the United States. Furthermore, no assurances or advice can be given that conditional resident status will be converted to permanent resident status.

The EB-5 Program and other immigration laws can be discontinued or changed at any time.

The EB-5 Program is a creation of the Federal Government and, as such, the United States Congress and/or other governmental agencies may discontinue or change the requirements of some or all immigration programs. Changes to and/or elimination of immigration program(s) may adversely affect an investor who invests in an Interest. The U.S. Congress and/or other government agencies may discontinue or change some or all of the EB-5 Program or the elements of the EB-5 Program that apply specifically to the Immigrant Investor Pilot Program (the "**Pilot Program**"), pursuant to which the USCIS has approved the CDRC. Changes to and/or elimination of either the EB-5 Program or the Pilot Program may adversely affect the holders of Interests and/or jeopardize their ability to receive LPR status.

You must have rights under the limited partnership agreement of the Fund sufficient to meet the USCIS requirement of holding a policymaking position.

The EB-5 Program requires an investor to hold a policymaking or management position in the Fund. Although the General Partner believes that each investor, as the holder of an Interest (with all associated rights of a Limited Partner), is provided with the powers and duties under the Partnership Agreement sufficient to meet the USCIS requirement that an investor is actively participating in policymaking or management of a new commercial enterprise, there can be no assurance that the USCIS will agree with such position.

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An investment in the Interests and approval of the I-526 petition is only the first step towards acquiring conditional permanent resident status.

After approval of an I-526 petition, each investor must file a Form I-485, *Application to Register Permanent Residence or Adjust Status ("I-485")*, with the USCIS if the investor is already residing in the United States in valid non-immigrant status. If the investor is living outside the United States, then he or she must obtain a conditional immigrant visa through an application filed with the U.S. Department of State followed by an interview at a U.S. embassy or consulate. An EB-5 immigrant investor's background (or that of an immediate family member) may not meet the USCIS or the U.S. Department of State criteria for temporary or permanent residency in the United States.

It is a requirement of the EB-5 Program that an immigrant investor's source of investment funds be lawfully obtained.

Each investor must demonstrate to the Manager and USCIS that the funds they invest in the Fund were obtained through lawful means. Each investor must document, to the satisfaction of the Manager and USCIS, the source of his or her funds. The Manager and the investor's U.S. immigration attorney may make a preliminary assessment of the adequacy of an investor's source of funds, but the ultimate decision will be made solely by USCIS. Each investor must agree to provide information and documents to the Manager and to allow the Manager to make further investigation concerning the investor's source of funds and the personal and business background of the investor and accompanying family members. Failure to do so will materially and adversely affect the investor's chances of obtaining the approval of their I-526 petition.

The City of Dallas Regional Center is a new regional center and has limited experience with the EB-5 Program.

The CDRC was designated as a "regional center" by the USCIS on September 8, 2009. Accordingly, the CDRC has a limited operating history, which could lead to delays for investors in the process of obtaining a conditional or permanent green card.

Achieving your immigration goal of conditional and permanent resident status will depend upon the ability of the Borrower to use the Term Loan to create the jobs necessary to fulfill the obligations of the EB-5 Program.

In order for an investment to qualify an investor for LPR status, the investor must be able to demonstrate that its investment created the number of full-time jobs required by the EB-5 Program. Each investor in the Fund who petitions for permanent residency in the U.S. under the EB-5 Program must, through reasonable methodologies, demonstrate that no fewer than ten direct, indirect and/or induced jobs are or will be created as a result of his or her investment. Based upon independent economic analysis commissioned by the Manager, the Manager believes the Term Loan should create the requisite number of jobs per investor, although there can be no assurance that the Borrower will ultimately create such requisite number of jobs.

The Evans Carroll Economic Study estimates that the Borrower will create approximately 248 direct, indirect and induced jobs. The economic analysis is based upon the Borrower's proposed activity, the amount of capital that will be spent in the local economy, general assumptions regarding the national economy and other circumstances affecting the Borrower and its business. There is no assurance that the economic analysis or the assumptions upon which it is based are accurate or that the actual number of direct employees and indirect job creation will reflect or even come close to the number predicted in such analysis. Depending on the disparity, there may be insufficient employment to remove conditional permanent resident status, resulting in a delay or denial of unconditional permanent residency for any investor.

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Jobs created under the EB-5 Program will be allocated to Limited Partners based on a "first-in" priority allocation method, whereby Limited Partners with later Subscription Dates relative to other Limited Partners may not be allocated jobs.

In the event the Fund is fully subscribed and the total number of jobs required to be created (i.e., 170) under the EB-5 Program rules is not achieved, any jobs created will be allocated to each Limited Partner based on a "first-in" priority allocation method, which will be measured as of the date and time the Fund's escrow agent receives the Subscription Amount from a potential investor (the "**Subscription Date**"). Each Limited Partner will be allocated jobs based on the maturity of their Subscription Date relative to the Subscription Date of other Limited Partners, whereby the Limited Partner with the earliest Subscription Date will be the first to be allocated ten jobs. This process shall continue until all jobs created by the Borrower have been allocated.

Each investor remains subject to all applicable rules and regulations concerning qualification for participation in U.S. visa programs.

Each prospective investor should review substantive inadmissibility grounds with competent counsel to determine whether there may be a basis for denying admission of the prospective investor, notwithstanding eligibility for immigration based on an investment in the Fund. Investors who have been granted conditional permanent residency status must file a petition to remove the condition (Form I-829) between 21 and 24 months after the date they receive their conditional permanent resident status upon arriving in the United States. The primary purpose of the application is to ensure that investors submit evidence establishing that they have successfully met the requirements of the EB-5 Program, including the creation and maintenance of the requisite number of direct and indirect jobs. Except in rare cases, investors who fail to file this petition in a timely manner will automatically lose their permanent residency status. Investors and their immigration attorneys are responsible for ensuring that their applications are timely and properly filed. Although the Manager will facilitate the preparation of all requisite evidence regarding the Fund its investments, there can be no assurance that an I-526 petition will be approved, that an investor will successfully complete the Visa Process or that upon the approval thereof that the conditions attaching thereto will be removed.

As a result of participation in the EB-5 Program, and your investment in the Fund, you may be required to pay income taxes in the United States on your worldwide income.

As an EB-5 Program participant, and when you become a resident of the U.S. generally, you will have to pay taxes in the United States based on your worldwide income. Further, even in situations where you are not classified as a resident for U.S. tax purposes, you will be subject to U.S. income taxes and withholding on your allocable share of profits and losses from the Fund. Further, as a resident alien, you will be subject to U.S. estate taxes and gift taxes, and non-resident aliens may also be subject to U.S. estate tax on their Interest as U.S. situs property. You should consult your personal tax advisor about the tax consequences of an investment in the Fund. Further information about these matters is included in this Memorandum under the heading "*Tax Matters.*"

General Risks

The Fund has no operating history.

The Fund is a newly formed limited partnership and has no operating history to report to prospective investors. Notwithstanding any prior operating experience or experience that the Principals may have in making investments of the type expected to be made by the Fund, any such prior experience was obtained under different market conditions and under a different organizational structure. There can be no assurance that the Fund will achieve its objectives or achieve positive results of any kind.

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Investors will only have rights of "limited partners" under the Fund's organizational documents.

Limited Partner investors will be "limited partners," as contemplated by the Texas Business Organizations Code, and shall have all rights afforded to limited partners under the Texas Business Organizations Code. In all cases, Limited Partners are subject to the rights of the General Partner, as set forth in the Partnership Agreement.

The Fund will indemnify the General Partner and the Manager for liabilities associated with the Fund.

The Fund will be required to indemnify the General Partner and its members, managers and affiliates for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse affect on the returns to the Limited Partners. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the capital contributions of the Limited Partners. If the assets of the Fund are insufficient, then the General Partner may be entitled to recall capital previously returned to the Limited Partners.

There may be conflicts of interest that arise between the Fund and the business of the General Partner or Manager.

Instances may arise where the interests of the General Partner and/or Manager may potentially or actually conflict with the interests of the Fund and the Limited Partners.

Neither the Fund nor the Manager are registered with Federal agencies.

The Fund is not subject to the provisions of the Investment Company Act in reliance upon the exemption contained in Section 3(c)(1) of such Act. The Subscription Documents and the Partnership Agreement will contain representations and restrictions on transfer designed to assure that the Fund will qualify for such exemptions. Neither the General Partner nor the Manager is required to be registered as an investment adviser under the Investment Advisers Act.

Investment Risks

All of the proceeds of this offering will be loaned to a single group of affiliated borrower entities, so your investment will not be diversified.

The Fund will use substantially all of the capital contributed by the Limited Partners to fund the Term Loan (and related transaction expenses) to the Borrower and, as a result, the Fund will not have asset diversification. The lack of diversification could adversely affect the value of the Interests of the Limited Partners if, for example, the Borrower is adversely affected by a downturn in the U.S. economy that negatively impacts the performance of its operations. Certain industries, such as the restaurant industry, are directly correlated to the health of the U.S. economy. If the U.S. suffers a prolonged recession, then the revenues from the Borrower's restaurant operations may decline, and the value of, or cash flow from, the restaurants could be materially diminished and the Limited Partners' Interest may be negatively affected.

The Fund's ability to pay Limited Partners the targeted annual distributions on their Interests will depend upon the cash flow we receive from the Borrower.

We expect the Fund to receive a 5.00% per annum interest payment on the Term Loan while the Term Loan is outstanding and an additional 3.00% per annum interest payment to be paid upon maturity. We expect that 2.00% of the total 8.00% will be available to satisfy preference payments owing to Limited Partners under the Partnership Agreement. Should the Borrower's activities not realize sufficient cash flow to allow the Borrower to make payments to the Fund on the Term Loan, the Fund may be unable to pay the entire amount of the targeted distribution. This distribution right is cumulative, so to the extent that we do not generate sufficient

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profit and cash flow to distribute the targeted distribution, we will be required to do so in future years if sufficient cash flow is available.

The repayment of the Term Loan on the Maturity Date depends on whether or not the Borrower receives sufficient proceeds from its business activities.

The Borrower intends to conduct its activities in a manner that allows the Borrower to pay the Term Loan in full on the Maturity Date. If the Borrower does not have sufficient capital to repay the Term Loan and the [Guarantor] fail to repay the Term Loan on the Borrower's behalf, you could lose all or some portion of your investment in the Fund.

You will not be able to transfer your Interests.

As a Limited Partner, you will not have the right to transfer your Interests without the consent of the General Partner and, even if such consent is granted, and it is unlikely that any market for Interests will exist. Accordingly, your investment in the Fund will be highly illiquid.

The Borrower is a newly formed entity with no operating history.

The Borrower is a newly-formed entity with no record of historical operating success or profits. There can be no assurance that the business activities of the Borrower will be successful.

Certain Tax Related Risks

Uncertain Tax Liability.

The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the IRS or other applicable taxing authority, there could be a materially adverse effect on the Fund, and a Limited Partner might be found to have a different tax liability for that year than that reported on its federal income tax return.

Tax Audit.

An audit of the Fund by the Internal Revenue Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Fund and may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner's investment in the Fund. If audit adjustments result in an increase in a Limited Partner's income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund's tax returns will be borne by the Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by that Limited Partner.

Tax on Profits Whether or Not Distributed or Received.

If the Fund has taxable income in a fiscal year, each Limited Partner will be taxed on this income in accordance with its distributive share of the Fund's profits, whether or not such profits have been distributed. It is therefore possible that the Limited Partners could incur income tax liabilities without receiving sufficient distributions from the Fund to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner would need sufficient funds from sources other than the Fund. Furthermore, the Fund may make investments with respect to which the Fund recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Fund may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Partners.

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Delayed Schedules K-1.

The Fund will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Fund may be unable to provide final Schedules K-1 to Limited Partners for any given tax year until significantly after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but if the General Partner chooses to have the Fund's financial statements audited, final Schedules K-1 may not be available until completion of such audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state, and local levels.

Tax Changes.

United States federal income tax laws are the subject of continuing scrutiny and proposals for amendment and significant legislative and budgetary proposals affecting tax laws have been made and will likely continue to be made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals into law is uncertain. The enactment of any such proposals into law could have material adverse effects on the Fund and/or the Limited Partners. An assessment of the effect of any tax law changes must await the enactment of such legislation. Even without new legislation, the IRS might issue new regulations, or a court might issue new interpretations of the law, possibly with retroactive effect, which could affect an investment in the Fund by a Limited Partner.

Complexity of Taxation.

The tax aspects of an investment in the Fund are complicated and complex, and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "*Tax Matters*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests.

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VII. CONFLICTS OF INTEREST

The Manager is an affiliate of the General Partner of the Fund. The Manager manages, and expects to continue to manage, other client accounts, some of which have objectives similar to those of the Fund, including other collective investment vehicles that may be managed by the General Partner and/or the Manager or any of their affiliates and in which the General Partner and/or the Manager or any of their affiliates may have an equity interest. As a result, the Manager, the General Partner, the Principals and their affiliates may be subject to conflicts of interest in connection with their relationships with the Fund and its investors, including through the Manager's receipt of Administration Fees and its management of investments or portfolio companies in which the Fund does not have an interest. The Manager and its Principals are required to devote such time to the Fund as is consistent with the Fund achieving its investment objectives and will employ a disciplined policy of managing conflicts of interest which relies heavily on involvement of the Manager's Advisory Committee.

In addition to the Management Fee paid to the Manager and the Carried Interest Distributions to the General Partner, the Manager will receive the Other Fees from the Borrower. In addition, the Manager is paid directly the Administrative Fee from investors in the Fund. The Fund does not receive or otherwise share in any of the Other Fees and none of the Other Fees are used to offset any of the Management Fees or the Administrative Fees paid to the Manager.

Spencer Crain Cabbage Healy & McNamara, PLLC ("*Spencer Crain*"), has been appointed as the Fund's counsel in connection with immigration matters and certain other matters for which it is specifically engaged. Spencer Crain also acts as counsel to the General Partner, the Manager and certain of their affiliates (collectively, the "*Civitas Entities*") with respect to immigration matters and certain other matters for which it is engaged from time to time. The Manager has negotiated a flat fee arrangement with Spencer Crain pursuant to which the firm has agreed to represent potential investors in the Fund in connection with their participation in the EB-5 Program. Potential investors are not required to employ Spencer Crain and may choose any immigration attorney. Potential investors who choose to employ Spencer Crain will be required to execute a waiver as to any conflicts with Spencer Crain's representation of the Fund and the Civitas Entities. A Partner of Spencer Crain is an immediate family member of Daniel J. Healy, a Principal.

Strasburger & Price, LLP ("*Strasburger & Price*"), has been appointed as the Fund's counsel in connection with the offering of interests in the Fund and certain other matters for which it is specifically engaged. Strasburger & Price also acts as counsel to the Civitas Entities on matters for which Strasburger & Price is engaged from time to time. Strasburger & Price has not and does not provide any advice to the Civitas Entities with respect to immigration matters. Strasburger & Price disclaims any obligation to verify the Civitas Entities' compliance with their obligations either under applicable law or the governing documents of the Fund. In acting as counsel to the Civitas Entities, Strasburger & Price has not represented and will not represent any Limited Partners. No independent counsel has been retained to represent the Limited Partners. Accordingly, potential investors and Limited Partners have not had the benefit of independent counsel in the structuring of the Fund or determination of the relative interests, rights and obligations of the General Partner, the Manager and the Limited Partners. Jason Barnes, a Principal, is a Partner of Strasburger & Price.

In assisting in the preparation of this Memorandum, Strasburger & Price has relied on information provided by the Civitas Entities and certain of the Fund's other service providers (including, without limitation, the Principals' biographical data, summaries of market conditions, the planned investment strategy of the Fund, information related to the Borrower and immigration matters) without verification and does not express a view as to whether such information is accurate or complete.

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VIII. TAX MATTERS

CIRCULAR 230 NOTICE

The tax discussion contained in this Memorandum is not given in the form of a covered opinion within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any discussion contained in this Memorandum for the purpose of avoiding U.S. federal tax penalties. The tax discussion contained in this Memorandum was written to support the promotion or marketing of the transactions or matters described in this Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

CAUTION: THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND ARE PARTICULARLY COMPLEX. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD NOT CONSIDER THIS DISCUSSION AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS, ATTORNEYS OR ACCOUNTANTS ON MATTERS RELATING TO AN INVESTMENT IN THE FUND WITH SPECIAL REFERENCE TO THEIR OWN SITUATION.

Introduction

The following is a summary of certain aspects of the taxation of the Fund and its Limited Partners arising from the purchase, ownership and disposition of an Interest in the Fund that should be considered by a prospective investor that is a U.S. person (as defined below) who is an individual. The Fund has not sought a ruling from the Internal Revenue Service (the "*Service*") or any similar state, local or foreign authority with respect to any of the tax issues affecting the Limited Partners or the Fund, nor has it obtained an opinion of counsel with respect to any U.S. federal, state, local, or foreign tax issues.

This summary is based on the Internal Revenue Code of 1986, as amended (the "*Code*"), the Treasury regulations promulgated under the Code (the "*Treasury Regulations*"), judicial decisions, administrative rulings [and state and local tax laws] in force on the date of this Memorandum, all of which are subject to change (possibly with retroactive effect). Changes in existing laws or regulations and their interpretation may occur after the date of this Memorandum and could alter the income tax consequences of an investment in the Fund. This discussion does not address all of the tax consequences that may be relevant to a particular investor, nor does it address, unless specifically indicated, the tax consequences to an entity, such as a partnership, corporation or LLC. Unless otherwise expressly provided herein, this discussion does not address possible state, local or foreign tax consequences of the purchase, ownership or disposition of Interests, some or all of which may be material to particular investors. This discussion also does not address the potential application of the U.S. federal alternative minimum tax to the Fund or the Limited Partners. There is uncertainty concerning certain tax aspects of the Fund, and there can be no assurance that the Service will not challenge the positions taken by the Fund.

For purposes of this discussion, a "U.S. person" means a citizen or resident of the United States that is an individual. The term "non-U.S. person" means any individual that is not a "U.S. person" for U.S. federal income tax purposes.

Special rules may apply in the case of non-U.S. persons (i) that conduct a trade or business in the United States or that have an office or fixed place of business in the United States, (ii) that have a tax home in the United States, or (iii) that are former citizens or long-term residents of the United States. Such persons are urged to consult their own U.S. tax advisors before investing in the Fund.

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EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE U.S. FEDERAL, STATE, LOCAL AND ANY FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND IN SUCH INVESTOR'S PARTICULAR SITUATION.

Certain United States Taxation Matters

Classification of the Fund

The General Partner believes that under the provisions of the Code and the Treasury Regulations as currently in effect, the Fund should be treated for U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

The remainder of this discussion assumes that the Fund will be treated in its entirety as a partnership for U.S. federal income tax purposes and that each Limited Partner will be a U.S. person. However, for informational purposes, a short summary of the potential tax consequences to a Limited Partner that is a non-U.S. person is included below under the heading "*United States Income Tax Considerations for Non-U.S. Limited Partners.*"

U.S. Federal Income Taxation of the Fund and Limited Partners

As a partnership, the Fund will not be subject to U.S. federal income tax. Each Limited Partner will be required to report separately on its income tax return its distributive share of the Fund's net long-term capital gain or loss, net short-term capital gain or loss and net ordinary income and deductions and credits in accordance with the allocations set forth in the Partnership Agreement. Each Limited Partner will be liable for any taxes owed upon its distributive share of the income or gains realized by the Fund and may claim deductions for its distributive share of the Fund's losses and deductions and credits for its distributive share of the Fund's credits, to the extent allowed under the Code. Each Limited Partner will be taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

The Fund will file an annual partnership information return with the Service that reports the results of its operations for the taxable year and will distribute annually to each Limited Partner a form showing its distributive share of such Fund items of income, gain, loss, deduction or credit. The General Partner will have the authority to decide how to report the Fund items on the Fund's tax returns, and all Limited Partners will be required under the Partnership Agreement to treat the items consistently on their own returns. An audit by the Service of the tax treatment of the Fund's income and deductions generally will be determined at the Fund level in a single proceeding rather than by individual audits of the Limited Partners. In this regard, the General Partner, as the "Tax Matters Partner," will have the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners' tax liabilities with respect to Fund items.

Under the Partnership Agreement, the General Partner has the authority to elect on behalf of the Fund, under Code section 754, to adjust the tax basis of the Fund's assets in connection with certain distributions to Limited Partners or certain transfers of Interests. Such an election, if made, could affect the amount of a Limited Partner's distributive share of the gain or loss recognized by the Fund upon the disposition of its assets.

Prospective investors that are subject to the alternative minimum tax (the "AMT") should consider the tax consequences of an investment in the Fund in view of their AMT position, taking into account the special rules that apply in computing the AMT.

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Taxation of Distributions and Withdrawals

Cash nonliquidating distributions and withdrawals, to the extent they do not exceed a Limited Partner's basis in its Interest, will not result in taxable income to that Limited Partner, but will reduce its tax basis in its Interest by the amount distributed or withdrawn. Cash distributed to a Limited Partner in excess of the basis of its Interest is generally taxable as capital gain.

Upon the withdrawal of a Limited Partner receiving a cash liquidating distribution from the Fund, such Limited Partner generally will recognize capital gain or loss to the extent of the difference between the proceeds received by the withdrawing Limited Partner and such Limited Partner's adjusted tax basis in its Interest. Such capital gain or loss will be short-term or long-term depending upon the Limited Partner's holding period (or holding periods) for its Interest. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Treasury Regulations).

Assuming the Fund has not made an election pursuant to Code section 754, distributions of property or cash by the Fund to a Limited Partner upon withdrawal of its Interest in certain circumstances where the Fund has a substantial built-in loss may require the Fund to reduce the tax basis of its remaining property.

Limitations on Losses and Deductions

Limited Partners may be limited in their ability to deduct expenses or losses of the Fund. For instance, if or to the extent that the Fund's operations do not constitute a "trade or business" within the meaning of Code section 162 and other provisions of the Code, an individual Limited Partner's distributive share of the Fund's expenses (including any amounts that are treated for tax purposes as expenses of the Fund) would be deductible only as itemized deductions, subject to the limitations of Code sections 67 and 68. Itemized deductions are non-deductible in computing such Limited Partner's alternative minimum taxable income and alternative minimum tax liability.

Further, income, gains and losses of the Fund generally will not be treated as passive income or losses for purposes of the passive activity loss limitations of Code section 469. Accordingly, Limited Partners that have passive activity losses from other activities are restricted in their ability to use such losses to offset income and gains from the Fund, although losses of the Fund will not be subject to the passive activity loss limitation.

The Fund may incur certain expenses in connection with its organization and the marketing of its Interests. Amounts paid or incurred to organize a partnership are not deductible, but may, by election of the Fund, be capitalized and amortized over a period of not less than 180 months. Amounts paid or incurred to market Interests that qualify as "syndication expenses" are not deductible or amortizable.

Investor Tax Filings and Record Retention.

The U.S. Treasury Department has adopted Treasury Regulations designed to assist the Service in identifying abusive tax shelter transactions. In general, the Treasury Regulations require investors in specified transactions (including partners in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. Significant monetary penalties (in addition to penalties that generally may be applicable as a result of a failure to comply with the applicable Treasury Regulations) may be imposed for failure to comply with these tax filing and record retention rules.

Although the Fund does not expect to enter into transactions that will subject the Fund and certain investors to the special tax filing and record retention rules, these Treasury Regulations are broad in scope. Additionally, under these Treasury Regulations, an investor's recognition of loss upon its disposition of its Interest could cause the investor to become subject to special tax filing and record retention rules. The General Partner intends

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to provide information to investors necessary to enable investors to satisfy any tax filing and record retention requirements that may arise as a result of any transactions entered into by the Fund.

State and Local Taxes

In addition to the U.S. federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Limited Partner's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident.

[Limited Partners or the Fund may be subject to state and/or local franchise, withholding, income, capital gain or other tax payment obligations and filing requirements in those jurisdictions where the Fund owns real estate assets or is otherwise regarded as doing business or earning income. Credits for these taxes may not be available (or may be subject to limitations) in the jurisdictions in which Limited Partners or the Fund, as applicable, are residents. Each potential investor is urged to consult with its own tax advisor in this regard.]

Texas Franchise Taxation of the Fund and Limited Partners Generally

The General Partner believes that the Fund will not be subject to the Texas franchise tax because it believes that the Fund will be treated as a passive entity under the Texas franchise tax rules. Texas franchise tax defines a passive entity as either a general partnership, limited partnership or a trust (other than a business trust) with at least 90% of its U.S. federal gross income arising from a list of sources including interest, dividends, option premiums, cash settlements, gains from selling securities, capital gains from the sale of real property, gains from selling commodities and distributive shares of income from other partnerships. Additionally, a passive entity can derive no more than 10% of its U.S. federal gross income from an active trade or business. If the Fund meets these requirements, it should be treated as a passive entity, not subject to the Texas franchise tax.

Changes in existing laws, rules or regulations and their interpretation may occur after the date of this Memorandum (possibly with retroactive effect) and could alter the Texas franchise tax consequences of an investment in the Fund. Each prospective Limited Partner is urged to consult its tax advisor regarding its potential exposure to the Texas franchise tax.

Other Taxes

The Fund and its Limited Partners may be subject to other taxes, such as the AMT, and estate, inheritance or intangible property taxes that may be imposed by various domestic jurisdictions, as well as foreign withholding or gains taxes. Each prospective investor should consider the potential consequences of such taxes on an investment in the Fund. It is the responsibility of each prospective investor to satisfy itself as to, among other things, the legal and tax consequences of an investment in the Fund, under the laws of the state(s) of its domicile and its residence, by obtaining advice from its own tax counsel or other advisor and to file all appropriate tax returns that may be required.

Tax Returns; Tax Audits

The General Partner decides how to report Fund items of income, gain, loss, deduction or credit on the Fund's tax returns, and all Limited Partners are required to treat the items consistently on their own returns. If the income tax returns of the Fund are audited by the Service, the tax treatment of Fund income and deductions generally is determined at the Fund level in a single proceeding rather than by individual audits of the Limited Partners. The General Partner, as the "Tax Matters Partner," has considerable authority to make decisions

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affecting the tax treatment and procedural rights of all Limited Partners. In addition, the Tax Matters Partner has the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners' tax liabilities with respect to Fund items.

In certain cases, the Fund may be required to file a statement with the Service, disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Limited Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the Fund level in a single proceeding, rather than by individual audits of the Limited Partners.

United States Income Tax Considerations for Non-U.S. Limited Partners

Although the General Partner expects that all Limited Partners will be U.S. persons for the entire period during which the Limited Partner is a partner in the Fund, if a Limited Partner does not qualify as a U.S. person (for example, because the Limited Partner does not become or remain a legal permanent resident of the United States) such Limited Partner (a "*non-U.S. Limited Partner*") would be treated as a non-U.S. person for purposes of U.S. federal income taxation.

The federal income tax treatment of a non-U.S. Limited Partner will depend in part on whether the Fund is deemed to be engaged in a U.S. trade or business. The Code does not define what constitutes a U.S. trade or business; rather, this determination is based upon an examination of the facts and circumstances attending the Fund's operations and activities. It is anticipated that the Fund will not be engaged in a U.S. trade or business.

Tax Consequences to Non-U.S. Limited Partners if the Fund is not Engaged in a U.S. Trade or Business

The Fund expects to generate primarily U.S. source interest income. The Fund would be required to withhold at the rate of 30% (or lower applicable treaty rate) on U.S. source interest (other than portfolio interest), and certain other income. A non-U.S. Limited Partner who is eligible for benefits of an income tax treaty between the United States and a foreign country may be subject to a reduced rate of withholding pursuant to such treaty in respect of U.S. source interest income subject to withholding tax. The Fund would not generally be required to withhold tax on portfolio interest income. The portfolio interest exemption is not available with respect to interest paid to an actual or constructive 10% shareholder by vote of the issuer of the indebtedness, and is subject to certain other limitations.

Tax Consequences to Non-U.S. Limited Partners if the Fund is Engaged in a U.S. Trade or Business

If the Fund is deemed to be engaged in a U.S. trade or business for U.S. federal income tax purposes, the Fund would generally be required to withhold and pay over to the U.S. taxing authorities a percentage equal to the highest applicable U.S. tax rate (currently 35%) of each non-U.S. Limited Partner's share of the Fund's income that is effectively connected with such trade or business (such effectively connected income, "*ECI*"), whether or not the Fund distributed such income, and each non-U.S. Limited Partner would be required to file U.S. tax returns and pay U.S. tax on its share of the Fund's net ECI. Taxes withheld by the Fund are creditable against such non-U.S. Limited Partner's U.S. income tax on its share of the Fund's ECI.

If in any year the Fund is deemed to be engaged in a U.S. trade or business, a non-U.S. Limited Partner will also be considered to be engaged in a U.S. trade or business and certain other income of a non-U.S. Limited Partner could also be treated as ECI as a result of such non-U.S. Limited Partner's investment in the Fund. The non-U.S. Limited Partner would be required to file a U.S. federal income tax return and would be subject to tax at

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graduated rates on its distributive share of net income from the Fund that was "effectively connected" with such trade or business. In addition, all or a portion of the gain on the disposition (including by redemption) by a non-U.S. Limited Partner of an Interest may be taxed as ECI to the extent such gain is attributable to assets of the Fund that generate ECI.

In determining a non-U.S. Limited Partner's U.S. taxable income, the non-U.S. Limited Partner would be permitted the same deductions allowed a U.S. resident individual to the extent the deductions are effectively connected with a U.S. trade or business. However, a prerequisite to receiving the benefit of deductions is the filing of a true and accurate U.S. income tax return. Any Fund losses that are not effectively connected with a U.S. trade or business would not be deductible from the non-U.S. Limited Partner's U.S. source income.

If a non-U.S. Limited Partner is subject to U.S. income tax on its distributive share of Fund income at regular U.S. rates and is required to file U.S. income tax returns, such non-U.S. Limited Partner's share of Fund taxable income is not subject to the withholding tax discussed above, provided the non-U.S. Limited Partner completes and files with the Fund a Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States).

Withholding on Dispositions of United States Real Property Interests

The Fund may own real property as the result of foreclosure on the Term Loan. Such real property would be treated as a "United States real property interest" (a "**USRPI**") for purposes of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") provisions set forth in Code section 897. Under FIRPTA, nonresident aliens are subject to withholding on dispositions of USRPIs. For this purpose, a USRPI owned by the Fund would be treated as held proportionately by the Limited Partners. Therefore, a non-U.S. Limited Partner may be subject to withholding when such non-U.S. Limited Partner sells or exchanges his or her Interests to a United States person as defined in the Code. In addition, the Fund is required to deduct and withhold from any cash distribution an amount (currently 35%) for U.S. tax purposes to the extent the cash distribution is attributable to gain from the sale of a USRPI that is allocable to a non-U.S. Limited Partner.

Any gain or loss of a non-U.S. person that is realized in connection with the (actual or constructive) disposition of a USRPI would be generally treated as gain or loss effectively connected with a trade or business engaged in by the taxpayer in the U.S. and would be subject to U.S. federal income tax. Any gain or loss allocable to a non-U.S. Limited Partner arising from a disposition by the Fund of a USRPI would also be taxable, and, upon such a disposition, the Fund would be required to withhold a tax equal to 35% (currently) of such gain, unless the Fund is required to withhold under the rules described above for the effectively connected income of non-U.S. Limited Partners. See "**Tax Consequences to Non-U.S. Limited Partners if the Fund is Engaged in a U.S. Trade or Business**" above.

In addition, to the extent attributable to USRPIs owned by the Fund, the amount realized on a sale or exchange by a non-U.S. Limited Partner of its Interest would be treated as received in exchange for a USRPI. Gain or loss to the extent so attributable would be subject to U.S. federal income tax and the gross proceeds from such sale or exchange may become subject to a 10% withholding tax. However, if 50% or more of the value of the gross assets of the Fund consists of USRPIs and 90% or more of the value of the gross assets of the Fund consists of USRPIs plus cash or equivalents, then each Interest will be treated in its entirety as a USRPI for purposes of such withholding tax. As a result, the entire proceeds of such sale generally would be subject to a 10% withholding tax. The 10% withholding tax imposed on the transferee of a USRPI is refundable to the transferor of such USRPI if the withheld tax is greater than the tax incurred by the transferor on the disposition of the USRPI. However, to claim such refund, the transferor must file a U.S. income tax return.

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Sale, Exchange or Other Taxable Disposition of Interests

Gain realized by a non-U.S. Limited Partner on the sale, exchange, redemption, or other disposition of an Interest generally will not be subject to U.S. federal income or withholding tax, unless:

- such gain is effectively connected with the non-U.S. Limited Partner's conduct of a trade or business in the United States and, if the non-U.S. Limited Partner is entitled to benefits under an applicable tax treaty, is attributable to a permanent establishment or a fixed base maintained by the non-U.S. Limited Partner in the United States; or
- the non-U.S. Limited Partner is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

If the first bullet point applies, the non-U.S. Limited Partner generally will be subject to U.S. federal income tax with respect to such gain in the same manner as U.S. Limited Partners, as described above, unless an applicable income tax treaty provides otherwise. For tax treaty purposes, a non-U.S. Limited Partner may be deemed to have a "permanent establishment" in the U.S. for any year in which the Fund is engaged in a U.S. trade or business. If the second bullet point applies, the non-U.S. Limited Partner generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which your capital gains from U.S. sources exceed capital losses allocable to U.S. sources. In addition, special rules would apply to dispositions of "United States real property interests" (as discussed above).

Other Taxes

Non-U.S. Limited Partners may be subject to federal and state estate, inheritance or gift taxes, state and local income taxes, and to the alternative minimum tax.

Miscellaneous Considerations

In determining the advisability of an investment in the Fund, non-U.S. investors should consult their own tax advisors concerning (i) whether they will be treated as being engaged in a United States trade or business or having a permanent establishment in the United States, (ii) whether gain from the sale of Interests is effectively connected with their conduct of a United States trade or business or a permanent establishment in the United States, (iii) the income tax consequences relating to the ownership of Interests in their own particular circumstances, and (iv) the tax consequences of owning Interests under the internal tax laws of the non-U.S. Limited Partner's home country.

THE FEDERAL INCOME TAX TREATMENT APPLICABLE TO A NON-U.S. PERSON INVESTING IN THE FUND IS HIGHLY COMPLICATED AND COMPLEX AND WILL VARY DEPENDING ON THE PARTICULAR CIRCUMSTANCES OF SUCH LIMITED PARTNER AND THE EFFECT OF ANY APPLICABLE INCOME TAX TREATIES. PROSPECTIVE LIMITED PARTNERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT ANY APPLICABLE INCOME TAX TREATIES, WHICH MAY PROVIDE FOR AN EXEMPTION FROM OR A REDUCTION OF WITHHOLDING TAX OR OTHER RULES DIFFERENT FROM THOSE DESCRIBED ABOVE. EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR AS TO THE ADVISABILITY OF INVESTING IN THE FUND.

Future Tax Legislation; Necessity of Obtaining Professional Advice

Future amendments to the Code, other legislation, new or amended Treasury Regulations, administrative rulings or decisions by the Service or judicial decisions may adversely affect the U.S. federal income tax aspects of an investment in the Fund, with or without advance notice, retroactively or prospectively. The foregoing analysis is not intended as a substitute for careful tax planning. The tax matters relating to the Fund are complex and are subject to varying interpretations. There can be no assurance that the Service will agree with each position

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taken by the Fund with respect to the tax treatment of Fund items and transactions. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Limited Partners will vary with the particular circumstances of each Limited Partner.

Accordingly, each prospective investor must consult with and rely solely on its professional tax advisers with respect to the tax results of its investment in the Fund. In no event will the Fund, the General Partner, the Manager or their affiliates, counsel or other professional advisers be liable to any Limited Partner for any U.S. federal, state, local or foreign tax consequences of an investment in the Fund, whether or not such consequences are as described above.

The foregoing is a summary of some of the important tax rules and considerations affecting the Limited Partners, the Fund and the Fund's proposed operations. This summary does not purport to be a complete analysis of all relevant tax rules and considerations, which will vary with the particular circumstances of each Limited Partner, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding an Interest. The foregoing does not fully address tax considerations affecting investors that are not U.S. persons. Each prospective investor in the Fund is urged to consult its own tax advisor in order to understand fully the U.S. federal, state and local and any foreign tax consequences of such an investment in its particular situation.

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IX. ANTI-MONEY LAUNDERING COMPLIANCE

In response to increased regulatory concerns with respect to the identification of sources of funds used to make an investment in the Fund, the General Partner and/or its affiliates have implemented policies and procedures ("*AML Program*") designed to guard against and identify money laundering activities. Pursuant to the Fund's AML Program, the General Partner and/or its affiliates will request prospective investors and, in some instances, existing Limited Partners to provide additional documentation verifying, among other things, such person's identity and the source of funds used to purchase its Interest in the Fund. The General Partner may decline to accept a subscription based upon this information, or if this information is not provided.

Pursuant to the Fund's AML Program, the General Partner and/or its affiliates will undertake enhanced due diligence procedures prior to accepting investors the General Partner believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a "non-cooperative jurisdiction" or other jurisdictions designated by the Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Fund's AML Program prohibits the acceptance of subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- persons on the Annex to Executive Order 13224;
- persons on such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction they are domiciled in or which have no physical presence.

Governmental regulators are continuing to consider appropriate measures to implement anti-money laundering laws as they apply to private investment funds such as the Fund. The General Partner and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by governmental regulators. The specific policies and procedures that the Fund may be required to implement remain unclear, although such steps may include additional measures to confirm the identity of each investor, including the principal beneficial owners of the investor, if applicable, and/or reporting suspicious transactions to governmental regulators.

The requirements for the General Partner to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the General Partner has in deciding whether to accept subscriptions.

CIVITAS PHOENIX FUND, LP

A Texas Limited Partnership

Limited Partnership Agreement

Dated as of _____, 2010

NOTICE

NEITHER CIVITAS PHOENIX FUND, LP NOR THE LIMITED PARTNER INTERESTS THEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY FOREIGN JURISDICTION. THE OFFERING OF SUCH LIMITED PARTNER INTERESTS IS BEING MADE IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING, AND ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS.

THE DELIVERY OF THIS LIMITED PARTNERSHIP AGREEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY OFFER, SOLICITATION OR SALE OF INTERESTS IN CIVITAS PHOENIX FUND, LP IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE OR FOREIGN SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS SET FORTH IN THIS LIMITED PARTNERSHIP AGREEMENT.

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**LIMITED PARTNERSHIP AGREEMENT
OF
CIVITAS PHOENIX FUND, LP**

This LIMITED PARTNERSHIP AGREEMENT (this "*Agreement*"), dated and effective as of [____], 2010 (the "*Effective Date*"), is by and among Civitas Phoenix Fund GP, LP, a Texas limited partnership (the "*General Partner*"), Daniel J. Healy, as Organizational Limited Partner, and those Persons who are hereafter admitted as additional limited partners in accordance with this Agreement.

Preliminary Statements

A. The City of Dallas Regional Center ("*CDRC*") is a "regional center," as such term is defined at 8 CFR 204.6(e), and was approved by the United States Citizenship and Immigration Service ("*USCIS*") on September 9, 2009.

B. The CDRC is the official EB-5 regional center affiliated with the City of Dallas, Texas (the "*City of Dallas*").

C. The Manager is the exclusive manager of the CDRC pursuant to that certain CDRC Management Contract dated August 10, 2009 (the "*CDRC Management Contract*").

D. Pursuant to the CDRC Management Contract, the Manager identifies, evaluates and manages investments for the CDRC which comply with the laws, rules and regulations governing the EB-5 Program, and makes such investments available to qualified EB-5 investors through private partnerships such as the Partnership.

E. The Limited Partners desire to participate in the EB-5 Program through the CDRC by investing in the Partnership, and the General Partner and Manager desire to facilitate such participation.

In consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. The following capitalized terms shall have the following meanings when used in this Agreement:

"*Administrative Fee*" means the amount indicated in an applicable Limited Partner's Subscription Agreement, which is payable directly to the Manager.

"*Advisers Act*" means the Investment Advisers Act of 1940, as amended from time to time.

"*Affiliate*" of any Person means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person, and the term "*Affiliated*" has a correlative meaning. The term "*control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Agreement*" means this Limited Partnership Agreement, as amended from time to time.

"Authorized Representative" has the meaning set forth in Section 3.9(a).

"Borrower" means, collectively, Parent; El Fenix Corporation, a Texas corporation and wholly-owned subsidiary of Parent (**"El Fenix"**); Firebird Harry Hines, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; Firebird Downtown, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; Martinez Brothers Investments, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; Firebird Ridglea, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; 1918, LLC, a Texas limited liability company and wholly-owned subsidiary of El Fenix; Firebird Mesquite, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; Firebird Grapevine, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; Firebird Arlington, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; Firebird Lewisville, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix; and Firebird McKinney, Inc., a Texas corporation and wholly-owned subsidiary of El Fenix.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Dallas, Texas are authorized by law to close.

"Capital Account" has the meaning set forth in Section 7.4(a).

"Capital Contribution" means, with respect to any Partner, a cash contribution made by such Partner pursuant to Article VI.

"Carried Interest" has the meaning set forth in Section 7.1(d).

"Cash Equivalents" means securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof).

"CDRC" has the meaning set forth in the Preliminary Statements.

"CDRC Management Contract" has the meaning set forth in the Preliminary Statements.

"Certificate" means the certificate of formation of the Partnership.

"City of Dallas" has the meaning set forth in the Preliminary Statements.

"Closing Date" means the date a Limited Partner, other than the Organizational Limited Partner, is admitted to the Partnership.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"EB-5 Jobs" mean those full-time (i.e., 35 hours per week) jobs created by the Partnership, via the Term Loan to the Borrower, under the EB-5 Program rules.

"EB-5 Program" means that certain program designed specifically to serve non-U.S. citizens seeking to immigrate to and receive legal permanent residency in the United States by making a qualifying investment through a "regional center," as such term is defined at 8 CFR 204.6(e), approved under the USCIS' Immigrant Investor Pilot Program as provided in 8 CFR 204.6(m).

"Fiscal Quarter" means each three month period ending on the last day of March, June, September and December; provided that (i) the first Fiscal Quarter commences on the Closing Date and

continues until the next following last day of March, June, September or December, whichever is earliest, and (ii) upon termination of the Partnership, "**Fiscal Quarter**" means the period from the most recent of the last day of March, June, September or December to the date of termination.

"**Fiscal Year**" has the meaning set forth in Section 2.7.

"**General Partner**" has the meaning set forth in the preamble.

"**General Partner Expenses**" means all administrative and overhead expenses associated with the operation of the General Partner and/or the Manager for the services provided by the General Partner or the Manager to the Partnership.

"**Indemnified Party**" has the meaning set forth in Section 9.1(a).

"**Interest**" means the entire ownership interest of a Partner in the Partnership at the relevant time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended from time to time.

"**Investment Percentage**" of any Partner means the percentage derived by (i) dividing the Capital Contribution of such Partner by the aggregate Capital Contributions of all Partners (except as otherwise provided herein), and (ii) multiplying such quotient by 100.

"**Limited Partner**" means, at any time, any Person who is at such time a limited partner of the Partnership and shown as such on the books and records of the Partnership in its capacity as a limited partner of the Partnership. For purposes of the TBOC, the Limited Partners constitute a single class or group of limited partners.

"**Majority in Interest**" means Limited Partners representing over 50% of the aggregate Investment Percentages of the Limited Partners, without regard to the number of such Limited Partners holding such Investment Percentage.

"**Management Fee**" means an amount calculated at an annual rate of two percent (2.0%) of the aggregate Capital Contributions of the Limited Partners, which amount shall be based on the Capital Contributions of Limited Partners as of the beginning of such Fiscal Quarter (or on the Closing Date in the case of the Partnership's first Fiscal Quarter). The Management Fee for Limited Partners admitted after the Closing Date will be calculated as though such Limited Partner was admitted at the Closing Date.

"**Manager**" means Civitas Capital Management, LLC, a Texas limited liability company.

"**Management Agreement**" means the Management Agreement by and among the Partnership, the General Partner and the Manager, pursuant to which the General Partner has delegated certain of the General Partner's authority for the making and monitoring of performance of the Term Loan Agreement and other matters set forth in such agreement.

"**Marketable Securities**" means Securities that are (i) traded on a securities exchange or listed on either the National Market or the SmallCap Market of the National Association of Securities Dealers

Automated Quotation System, and (ii) not subject to material legal or contractual restrictions on transferability.

"Net Cash Flow" means the difference, if any, between (i) the sum of all cash and cash equivalent amounts received by or otherwise available to the Partnership from any source, however realized, including (a) amounts received as Capital Contributions, (b) amounts received from the Term Loan or any other Fund investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, (c) proceeds from the sale, transfer, disposition (including pursuant to a court order), or other financing of the Borrower or other Fund investments, and (d) amounts received with respect to permitted temporary investments, whether in the form of interest, cash balances, dividends, principal, return of capital or other payments and transfers, and (ii) the sum of (a) all Partnership Expenses then due and owing, (b) the Management Fee then due and owing, and (c) to fund any reserves as may be determined by the General Partner in accordance with this Agreement.

"Operating Expenses" means all cash expenditures of every kind and nature which the Partnership shall pay, including, without limitation, debt service, audit and legal expenses.

"Organizational Expenses" means all costs and expenses incurred in connection with the organization of the Partnership and the offering of Interests, including legal and accounting fees, printing and production costs, travel and out-of-pocket expenses and all allocated expenses incurred by the General Partner or the Partnership in connection with the private placement of the Interests in the Partnership.

"Organizational Limited Partner" means Daniel J. Healy, in his capacity as organizational limited partner.

"Other Agreement" has the meaning set forth in Section 13.11.

"Parent" means Firebird Restaurant Group, LLC, a Texas limited liability company.

"Partners" means the General Partner and the Limited Partners, where no distinction is required by the context in which the term is used herein.

"Partnership" means Civitas Phoenix Fund, LP, as such partnership may from time to time be constituted.

"Partnership Expenses" has the meaning set forth in Section 4.1(a).

"Person" means any individual, partnership, corporation, limited liability company, trust or other entity.

"Reserves" means the amounts used to pay or establish reserves for future Operating Expenses, including debt payments, repayment of loans to Partners, capital improvements, replacements and contingencies, if any, all as reasonably determined by the General Partner.

"Subscription Amount" means \$500,000, which is the minimum amount a Limited Partner may invest in the Partnership.

"Subscription Date" has the meaning set forth in Section 3.10.

"Substituted Limited Partner" has the meaning set forth in Section 12.2.

“*Tax Matters Partner*” has the meaning set forth in Section 3.1(c).

“*TBOC*” means the Texas Business Organizations Code, as amended from time to time (or any corresponding provisions of succeeding law).

“*Term Loan Agreement*” means that certain Term Loan Agreement by and between the Partnership and Borrower dated as of [____], 2010, as amended from time to time.

“*Term Loan*” shall mean each loan made by the Partnership to the Borrower under the terms of the Term Loan Agreement.

“*Transfer*” has the meaning set forth in Section 11.1(a).

“*Treasury Bill Rate*” means, with respect to any calendar month, a rate of interest, determined and adjusted monthly by the General Partner as of the fifth Business Day of each month, equal to the annual coupon equivalent yield on 13-week U.S. Treasury bills resulting from the most recent auction of such instruments prior to the monthly determination date.

“*USCIS*” has the meaning set forth in the Preliminary Statements.

“*Visa Process*” means the Consular Interview Process or the USCIS adjustment of status process with respect to the EB-5 Program.

ARTICLE II FORMATION, NAME, PURPOSES AND OFFICES

Section 2.1 Formation of Limited Partnership.

(a) The parties hereto hereby agree to form the Partnership as a limited partnership under and pursuant to the TBOC and the provisions of this Agreement and agree that the rights and liabilities of the Partners are to be as provided in the TBOC except as provided herein. Except in connection with a dissolution hereunder, the General Partner must attempt to cause the Partnership to maintain its status as a limited partnership under Texas law.

(b) The General Partner has executed, acknowledged and filed with the Secretary of State of the State of Texas a Certificate and will execute, acknowledge and file any amendments thereto as may be required by the TBOC and any other instruments, documents and certificates which, in the opinion of the Partnership’s legal counsel, may from time to time be required by the laws of the United States of America, the State of Texas or any other jurisdiction in which the Partnership determines to do business, or any political subdivision or agency thereof, or which such legal counsel may deem necessary or appropriate to effectuate, implement and continue the valid and subsisting existence and business of the Partnership.

(c) The parties hereto acknowledge that they intend that the Partnership be taxed as a partnership and not as an association taxable as a corporation for federal income tax purposes. No election may be made to treat the Partnership as other than a partnership for federal income tax purposes.

Section 2.2 Partnership Name. The name of the Partnership is Civitas Phoenix Fund, LP. The Partnership may have such other name as the General Partner may at any time determine. No value is to be placed upon the Partnership’s name or the goodwill attached to it for the purpose of determining the value of any Partner’s Capital Account or Interest.

Section 2.3 Office; Registered Agent. The street address of the registered office of the Partnership is 900 Jackson Street, Suite 150, Dallas, Texas 75202, and the name of its registered agent at such address is Daniel J. Healy. The General Partner may change the registered office or registered agent of the Partnership at any time in its sole discretion.

Section 2.4 Purposes of the Partnership. The Partnership is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Partnership is (i) providing the Term Loan to the Borrower, and (ii) engaging in any lawful act or activity for which limited partnerships may be formed under the TBOC and engaging in any and all activities necessary or incidental to the foregoing.

Section 2.5 Liability of the Partners Generally.

(a) Except as otherwise provided in the TBOC, the General Partner has the liabilities of a partner in a partnership without limited partners to Persons other than the Partnership and the Limited Partners. Except as otherwise provided in this Agreement or the TBOC, the General Partner has the liabilities of a partner in a partnership without limited partners to the Partnership and the Limited Partners.

(b) Except as expressly provided in this Agreement and the TBOC, no Limited Partner (or former Limited Partner) is obligated to make any Capital Contribution or has any liability for the debts and obligations of the Partnership.

Section 2.6 Term. The Partnership will have an initial term of four years from the final funding of the Term Loan pursuant to the Term Loan Agreement, subject to an option permitting the General Partner to extend the term for up to two additional one-year periods for purposes of liquidating the Term Loan.

Section 2.7 Fiscal Year. The fiscal year ("*Fiscal Year*") of the Partnership for financial statement and federal income tax purposes begins on January 1st and ends on December 31st of each year, except for short taxable years in the years of the Partnership's formation and termination and as otherwise required by the Code, unless the General Partner elects another Fiscal Year for the Partnership which is a permissible tax year under the Code.

Section 2.8 Admission of Limited Partners.

(a) Upon the admission of Persons subscribing for Interests as Limited Partners to the Partnership, the Organizational Limited Partner will withdraw from the Partnership and will be entitled to receive the return of its Capital Contribution without interest or deduction.

(b) Each person subscribing for an Interest must deliver its subscription amount (*i.e.*, an amount equal to the minimum capital contribution), as payment for its Interest, directly to an escrow account of the Partnership as provided in the Partnership's subscription application materials. The subscription amount will be held in escrow until the USCIS approves the subscriber's I-526 Petition for participation in the EB-5 Program. If the subscriber's petition is approved and the subscriber's subscription for an Interest has been accepted by the General Partner, then at such time the subscription amount shall be distributed to the Partnership, the subscription amount shall be booked as a Capital Contribution and the subscriber formally admitted as a Limited Partner of the Partnership. In the event that a subscriber's I-526 Petition is not approved or the subscriber's subscription otherwise rejected by the General Partner, the subscription amount will be returned to the subscriber without interest thereon and the subscriber will not be admitted as a Limited Partner to the Partnership.

(c) No Person will be admitted as a Limited Partner unless the Administrative Fee applicable to such Person has been received by the Manager.

Section 2.9 Actions by the Partnership. The Partnership may execute, deliver, and perform all contracts, agreements and other undertakings and engage in all activities and transactions as may in the opinion of the General Partner be necessary or advisable to carry out its objects.

ARTICLE III MANAGEMENT AND OPERATION OF THE PARTNERSHIP

Section 3.1 Management Generally.

(a) Subject to the terms and conditions of this Agreement, the General Partner has complete and exclusive power and responsibility, to the fullest extent permitted by the TBOC (i) for all investment and investment management decisions to be undertaken on behalf of the Partnership and (ii) for managing and administering the affairs of the Partnership, and has the power and authority to do all things that the General Partner considers necessary or desirable to carry out its duties hereunder and to achieve the purposes of the Partnership.

(b) Without limiting the generality of the General Partner's duties and obligations hereunder and notwithstanding anything to the contrary contained herein, the General Partner has full power and authority to execute, deliver and perform such contracts, agreements and other undertakings on behalf of the Partnership, without the consent or approval of any other Partner, and to engage in all activities and transactions, as it may deem necessary or advisable for, or as may be incidental to, the conduct of the business and affairs of the Partnership, including, without in any manner limiting the generality of the foregoing, (i) contracts, agreements, undertakings and transactions with any Partner or with any other Person having any business, financial or other relationship with any Partner or Partners, (ii) agreements with each Limited Partner in connection with its purchase of a Limited Partner Interest, including a subscription agreement wherein such Limited Partner agrees to be bound by the terms of this Agreement, (iii) any agreements to induce any Person to purchase a Limited Partner Interest, and (iv) the Management Agreement delegating to the Manager certain of the powers and authority vested by this Agreement in the General Partner as the General Partner and the Manager may agree from time to time, each without any further act, approval or vote of any Person.

(c) The General Partner is the "*Tax Matters Partner*" for purposes of Section 6231(a)(7) of the Code. The Tax Matters Partner has the exclusive authority and discretion to make any elections required or permitted to be made by the Partnership under any provisions of the Code or any other applicable laws. The General Partner is specifically directed and authorized to take whatever steps the General Partner, in its sole discretion, deems necessary or desirable to perfect such designation, including filing any forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under Treasury Regulations. Expenses of all administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Tax Matters Partner are Partnership Expenses. The cost of any resulting audits or adjustments of a Limited Partner's tax return will be borne solely by the affected Limited Partner.

Section 3.2 Authority of the General Partner.

(a) Subject to Section 3.1, the General Partner may delegate to any Person or Persons (including Affiliates of the General Partner) all or any of the powers, rights, privileges, duties and discretion vested in it in this Article III and such delegation may be made upon such terms and conditions as the General Partner may determine in its sole discretion; except that the General Partner must remain

responsible for making decisions with respect to the Borrower; and except that no such delegation may modify the obligations or liabilities of the General Partner as general partner of the Partnership under the TBOC and under this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, may enter into and perform any subscription agreements with potential limited partners and any Other Agreements, as determined by the General Partner, in its sole discretion, all without any further act, vote, or approval of any other Partner or other Person.

Section 3.3 Regulatory and Tax Matters. The General Partner agrees to use commercially reasonable efforts to operate the Partnership in such a way that the Partnership would not be required to register as an investment company under the Investment Company Act. The General Partner is hereby authorized to take any action it has determined in good faith to be necessary or desirable in order for the Partnership not to be in violation of the Investment Company Act or for the General Partner not to be in violation of the Advisers Act, including making structural, operating or other changes in the Partnership, assisting in or requiring the sale in whole or in part of any Limited Partner's Interest, or dissolving the Partnership (pursuant to Section 10.1(b)).

Section 3.4 Borrowings.

(a) Except as set forth in this Section 3.4, the Partnership must not incur any indebtedness for borrowed money.

(a) The Partnership may borrow funds if the General Partner determines, in its sole discretion, that funds are necessary to make or otherwise facilitate the Term Loan or to pay a Partnership Expense prior to the time all such funds are otherwise to be made available by the Partners in accordance with Article VI.

(b) The General Partner must cause the Partnership to repay any borrowings made under Section 3.4(a) as promptly as practicable (but in any event within five Business Days) after funds for such repayment become available to the Partnership.

(c) The Partnership may borrow funds as contemplated in this Section 3.4 from any source selected by, and upon terms satisfactory to, the General Partner in its sole discretion, including from any Limited Partner.

Section 3.5 Other Activities of the Partners and their Affiliates.

(a) The General Partner is not required to devote its full time to the affairs of the Partnership, but must devote such of its time to the business and affairs of the Partnership as it, in its discretion exercised in good faith, determines to be necessary to conduct the affairs of the Partnership for the benefit of the Partnership and the Partners.

(b) The General Partner, the Manager, their Affiliates, and the respective members, managers, partners, officers and employees of each of them may act as director, consultant, advisor, investment banker or in any other capacity to the Borrower.

(c) Each Partner agrees that any other Partner and any partner, manager, director, officer, shareholder, member, Affiliate or employee of any Partner, may engage in or possess an interest in other business ventures or commercial dealings of every kind and description, independently or with others,

including management of other accounts, investment in or financing, acquisition and disposition of Securities, investment and management counseling, brokerage services, serving as directors, officers, advisers or agents of other companies, partners of any partnership, or trustee of any trust or entering into any other commercial arrangements, whether or not any such activities may conflict with any interest of the parties hereto with respect to the Partnership.

Section 3.6 Books and Records; Accounting Method.

(a) The General Partner must keep or cause to be kept at the address of the General Partner (or at such other place as the General Partner must advise the other Partners in writing) full and accurate books and records of the Partnership. Such books and records must be available, upon reasonable notice to the General Partner, for inspection at reasonable times during business hours by each Limited Partner or its duly authorized agents or representatives for a purpose reasonably related to such Limited Partner's Interest in the Partnership.

(b) The Partnership's books of account, for purposes of the reports to be given to Limited Partners pursuant to Section 8.1, must be kept in accordance with the accounting method used by the Partnership for United States federal income tax purposes.

Section 3.7 Partnership Tax Returns. The General Partner must cause to be prepared and timely filed all tax returns required to be filed for the Partnership. The General Partner may, in its sole discretion, make, or refrain from making, any income or other tax elections for the Partnership that it deems necessary or advisable, including any election pursuant to Section 754 of the Code, and must take such action and make any election as may be required to ensure that the Partnership is classified as a partnership for Federal income tax purposes.

Section 3.8 Reliance by Third Parties. Persons dealing with the Partnership are entitled to rely conclusively upon the power and authority of the General Partner as herein set forth.

Section 3.9 Confidentiality.

(a) Each Limited Partner agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its Interest in the Partnership or for purposes of filing such Limited Partner's tax returns) or disclose to any Person, any information or matter relating to the Partnership and its affairs and any information or matter related to the Borrower (other than disclosure to such Limited Partner's directors, employees, agents, advisers, or representatives responsible for matters relating to the Partnership or to any other Person approved in writing by the General Partner (each such Person being hereinafter referred to as an "**Authorized Representative**")); provided that (i) such Limited Partner and its Authorized Representatives may make such disclosure to the extent that (x) the information to be disclosed is publicly known at the time of proposed disclosure by such Limited Partner or Authorized Representative, (y) the information otherwise is or becomes legally known to such Limited Partner other than through disclosure by the Partnership, any General Partner, the Borrower, or any Affiliate of, or other party that is subject to (and the Limited Partner is aware is subject to) a confidentiality agreement with, any of the foregoing entities, or (z) such Limited Partner is required by law or in response to any governmental agency request or in connection with an examination by regulatory authorities; provided that such agency or regulatory authorities is aware of the confidential nature of the information disclosed; (ii) each Limited Partner will be permitted, after written notice to the General Partner, to correct any false or misleading information that becomes public concerning such Limited Partner's relationship to the Partnership, the General Partner, or the Borrower; and (iii) such Limited Partner (and each employee, representative or other agent of the Limited Partner) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Partnership and all

material of any kind (including opinions or other tax analyses that are provided to the Limited Partner relating to such tax treatment and tax structure). Prior to making any disclosure required by law, each Limited Partner must use its best efforts to notify the General Partner of such disclosure. Prior to any disclosure to any Authorized Representative, each Limited Partner must use its best efforts to advise such Authorized Representative of the obligations set forth in this Section 3.9(a).

(b) Except as provided in Section 3.9(a)(iii) above, the General Partner may, to the maximum extent permitted by applicable law or this Agreement, keep confidential from any Limited Partner any information the disclosure of which (i) the Partnership or the General Partner is required by law, agreement or otherwise to keep confidential; (ii) the General Partner reasonably believes may have an adverse effect on the Partnership, any General Partner or any Affiliate of any General Partner; or (iii) the General Partner otherwise in good faith believes is not in the best interest of the Partnership or could damage the Partnership or its business; provided that, in the event of any litigation between the Partnership or the General Partner on the one hand and any Limited Partner on the other, no Limited Partner will be deemed to have waived any right to discovery of such information solely on the basis of this Section 3.9(b).

Section 3.10 EB-5 Allocation Priority. Each Limited Partner understands that all EB-5 Jobs will be allocated to Limited Partners based on a "first-in" priority allocation method, which will be measured as of the date and time the Partnership's escrow agent receives the Subscription Amount from each Limited Partner (the "Subscription Date"). Each Limited Partner will be allocated EB-5 Jobs based on the maturity of their Subscription Date relative to the Subscription Date of other Limited Partners, whereby the Limited Partner with the earliest Subscription Date will be the first to be allocated ten EB-5 Jobs. This process shall continue until all EB-5 Jobs have been allocated. Each Limited Partner consents and agrees to the above-referenced allocation method and further understands that it may not receive legal permanent residency in the United States as a result of its investment in the Partnership.

ARTICLE IV FEES AND EXPENSES

Section 4.1 Partnership Expenses.

(a) The Partnership is responsible for all "Partnership Expenses," which include the following:

(i) Organizational Expenses;

(ii) all out-of-pocket costs of the administration of the Partnership, including accounting, audit, tax return preparation and legal expenses, costs of holding any meetings of Partners, costs of any liability insurance obtained on behalf of the Partnership and/or the General Partner with respect to any Indemnified Party, costs associated with the maintenance of books and records of the Partnership, and costs associated with the preparation and dispatch to the Partners of checks, financial reports and notices and providing other information to existing and prospective Limited Partners;

(iii) all expenses incurred in connection with the registration, qualification or exemption of the Partnership under any applicable laws;

(iv) all expenses incurred in connection with the preparation of alterations and amendments to this Agreement or the Certificate;

(v) subject to any applicable provisions of Article IX, all expenses incurred in connection with any litigation involving the Partnership (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(vi) all expenses for indemnity or contribution payable by the Partnership to any Person, whether payable under this Agreement or otherwise (including any insurance coverage therefore) and whether payable in connection with any litigation involving the Partnership or otherwise;

(vii) all expenses incurred in connection with administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Tax Matters Partner, all expenses incurred by the Tax Matters Partner and any audit with respect to taxes;

(viii) all expenses incurred in connection with the dissolution and liquidation of the Partnership;

(ix) all expenses incurred on account of taxes, fees or other governmental charges of the Partnership; and

(x) all expenses that are not normal Operating Expenses or not General Partner Expenses.

(b) Partnership Expenses do not include General Partner Expenses which will be borne by the General Partner and/or the Manager as provided in Section 4.2.

(c) The General Partner has the discretion to pay Partnership Expenses from Capital Contributions, Net Cash Flow or any other funds or other assets of the Partnership determined by the General Partner in its sole discretion to be available for such purpose. The General Partner is entitled to reimbursement from the Partnership for any Partnership Expenses paid by it or its Affiliates on behalf of the Partnership.

(d) Partnership Expenses are allocated among the Partners as provided in Section 7.4(b).

Section 4.2 General Partner Expenses.

(a) The General Partner and/or the Manager are responsible for and must pay all General Partner Expenses.

(b) General Partner Expenses paid by the General Partner and/or the Manager are not accounted for as contributions to or income of the Partnership and in no way affect the Capital Account of the General Partner or any Limited Partner hereunder, and any such payments do not constitute Capital Contributions for purposes of this Agreement.

Section 4.3 Administrative Fee. Each Limited Partner (other than the Organizational Limited Partner) must pay the applicable Administrative Fee directly to the Manager at the time of subscription for an Interest.

Section 4.4 Allocation of Management Fee. The Manager is entitled to receive from the Partnership as compensation for its services to the Partnership the Management Fee payable as of the beginning of each Fiscal Quarter. As of the first day of each Fiscal Quarter, each Limited Partner's

Management Fee for each Fiscal Quarter shall be debited against the Capital Account of each such Limited Partner.

Section 4.5 Reserves; Adjustments for Certain Future Events.

(a) Appropriate Reserves may be created, accrued, and charged against the Capital Accounts of the Partners for contingent liabilities, such Reserves to be in the amounts that the General Partner, in its sole discretion, deems necessary or appropriate. The General Partner may increase or reduce any such reserve from time to time by such amounts as the General Partner in its discretion deems necessary or appropriate. At the sole discretion of the General Partner, the amount of any such reserve, or any increase or decrease therein, may be charged or credited, as appropriate, to the Capital Accounts of those parties who are Partners at the time when such reserve is created, increased or decreased, as the case may be, or alternatively may be charged or credited to those parties who were Partners at the time of the act or omission giving rise to the contingent liability for which the reserve was established.

(b) If the General Partner in its sole discretion determines that it is equitable to treat an amount to be paid or received as being applicable to one or more prior periods, then such amount may be proportionately charged or credited, as appropriate, to those parties who were Partners during such prior period or periods.

(c) If any amount is to be charged or credited to a party who is no longer a Partner, such amount must be paid by or to such party, as the case may be, in cash, with interest at the Treasury Bill Rate in effect at that time from the date on which the General Partner determines that such charge or credit is required. In the case of a charge, the former Partner is obligated to pay the amount of the charge, plus interest as provided above, to the Partnership on demand; provided that (i) in no event is a former Partner obligated to make a payment exceeding the amount of its Capital Account at the time to which the charge relates, and (ii) no such demand may be made if the applicable limitation period under the TBOC, if any, has expired. To the extent the Partnership fails to collect, in full, any amount required to be charged to such former Partner pursuant to paragraph (a) or (b) of this Section 4.5, whether due to the expiration of the applicable limitation period, if any, or for any other reason whatsoever, the deficiency may be charged proportionately to the Capital Accounts of the current Partners.

ARTICLE V
INVESTMENTS AND INVESTMENT OPPORTUNITIES

Section 5.1 Investments Generally. The assets of the Partnership are, to the extent not required for the payment of Partnership Expenses (as determined by the General Partner in its sole discretion), and subject to Section 3.3, to be used to fund the Term Loan as the General Partner determines in its sole discretion, provided that the General Partner shall not exercise its discretion in such a manner that would result in any Limited Partner's violation of the rules or regulations governing the EB-5 Program. For further clarification, the Partners agree that the Partnership will invest substantially all of its assets in the Term Loan, other than Partnership assets used to pay Partnership Expenses.

Section 5.2 Temporary Investment of Funds. Subject to a determination by the General Partner in its sole discretion as to the amount of cash required in connection with the conduct of the Partnership's business, the General Partner must invest all cash held by the Partnership, including all amounts being held by the Partnership for funding the Term Loan, payment of Partnership Expenses or distribution to the Partners, in Cash Equivalents (other than amounts of cash necessary to meet day-to-day expenses).

Section 5.3 Subsequent Investment Opportunities. Nothing in this Agreement is intended to prevent the General Partner, the Manager or their Affiliates from soliciting participation from investors in, or participating in the organization and management of, any other investment vehicle.

ARTICLE VI CAPITAL CONTRIBUTIONS

Section 6.1 Capital Contributions.

(a) The required contribution of each Limited Partner (other than the Organizational Limited Partner) to the capital of the Partnership is \$500,000, or such lesser amount as the General Partner, in its discretion, may permit.

(b) The Partners may make additional contributions to the capital of the Partnership at such times and in such amounts as the General Partner, in its sole discretion, may permit. Subject to any contrary provision of the TBOC or as may be required pursuant to the rules and regulations of the EB-5 Program, no Limited Partner shall be obligated to make any additional contribution to the capital of the Partnership.

(c) The General Partner has the right at any time to make additional contributions to the capital of the Partnership as a Limited Partner or General Partner and is required to make additional capital contributions from time to time to the extent necessary to maintain the balance of its Capital Account at an amount that (i) results in the General Partner's Partnership Percentage being not less than 1% or (ii) is equal to \$250,000, whichever is less. Except as provided above or in the TBOC, the General Partner is not required or obligated to make any additional contributions to the capital of the Partnership.

(d) Except as otherwise permitted by the General Partner, in its sole discretion, Capital Contributions are payable (i) in cash and (ii) in one installment that is due as of the date of admission of such Person as a Limited Partner of the Partnership.

Section 6.2 Rights of Partners in Capital.

(a) No Partner is entitled to interest on Capital Contributions.

(b) No Partner has the right to the return of any Capital Contributions except (i) upon withdrawal of such Partner pursuant to Section 10.4 or (ii) upon the dissolution of the Partnership pursuant to Section 10.1. The entitlement to any such return at such time is limited to the value of the Capital Account of the Partner. The General Partner is not liable for the return of any such amounts.

(c) Each Limited Partner acknowledges and agrees that it shall have no recourse against the Partnership, the General Partner, the Manager, the Borrower or the Parent (or any of their respective affiliates) in the event that the Borrower defaults on the Term Loan pursuant to the Term Loan Agreement, and that only the General Partner, on behalf of the Partnership, may pursue any available remedies under the Term Loan Agreement and applicable law.

ARTICLE VII DISTRIBUTIONS; CAPITAL ACCOUNTS; ALLOCATIONS

Section 7.1 Distributions to Partners. Subject to Section 7.2 and Section 7.3, the General Partner shall make distributions to Limited Partners at such times and in such amounts as the General Partner determines. Distributions shall be allocated among all Partners in proportion to their Investment

Percentages. Any amount allocated to the General Partner shall be distributed to the General Partner. Any amount allocated to a Limited Partner shall be distributed as follows:

(a) First, 100% to the applicable Limited Partner until the excess of (i) the cumulative distributions to such Limited Partner of Net Cash Flow over (ii) such Limited Partner's aggregate Capital Contributions equals a 2% per annum cumulative compounded return on such Limited Partner's aggregate Capital Contributions;

(b) Second, 100% to the applicable Limited Partner until such Limited Partner has received distributions of Net Cash Flow equal to such Limited Partner's aggregate unreturned Capital Contributions;

(c) Third, 100% to the General Partner to the extent necessary so that the General Partner has received an amount equal to 42.85714% of the cumulative distributions of Net Cash Flow with respect to such Limited Partner; and

(d) Thereafter, 70% to such Limited Partner and 30% to the General Partner (the amounts distributed to the General Partner under Section 7.1(c) and (d) shall be collectively referred to as, "*Carried Interest*").

Section 7.2 In-Kind Distributions. At the discretion of the General Partner, certain Marketable Securities may be distributed to the Partners prior to the liquidation of the Partnership. Upon liquidation of the Partnership pursuant to Section 10.2, distributions may be made in-kind on a pro rata basis.

Section 7.3 Other General Principles of Distribution.

(a) Notwithstanding anything in this Agreement to the contrary, in no event will distributions be made to a Limited Partner if the result would, in the sole discretion of the General Partner, cause a violation of EB-5 Program rules or otherwise jeopardize the Visa Process.

(b) The General Partner may retain all or such portion of the Net Cash Flow as it determines to be necessary or appropriate for the Partnership to meet its anticipated obligations (including in respect of any indemnity provisions).

(c) Notwithstanding anything else contained in this Agreement, the General Partner may, in its sole discretion, withhold from any distribution of cash or property in-kind to any Partner pursuant to this Agreement, the following amounts:

(i) any amounts due from such Partner to the Partnership or the General Partner pursuant to this Agreement to the extent not otherwise paid; and

(ii) any amounts required to pay or reimburse the Partnership or the General Partner for the payment of any taxes properly attributable to such Partner (including withholding taxes).

(d) Notwithstanding anything else in this Agreement, all amounts withheld by the General Partner pursuant to Section 7.3(c) and all amounts that the General Partner determines in good faith to be properly attributable to any Limited Partner that are withheld or otherwise paid by any Person pursuant to the Code or any provision of any state, local or foreign tax law, are treated as if such amounts were realized and recognized by the Partnership and distributed to such Limited Partner and do not constitute Partnership Expenses for any purposes under this Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, the Partnership must not make any distributions, including distributions after dissolution, except to the extent permitted under the TBOC.

Section 7.4 Capital Accounts; Allocations.

(a) There is for each Partner on the books and records of the Partnership a capital account (a "*Capital Account*"), which is initially zero. The Capital Account of each Partner is:

- (i) credited with any Capital Contributions to the Partnership by such Partner;
- (ii) credited with any allocations of income, profit or gain made to such Partner;
- (iii) debited by the amount of cash (or the fair value of other property as determined by the General Partner pursuant to Section 7.2) distributed to such Partner; and
- (iv) debited by any allocation of expense, deduction or loss made to such Partner.

(b) Subject to the provisions of Section 4.1 and this Section 7.4, the amount of any Partnership Expenses borne by the Partnership is allocated to each Partner, pro rata in accordance with such Partner's Investment Percentage; provided that, the General Partner may allocate any such Partnership Expense on a basis other than stated in this Section 7.4(b) if the General Partner determines in its sole discretion that such allocation is clearly more equitable in light of the purposes for which such Partnership Expenses were incurred.

(c) In the Fiscal Year prior to dissolution of the Partnership, the Partnership's remaining net income or net loss (after giving effect to paragraphs (a) and (b) above) and each item of income, gain, loss, deduction or expense included in the determination is allocated among the Partners in a manner consistent with the corresponding distributions made or to be made pursuant to this Article VII. Without limiting the generality of the foregoing, the following principles are applied:

(i) Allocations as between the General Partner and Limited Partners are determined separately for each Limited Partner.

(ii) Allocations of income, profit, gain or loss are made between Limited Partners and the General Partner in such a manner that, if the Partnership were wound up and its assets distributed in accordance with the Partners' positive Capital Account balances immediately after such allocation, such distributions would, as nearly as possible, be equal to the distributions that would be made pursuant to this Article VII.

(d) Upon the dissolution of the Partnership, the realized gains and losses of the Partnership attributable to the Borrower shall be allocated among the Partners in a manner consistent with the provisions of this Article VII.

Section 7.5 Tax Allocations.

(a) For federal, state and local income tax purposes, each item of income, gain, loss, deduction and credit of the Partnership are allocated among the Partners as nearly as possible in the same manner as the corresponding item of income, expense, gain or loss is allocated pursuant to the other provisions of this Article VII. It is intended that the Capital Accounts will be maintained at all times in accordance with Section 704 of the Code and applicable Treasury Regulations thereunder, and that the

provisions hereof relating to the Capital Accounts be interpreted in a manner consistent therewith. The General Partner is authorized to make appropriate amendments to the allocations of items pursuant to this Section 7.5 in its sole discretion to comply with Section 704 of the Code or applicable Treasury regulations thereunder; provided, that no such change has an adverse effect upon the amount distributable to any Partner hereunder.

(b) Notwithstanding anything else contained in this Article VII, if any Partner has a deficit Capital Account for any fiscal period as a result of any adjustment of the type described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4) through (6), then the Partnership's income and gain will be specially allocated to such Partner in an amount and manner sufficient to eliminate such deficit as quickly as possible. Any special allocation of items of income or gain pursuant to this paragraph is taken into account in computing subsequent allocations pursuant to this Article VII so that the cumulative net amount of all items allocated to each Partner is, to the extent possible, equal to the amount that would have been allocated to such Partner if there had never been any allocation pursuant to this paragraph (b).

(c) The Partners intend that the Partnership be taxed as a "partnership" for federal income tax purposes. The General Partner must not cause the Partnership to elect to be taxable as an "association" or "corporation" or permit activities within its control that would result in the Partnership being a "publicly traded partnership" under the tax rules.

ARTICLE VIII REPORTS TO LIMITED PARTNERS

Section 8.1 Reports; Method of Delivery. All financial reports provided to the Limited Partners pursuant to this Section 8.1 shall be prepared in accordance with U.S. generally accepted accounting principles. The General Partner may elect to provide any reports pursuant to this Article VIII via electronic mail, posting on a secure website, or other electronic means; provided that, upon any Partner's written request, the General Partner shall mail a hard copy of any report required to be provided hereunder to such Partner.

Section 8.2 Audited Reports. The General Partner, in its sole discretion, may (but is not required to) cause the books of account and records of the Partnership to be audited as of the end of any Fiscal Year by the Partnership's independent certified public accountants. The independent public accountant selected by the General Partner may also provide services to the General Partner or its Affiliates.

Section 8.3 Schedule K-1. The General Partner must use commercially reasonable efforts to prepare or cause to be prepared and transmit, as soon as practicable after the end of each Fiscal Year, a United States federal income tax Form K-1 for each Partner. The General Partner must provide such materials to (a) each Partner and (b) each former Partner (or its successors, assigns, heirs or personal representatives) who may require such information in preparing its Federal income tax return.

Section 8.4 Annual Financial Statements. Within ninety days following the end of each fiscal year, the General Partner shall provide: (a) unaudited, consolidated financial statements of the Partnership, consisting of a balance sheet, income statement and statement of cash flows; and (b) a performance assessment of the Partnership's investment in the Term Loan. For the avoidance of doubt, if a hard copy is requested pursuant to Section 8.1, the General Partner will satisfy the ninety day period if such report is postmarked by the ninetieth day following the end of the Fiscal Year.

Section 8.5 Quarterly Financial Statements. Within forty five days following the end of each Fiscal Quarter other than the end of the Fiscal Year, the General Partner shall provide: (a) unaudited,

consolidated financial statements of the Partnership; and (b) a brief narrative description of any material events affecting the Partnership or the Interests. For the avoidance of doubt, if a hard copy is requested pursuant to Section 8.1, the General Partner will satisfy the forty five day period if such report is postmarked by the forty fifth day following the end of the relevant Fiscal Quarter.

Section 8.6 Copies. Each Limited Partner acknowledges and agrees that the General Partner may provide copies of the reports described this Article VIII to the City of Dallas and its representatives and attorneys pursuant to that certain CDRC Management Contract. The parties also acknowledge that any information provided to the City of Dallas under this Section 8.6 may be subject to open records or similar laws and therefore may become available to the public.

ARTICLE IX EXCULPATION AND INDEMNIFICATION

Section 9.1 Exculpation and Indemnification.

(a) None of the General Partner, the Manager, the Tax Matters Partner, the liquidator (as described in Section 10.2) or any Affiliate of any of the foregoing (including each officer, director, member, partner, principal, manager, employee, independent contractor, representative or agent of any of the foregoing; or any person who controls, directly or indirectly, the General Partner, the Tax Matters Partner or the liquidator; and the executors, heirs, assigns, successors or other legal representatives of any of the foregoing) (individually, an “*Indemnified Party*” and collectively, the “*Indemnified Parties*”) is liable to the Partnership or to the Partners for any losses, claims, damages or liabilities arising (i) by reason of being or having been an Indemnified Party or (ii) from any act or omission performed or omitted by it in connection with this Agreement or the Partnership’s business or affairs (including any error in judgment in making any investment decisions), including losses due to the negligence of agents of the Partnership, except for any losses, claims, damages or liabilities primarily attributable to such Indemnified Party’s fraud, gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. The foregoing provision does not affect the General Partner’s obligation to correct any allocations to the Capital Accounts of the Partners or distributions to the Partners pursuant to Article VII if such allocations or distributions were not made in accordance with this Agreement. The General Partner is not personally liable to any Limited Partner for the repayment of any positive balance in such Limited Partner’s Capital Account or for contributions by such Limited Partner to the capital of the Partnership or by reason of any change in the Federal or state income tax laws applicable to the Partnership or its investors.

(b) The Partnership, to the fullest extent permitted by applicable law, indemnifies and holds harmless each Indemnified Party against any losses, claims, damages, liabilities, costs or expenses (including legal fees, judgments and amounts paid in settlement) to which such Indemnified Party may become subject (i) by reason of being or having been an Indemnified Party or (ii) in connection with any matter arising out of or in connection with this Agreement or the Partnership’s business or affairs, unless a court of competent jurisdiction, in a judgment that has become final and that is no longer subject to appeal or review, determines that any such loss, claim, damage, liability, cost or expense is primarily attributable to such Indemnified Party’s fraud, gross negligence or willful misconduct. If any Indemnified Party becomes involved in any capacity in any action, proceeding or investigation by reason of being or having been an Indemnified Party or in connection with any matter arising out of or in connection with this Agreement or the Partnership’s business or affairs, the Partnership will periodically reimburse the Indemnified Party for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided that such Indemnified Party promptly repays to the Partnership the amount of any such reimbursed expenses paid to it to the extent that it is ultimately determined that such Indemnified Party is not entitled to be indemnified by the Partnership in connection

with such action, proceeding or investigation as provided in the exception contained in the immediately preceding sentence. If for any reason (other than the fraud, gross negligence or willful misconduct of such Indemnified Party) the foregoing indemnification is unavailable to such Indemnified Party, or insufficient to hold it harmless, then the Partnership must, to the fullest extent permitted by law, contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Partnership, on the one hand, and the Indemnified Party on the other hand or, if such allocation is not permitted by applicable law, to reflect not only the relative benefits referred to above but also any other relevant equitable considerations.

(c) Each Partner agrees to pay on demand to or for the order of the Partnership or the General Partner any taxes (including withholding taxes) imposed upon the income of or distributions to such Partner, as well as interest, penalties or additions to tax with respect thereto and additional losses, claims, damages or liabilities arising therefrom or incident thereto. Each Partner hereby further agrees to reimburse the Partnership on demand for the amount of any property distributed to such Partner in excess of the amounts distributable to such Partner under the provisions of Article VII.

(d) The indemnity, reimbursement, and contribution obligations of the Partnership under Section 9.1(b):

(i) are in addition to any liability which the Partnership may otherwise have;

(ii) extend upon the same terms and conditions to the officers, directors, stockholders, managers, partners, members, employees, personnel, Affiliates, independent contractors, representatives and agents of each Indemnified Party;

(iii) are binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of such Indemnified Party and any such Persons; and

(iv) are limited to the sum of assets of the Partnership.

(e) Subject to the provisions of the TBOC, nothing in this Article IX (other than Section 9.1(c)) requires any Limited Partner to make any payment to any Person on account of (i) any litigation involving the Partnership (including any amount upon judgment or settlement) or (ii) any indemnity, contribution or similar expense.

(f) The foregoing provisions of this Section 9.1 survive for a period of three years from the date of dissolution of the Partnership; provided that if at the end of such period, there are any actions, proceedings or investigations then pending, the General Partner will so notify the Limited Partners at such time (which notice will include a brief description of each such action, proceeding or investigation and of the liabilities asserted therein) and the foregoing provisions of this Section 9.1 will survive with respect to each such action, proceeding or investigation set forth in such notice (or any related action, proceeding or investigation based upon the same or similar claim) until such date that such action, proceeding or investigation is ultimately resolved; and provided further that the provisions of this Section 9.1 do not affect the obligations of the Limited Partners under the TBOC.

Section 9.2 Jurisdiction. To the fullest extent permitted by applicable law, the General Partner and each Limited Partner hereby agree that any claim, action or proceeding by any Limited Partner seeking any relief whatsoever against any Indemnified Party based on, arising out of or in connection with this Agreement or the Partnership's affairs must be brought only in district court located in Dallas County, Texas (or other appropriate state court located in Dallas County, Texas) or the federal

courts located in Dallas County, Texas, and not in any other state or federal court in the United States of America or any court in any other country. EACH PARTNER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. The General Partner and each Limited Partner acknowledge that, in the event of any breach of this provision, such Indemnified Parties have no adequate remedy at law and are entitled to injunctive relief to enforce the terms of this Article IX.

ARTICLE X DURATION AND DISSOLUTION OF THE PARTNERSHIP

Section 10.1 Dissolution. Subject to the TBOC, the Partnership is dissolved and its affairs are wound up upon the earliest of:

- (a) the expiration of the term of the Partnership provided in Section 2.6;
- (b) the written election of the General Partner, in its sole discretion, to dissolve the Partnership;
- (c) the occurrence of any event which results in the General Partner ceasing to be the general partner of the Partnership under the TBOC, provided that the Partnership is not dissolved and required to be wound up in connection with any such event if (i) at the time of the occurrence of such event there is at least one remaining general partner of the Partnership who is hereby authorized to and does carry on the business of the Partnership, or (ii) within 90 days after the occurrence of such event, a Majority in Interest agree in writing or vote to continue the business of the Partnership and to the appointment, effective as of the date of such event, if required, of one or more additional general partners of the Partnership;
- (d) at any time that there are no limited partners, unless the business of the Partnership is continued in accordance with the TBOC; and
- (e) the entry of a decree of judicial dissolution pursuant to the TBOC.

Section 10.2 Liquidation of Partnership Interest. Upon dissolution of the Partnership (unless the Partnership is continued in accordance with this Agreement or the provisions of the TBOC), the affairs of the Partnership are wound up and the Partnership is liquidated in an orderly manner. The General Partner is the liquidator and winds up the Partnership's affairs pursuant to this Agreement. If there is no General Partner, or if the General Partner is unable to act as liquidator, a Majority in Interest approves one or more liquidators to act as the liquidator in carrying out such liquidation. In performing its duties, the liquidator is authorized to sell, distribute, exchange or otherwise dispose of the assets of the Partnership in any reasonable manner that the liquidator determines in its sole discretion to be in the best interest of the Partners. During the winding up and liquidation of the Partnership, the Partnership will bear all Partnership Expenses, and the liquidator is entitled to reimbursement from the Partnership for any such costs and expenses paid by it or its Affiliates on behalf of the Partnership.

Section 10.3 Distribution Upon Dissolution of the Partnership. Upon dissolution of the Partnership, the liquidator winding up the affairs of the Partnership determines in its sole discretion which assets of the Partnership are sold and which assets of the Partnership are retained for distribution in-kind to the Partners. The value of assets to be distributed in kind is reasonably determined by the liquidator in good faith. Subject to the TBOC, after all liabilities of the Partnership have been satisfied or duly provided for, the remaining assets of the Partnership are distributed in accordance with Article VII (which

generally has the effect of making final distributions in accordance with the positive balances of the Partners' Capital Accounts).

Section 10.4 Withdrawal of a Limited Partner; Termination of Commitments.

(a) Except as otherwise provided in Article XII, a Limited Partner may not withdraw from the Partnership prior to its termination.

(b) Upon the death or incompetency of an individual Limited Partner, such Limited Partner's executor, administrator, guardian, conservator or other legal representative may exercise all of such Limited Partner's rights for the purpose of settling such Limited Partner's estate or administering such Limited Partner's property.

(c) Except as expressly provided in this Agreement or required by the TBOC, no event affecting a Limited Partner (including bankruptcy or insolvency) affects the Partnership.

ARTICLE XI
TRANSFERABILITY OF GENERAL PARTNER'S INTEREST

Section 11.1 Transferability of General Partner's Interest.

(a) Except as otherwise provided herein, the General Partner may not sell, exchange, transfer, assign or otherwise dispose of all or any portion of its Interest (any sale, exchange, transfer, assignment or other disposition of an Interest being herein collectively called "*Transfers*") to any Person without the prior approval of a Majority in Interest. If the General Partner so determines in its sole discretion, and such prior approval of a Majority in Interest so provides (if such approval is required for such Transfer), the General Partner may admit any Person to whom the General Partner proposes to make such a Transfer as an additional or substituted general partner of the Partnership to carry on the business of the Partnership. Any transferee of all of the Interest of the General Partner is admitted as a general partner of the Partnership effective immediately prior to the withdrawal of the transferor general partner.

(b) It is understood and agreed that, in its sole discretion, without the prior approval of a Majority in Interest, (i) the General Partner may admit as members of the General Partner Persons who are employed or engaged by the General Partner and that such Persons may share in the Carried Interest of the General Partner hereunder, and (ii) the General Partner may pledge or hypothecate its Interest at any time.

ARTICLE XII
TRANSFERABILITY OF A LIMITED PARTNER'S INTEREST

Section 12.1 Restrictions on Transfer.

(a) No Transfer of all or any part of a Limited Partner's Interest in the Partnership may be made without the prior written consent of the General Partner, which may be withheld in the General Partner's sole discretion or granted on such terms as the General Partner determines in its sole discretion. No Limited Partner may pledge or hypothecate its Interest without the prior written consent of the General Partner, which may be withheld in the General Partner's sole discretion or granted on such terms as the General Partner determines in its sole discretion.

(b) Notwithstanding the provisions of Section 12.1(a), a Limited Partner may assign to an Affiliate all or a portion of the economic interests associated with its Interest in the Partnership; provided,

that any such assignee or other transferee will not become a Substituted Limited Partner and provided further that the General Partner is satisfied in its sole discretion that (i) the Limited Partner would not thereby be relieved of any portion of its obligations to the Partnership; (ii) the Partnership would not be required to treat any person other than the Limited Partner as a beneficial owner of its securities for purposes of Section 3(c)(1) of the Investment Company Act; and (iii) there would be no other adverse effect on the Partnership from such Transfer. In connection with any such Transfer, the transferring Limited Partner does not cease to be a limited partner of the Partnership. Any such Transfer is also subject to the provisions of Section 12.2.

Section 12.2 Expenses of Transfer; Indemnification. All expenses, including attorneys' fees and expenses, incurred by the General Partner or the Partnership in connection with any Transfer are borne by the transferring Limited Partner or such Limited Partner's transferee (any such transferee, when admitted and shown as such on the books and records of the Partnership, being hereinafter called a "**Substituted Limited Partner**"). In addition, the transferring Limited Partner or such transferee must indemnify the Partnership and the General Partner in a manner satisfactory to the General Partner against any losses, claims, damages or liabilities to which the Partnership or the General Partner may become subject arising out of or based upon any false representation or warranty made by, or breach or failure to comply with any covenant or agreement of, such transferring Limited Partner or such transferee in connection with such Transfer.

Section 12.3 Recognition of Transfer; Substituted Limited Partners.

(a) The Partnership does not recognize for any purpose any purported Transfer of all or any part of a Limited Partner's Interest in the Partnership and no purchaser, assignee, transferee or other recipient of all or any part of such interest becomes a Substituted Limited Partner hereunder unless:

(i) the conditions of Sections Section 12.1, Section 12.2 and Section 12.3(b) have been satisfied;

(ii) the General Partner has been furnished with the documents effecting such Transfer, in form reasonably satisfactory to the General Partner, executed and acknowledged by both the seller, assignor or transferor and the purchaser, assignee, transferee or other recipient;

(iii) such purchaser, assignee, transferee or other recipient has represented that such Transfer was made in accordance with all applicable laws and regulations;

(iv) all necessary governmental consents have been obtained in respect of such Transfer; and

(v) all necessary instruments reflecting such admission have been filed in each jurisdiction in which such filing is necessary in order to qualify the Partnership to conduct business or to preserve the limited liability of the Limited Partners.

(b) Each Substituted Limited Partner, as a condition to its admission as a Limited Partner, must execute and deliver such documents, in form and substance satisfactory to the General Partner, as the General Partner reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such Substituted Limited Partner to be bound by all the terms and provisions of this Agreement with respect to the interest in the Partnership acquired by such Substituted Limited Partner. The admission of a Substituted Limited Partner does not require the approval of any Limited Partner. Such transferee is admitted as a Substituted Limited Partner when each of the foregoing requirements of this Section 12.3 have been complied with, and as promptly as practicable thereafter the books and

records of the Partnership will be changed to reflect the admission of such Substitute Limited Partner. Any Limited Partner who sells, assigns or transfers its entire Interest in accordance with this Section 12.3 thereafter ceases to be a partner of the Partnership.

Section 12.4 Transfers During a Fiscal Year. If any Transfer (other than a pledge or hypothecation) of a Partner's interest in the Partnership occurs at any time other than the end of the Partnership's Fiscal Year, the distributive shares of the various items of Partnership income, gain, loss, and expense as computed for tax purposes and the related cash distributions are to be allocated between the transferor and the transferee on a basis consistent with applicable requirements under Section 706 of the Code; provided, that no such allocation is effective unless (a) the transferor and the transferee have given the Partnership written notice, prior to the effective date of such Transfer, stating their agreement that such allocation be made on such proper basis, (b) the General Partner has consented to such allocation, and (c) the transferor and the transferee have agreed to reimburse the General Partner and/or the Partnership, as the case may be, for any incremental accounting fees and other expenses incurred by the General Partner and/or the Partnership, as the case may be, in making such allocation.

ARTICLE XIII MISCELLANEOUS

Section 13.1 Amendments to the Partnership Agreement.

(a) Except as otherwise provided in Section 13.1(b), this Agreement may be amended, or provisions hereof waived, only by a written instrument signed by the General Partner with the approval of a Majority in Interest; provided, that, except as otherwise provided in Section 13.1(b), no amendment of this Agreement:

(i) without the approval of all Limited Partners, amends this Section 13.1;

(ii) without the approval of each affected Limited Partner (in addition to the approval of a Majority in Interest), (A) increases the liability of a Limited Partner beyond the liability of such Limited Partner expressly set forth in this Agreement or otherwise adversely modifies or affects the limited liability of such Partner, (B) decreases the interest in the Partnership of any Limited Partner (other than as provided in this Agreement), (C) changes the Investment Percentage of any Limited Partner (other than as provided in this Agreement), (D) changes the method of distributions or allocations made under Article VII to any Limited Partner or (E) reduces the Capital Account of any Limited Partner other than as contemplated in this Agreement; or

(iii) without the approval of Limited Partners having Investment Percentages representing the percentage of Investment Percentages specified in any provision of this Agreement required for any action or approval of the Partners, amends such provision.

(b) The General Partner may at any time without the consent of the other Partners:

(i) add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner under this Agreement, for the benefit of the Limited Partners;

(ii) cure any ambiguity or correct or supplement any conflicting provisions of this Agreement, or make other changes that would not, in the reasonable opinion of the General Partner, be materially adverse to the Limited Partners;

(iii) make any changes required by any governmental body or agency which is deemed to be for the benefit or protection of the Limited Partners, including, without limitation, in connection with the EB-5 Program and/or the Visa Process; provided, that no such amendment referred to in this clause (iii) may be made unless it is for the benefit of, or not materially adverse to, the interests of the Limited Partners, such change does not affect the right of the General Partner to manage and control the Partnership's business, does not affect the allocation of profits and losses among the Partners and does not adversely affect the limited liability of the Limited Partners;

(iv) amend this Agreement to reflect a change in the identity of the General Partner following a transfer of a General Partner's partnership interest in accordance with the terms of this Agreement;

(v) amend this Agreement to effect compliance with any applicable law or regulation (including the Advisers Act, in the event that the General Partner determines to become a registered investment adviser in the future); and

(vi) restate this Agreement together with any amendments hereto which have been duly adopted in accordance herewith to incorporate such amendments in a single, integrated document.

Section 13.2 Approvals. Each Limited Partner agrees that, except as otherwise specifically provided herein and to the extent permitted by applicable law, for purposes of granting the approval of the Limited Partners with respect to any proposed action of the Partnership (including any such approval as would be required under the Advisers Act), the written approval of a Majority in Interest binds the Partnership and each Limited Partner and has the same legal effect as the written approval of each Partner.

Section 13.3 Investment Representation. Each Partner, by executing this Agreement, represents and warrants that its interest in the Partnership has been acquired by it for its own account, or for the account of a commingled pension trust or other institutional investor previously specified in writing to the Partnership with respect to whom it has full investment discretion, for investment and not with a view to resale or distribution thereof and that it is fully aware that in agreeing to admit it as a Partner, the General Partner and the Partnership are relying upon the truth and accuracy of this representation and warranty.

Section 13.4 Successors; Counterparts. This Agreement (a) is binding as to the executors, administrators, estates, heirs and legal successors of the Partners and (b) may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

Section 13.5 Governing Law; Severability. This Agreement is governed by and construed under the laws of the State of Texas as applied to agreements among the residents of such state made and to be performed entirely within such state, without regard to the principles of conflicts of laws of Texas or any other jurisdiction. In particular, it is construed to the maximum extent possible to comply with all of the terms and conditions of the TBOC. If, nevertheless, it is determined by a court of competent jurisdiction that any provision or wording of this Agreement is invalid or unenforceable under the TBOC or other applicable law, such invalidity or unenforceability does not invalidate the entire Agreement. In that case, this Agreement is construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provision cannot be so limited, this Agreement is construed to omit such invalid or unenforceable provisions.

Section 13.6 Filings. The General Partner must promptly prepare, following the execution and delivery of this Agreement, any documents required to be filed and recorded, or, in the General Partner's view, appropriate for filing and recording, under the TBOC, and the General Partner must promptly cause each such document to be filed and recorded in accordance with the TBOC and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each state in which the Partnership may hereafter establish a place of business. The General Partner must also promptly cause to be filed, recorded and published such statements of fictitious business name and other notices, certificates, statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction which governs the conduct of its business from time to time.

Section 13.7 Power of Attorney. Each Limited Partner does hereby constitute and appoint the General Partner, its general partner, and its managers and officers, as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign and file a Certificate, any amendment thereof required because of an amendment to this Agreement or in order to effectuate any change in the membership of the Partnership, any amendments to this Agreement pursuant to Section 13.1 and all such other instruments, documents and certificates which may from time to time be required by the laws of the United States of America, the State of Texas, or any other state, or any political subdivision or agency thereof, to effectuate, implement and continue the valid and subsisting existence of the Partnership or to terminate the Partnership. Such representatives and attorneys-in-fact do not have any right, power or authority to amend or modify this Agreement when acting in such capacities, other than as specifically provided herein. The power of attorney granted hereby is coupled with an interest, is irrevocable, and (a) survives and is not affected by the subsequent dissolution, termination or bankruptcy of the Limited Partner (or, if such Limited Partner is an individual, by the subsequent disability or incapacity thereof) granting the same or the transfer of all or any portion of such Limited Partner's interest in the Partnership, and (b) extends to such Limited Partner's successors, assigns and legal representatives.

Section 13.8 Notices. All notices, requests and other communications to any party hereunder must be in writing (including a telecopy or similar writing) and must be given to such party at its address or telecopy number set forth in a schedule filed with the records of the Partnership or such other address or telecopy number as such party may hereafter specify for the purpose by notice to the General Partner (if such party is a Limited Partner) or to all the Limited Partners (if such party is a General Partner). Each such notice, request or other communication is effective (a) if given by telecopy, when such telecopy is transmitted to the telecopy number specified pursuant to this Section 13.8, (b) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (c) if given by any other means, when delivered at the address specified pursuant to this Section 13.8; provided that notices to the General Partner under Article VI are not effective until received.

Section 13.9 Discretion.

(a) To the fullest extent permitted by law, unless otherwise expressly provided for herein, (i) whenever a conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership or a Limited Partner on the other hand, or (ii) whenever this Agreement or any other agreement contemplated herein provides that the General Partner act in a manner which is, or provides terms which are, fair and reasonable to the Partnership or any Limited Partner, the General Partner may resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party, including its own interest, to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General

Partner do not constitute a breach of this Agreement or any other agreement contemplated herein or by any duty or obligation of the General Partner at law or in equity or otherwise.

(b) To the fullest extent permitted by law, whenever in this Agreement, a Person is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, such Person is entitled to consider only such interests and factors as it desires, including its own interests, and has no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or the Limited Partners, or (ii) in its "good faith" or under another express standard, then such person acts under such express standard and is not subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise.

Section 13.10 Duties and Liabilities. To the extent that at law or in equity an Indemnified Party has duties (including fiduciary duties) and liabilities relating to the Partnership or to a Partner, such Indemnified Party acting under this Agreement is not liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of the Indemnified Parties otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the Indemnified Parties. Should any Indemnified Party breach any of its duties or covenants under this Agreement, each of the Indemnified Parties has 30 days to cure such breach from the date of its receipt of a Partner's written notice regarding such breach, and upon effecting such cure, such breach will be deemed to have not occurred. Each Limited Partner must cooperate at all times with respect to any Indemnified Party's efforts to cure a breach, and must execute such consents, releases, amendments of this Agreement, and other documents as may be reasonably requested for the purpose of curing a breach by any Indemnified Party.

Section 13.11 Entire Agreement. This Agreement, together with the related subscription agreements between the Partnership and the Limited Partners, constitutes the full, complete and final agreement and understanding of the Partners and supersedes all prior written or oral agreements between the Partners with respect to the Partnership. Each Partner acknowledges that the General Partner, on its own behalf or on behalf of the Partnership, may agree in letters or other writings with individual Limited Partners (each, an "***Other Agreement***"), and may from time to time hereafter agree in Other Agreements entered into with individual Limited Partners to be admitted to the Partnership, in its sole discretion, to exceptions or departures from the provisions of this Agreement or any subscription agreements at the request of individual Limited Partners (provided that such Other Agreements do not adversely affect any other Limited Partners). Each Other Agreement, as in effect from time to time, is incorporated herein by reference. The parties hereto agree that any such exceptions or departures contained in an Other Agreement with a Limited Partner govern with respect to such Limited Partner, notwithstanding the provisions of this Agreement or any subscription agreements.

Section 13.12 Construction. The titles and subtitles used in this Agreement are used for convenience only and must not be considered in the interpretation of this Agreement. The Partners have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, the Partners intend that this Agreement be construed as if drafted jointly by the Partners and that no presumption or burden of proof arise favoring or disfavoring any Partner by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law is deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" means including without limitation. The word "or" is not exclusive. The Partners intend that each representation, warranty and covenant contained herein has independent significance. If any Partner has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another

representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that such Person has not breached does not detract from or mitigate the fact that such Person is in breach of the first representation, warranty or covenant.

Section 13.13 Merger and Division. The Partnership may merge with, or consolidate into, another Texas limited partnership or other business entity (as defined in Section 2.11(a) of the TBOC) upon the approval by the General Partner and a Majority in Interest. In accordance with Section 2.11 of the TBOC, notwithstanding anything to the contrary contained in this Agreement, an agreement of merger or consolidation approved by the General Partner and a Majority in Interest, may (a) effect any amendment to this Agreement, or (b) effect the adoption of a new partnership agreement for the Partnership if it is the surviving or resulting limited partnership of the merger or consolidation. Any amendment to this Agreement or adoption of a new partnership agreement made pursuant to the foregoing sentence is effective at the effective time or date of the merger or consolidation. For purposes of any vote required by the Limited Partners in connection with any merger or consolidation, the Limited Partners are treated for purposes of voting as a single class of limited partners. The provisions of this Section 13.13 are not to be construed to limit the accomplishment of a merger or of any of the matters referred to herein by any other means otherwise permitted by law.

Section 13.14 Not for Benefit of Creditors. The provisions of this Agreement (including this Section 13.14) are intended only for the regulation of relations among Partners and between Partners and former or prospective Partners and the Partnership. Subject to the provisions of Section 9.1 as they apply to an Indemnified Party, this Agreement is not intended for the benefit of non-Partner creditors and no rights are granted to non-Partner creditors under this Agreement.

Section 13.15 Language. This Agreement is being delivered in the English language. Any translation of this Agreement into any other language shall be for convenience only. The General Partner and Manager hereby disclaim any and all liability related to any translation of this Agreement, and each Limited Partner waives any and all claims related to such translation.

[Remainder of Page Intentionally Left Blank]

ESCROW AGREEMENT
(SUBSCRIPTION ESCROW AGREEMENT)

THIS SUBSCRIPTION ESCROW AGREEMENT (as the same may be amended or modified from time to time pursuant hereto, this "**Agreement**") is made and entered into as of [June __], 2010, by and among Civitas Encore Fund, LP, a Texas limited partnership ("**Issuer**"), Civitas Encore Fund GP, LP, a Texas limited partnership ("**General Partner**", and together with Issuer, sometimes referred to individually as "**Party**" or collectively as the "**Parties**"), and JPMorgan Chase Bank, National Association (the "**Escrow Agent**").

WHEREAS, pursuant to the terms of the Confidential Private Placement Memorandum, the Issuer is offering subscriptions ("**Subscriptions**") to individual investors for its limited partnership interests (the "**Securities**"), in exchange for \$500,000 per individual investor (the "**Proceeds**") until a minimum aggregate amount of \$5,000,000 (the "**Minimum Target Proceeds**"), and a maximum of \$15,000,000 (the "**Target Proceeds**"), is received and accepted by the General Partner;

WHEREAS, the Securities are being offered by the Issuer (the "**Offering**") pursuant to an exemption from the Securities Act of 1933 under Rule 506 of Regulation D on a "best efforts" basis as to the total Proceeds;

WHEREAS, the Offering is commencing on [June __], 2010, and shall terminate upon the receipt of Target Proceeds but no later than June 30, 2011 (the "**Termination Date**");

WHEREAS, the General Partner is an affiliate of Civitas Capital Management, LLC, a Texas limited liability company ("**Civitas**");

WHEREAS, Civitas is the exclusive manager of the City of Dallas Regional Center (the "**CDRC**"), which was approved on September 8, 2009, as a "**Regional Center**" under the Immigrant Investor Pilot Program, as defined at 8 CFR 204.6(m) and more commonly known as the EB-5 Regional Center Program (the "**EB-5 Program**") administered by the U.S. Citizenship and Immigration Service (the "**USCIS**");

WHEREAS, the General Partner has organized the Issuer, and the Issuer is conducting the Offering, in a manner that provides individual subscribers (each, an "**Investor**") with the ability to qualify to receive an employment-based fifth preference visa ("**EB-5 Visa**") under Section 203(b)(5) of the U.S. Immigration and Nationality Act, and otherwise participate in the EB-5 Program;

WHEREAS, in order for an Investor to subscribe for Securities, or participate in the EB-5 Program, it must deliver an executed Subscription Agreement evidencing its Subscription, together with a capital contribution in the amount of \$500,000, to an escrow agent designated by the Issuer;

WHEREAS, in order for an Investor's Subscription to be accepted by the General Partner, the Investor must have (a) submitted a completed Form I-526 to the USCIS, and (b) had its Form I-526 approved by the USCIS and, in the event that such Form I-526 is not submitted by the Investor, or is denied by the USCIS, the Investor's capital contribution must be returned and its Subscription terminated;

WHEREAS, if an Investor's Form I-526 is approved by the USCIS, then the Investor's Subscription shall automatically be accepted by the General Partner (subject to the terms of the applicable Subscription Agreement), and its capital contribution distributed to the Issuer;

WHEREAS, the Issuer and General Partner desire to establish an escrow relationship with Escrow Agent pursuant to which (a) each Investor will deliver via wire transfer to the Escrow Agent for deposit in an account administered by the Escrow Agent (the "**Escrow Account**"), in U.S. Dollars, the Investor's required capital contribution to the Issuer pursuant to its Subscription Agreement, and (b) with respect to each Investor, the Escrow Agent shall either (i) return the Investor's funds on deposit in the Escrow Account to the Investor in the event of a denial of, or failure to file, its Form I-526, or (ii) release such Investor's funds on deposit in the Escrow Account to the Issuer;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Appointment.** The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein. The Issuer represents, warrants and covenants that at all times during the term of this Agreement less than twenty-five percent (25%) of the Investors will be benefit plan investors as defined in 29 CFR 2510.3-101.

2. **Escrowed Funds.** Each Investor must subscribe for not less than \$500,000 in Securities, and is required pursuant to the terms of its Subscription Agreement to deposit all such funds in the Escrow Account via the wire transfer of U.S. Dollars (such funds, the "**Escrow Deposits**").

3. **Disposition and Termination.** The Escrow Agent shall hold all Escrow Deposits in a non-interest bearing account until such funds are required to be disbursed as follows:

(a) If for any reason, on or prior to the Termination Date, the Escrow Agent has not received the Minimum Target Proceeds, then the Escrow Agent, with respect to each Investor, the Escrow Deposits of which have not otherwise been disbursed to such Investor or to the Issuer under this **Section 3** (each, a "**Pending Investor**"), shall disburse to each such Pending Investor by check or wire transfer upon written instruction by Issuer in form of Exhibit A attached hereto, such Pending Investor's Escrow Deposits without any further action of such Pending Investor.

(b) If the Escrow Agent receives a written notice from the Issuer or General Partner indicating that an Investor's Form I-526 was either not filed by such Investor or denied by the USCIS (a "**Visa Failure Notice**"), then the Escrow Agent shall promptly, and in any event within three (3) business days, disburse to such Investor, by check or wire transfer upon written instruction by Issuer in form of Exhibit A attached hereto, such Investor's Escrow Deposits without any further action of such Investor.

(c) If the balance in the Escrow Account reaches an aggregate amount of \$5,000,000, Issuer or General Partner may provide Escrow Agent written notice indicating that each Investor's Form I-526 was accepted by the USCIS (a "**Visa Acceptance Notice**") and Escrow Agent shall promptly, and in any event within three (3) Business Days, disburse the entire balance to the Issuer in the account designated in **Section 10(b)**. Any additional deposit thereafter shall be disbursed on a monthly basis to Issuer without any further action by the Parties.

(d) Upon delivery of the final Escrow Deposits to by the Escrow Agent pursuant to this **Section 3**, this Agreement shall terminate, subject to the provisions of **Section 7(b)**.

4. **Escrow Agent.**

(a) The Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Registration Statement or the Underwriting Agreement (collectively, the "**Underlying Agreements**"), nor shall the Escrow Agent be required to determine if any person or entity has complied with the Underlying Agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of the Underlying Agreements, even though reference thereto may be made in this Agreement. In the event of any conflict between the terms and provisions of this Agreement and those of any of the Underlying Agreements or any other agreement among the Parties, the terms and conditions of this Agreement shall control. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, document, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper Party or Parties without inquiry and without requiring substantiating evidence of any kind. The Escrow Agent shall not be liable to any Party, any beneficiary, any subscriber or other person for refraining from acting upon any instruction setting forth, claiming, containing, objecting to, or related to the transfer or distribution of the Fund, or any portion thereof, unless such instruction shall have been delivered to the Escrow

Appendix F
Subscription Escrow Agreement

The parties hereto have executed this Agreement as of the day and year first-above written.

GENERAL PARTNER:

CIVITAS PHOENIX FUND GP, LP

By: Civitas Partners, LLC

By: _____

Name:

Title: Manager

LIMITED PARTNERS:

By: Civitas Phoenix Fund GP, LLC,
Attorney-in-fact for the Limited Partners

By: Civitas Partners, LLC

By: _____

Name:

Title: Manager

ORGANIZATIONAL LIMITED PARTNER:

Daniel J. Healy

Agent in accordance with *Section 10* below and the Escrow Agent has been able to satisfy any applicable security procedures as may be required thereunder. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Fund, including, without limitation, the Escrow Deposit nor shall the Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with it hereunder.

(b) The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that a final adjudication of a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of any loss to either Party. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates and agents. The Escrow Agent may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with, or in reliance upon, the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain or believe there is some ambiguity as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be given a direction in writing by the Parties which eliminates such ambiguity or uncertainty to the satisfaction of Escrow Agent or by a final and non-appealable order or judgment of a court of competent jurisdiction. The Parties agree to pursue any redress or recourse in connection with any dispute without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, incidental, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

5. Succession.

(a) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty (30) days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect. If the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) days following receipt of the notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the Parties hereto. Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Escrow Deposits (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time of delivery Escrow Agent's obligations hereunder shall cease and terminate, subject to the provisions of *Section 7(b)* below. In accordance with *Section 7(b)* below, the Escrow Agent shall have the right to withhold an amount equal to any amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the termination of this Agreement.

(b) Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business may be transferred, shall be the Escrow Agent under this Agreement without further act.

6. Compensation and Reimbursement. The Parties agree, jointly and severally, (a) to pay the Escrow Agent upon the execution of this Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, along with any fees or charges for accounts, including those levied by any governmental authority which the Escrow Agent may impose, charge or pass-through which, unless otherwise agreed in writing shall be as described in *Schedule 2* attached hereto, and (b) to pay or reimburse the Escrow Agent upon request for all expenses, disbursements and advances, including, without limitation reasonable attorney's fees and expenses, incurred or made by it in connection with the performance of this Agreement. The obligations contained in this *Section 6* shall survive the termination of this Agreement and the resignation, replacement or removal of the Escrow Agent.

7. **Indemnity.**

(a) The Parties shall jointly and severally indemnify, defend and save harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, costs or expenses (including, without limitation, the fees and expenses of outside counsel) (collectively "Losses") arising out of or in connection with (i) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except in the case of any Indemnitee to the extent that such Losses are finally adjudicated by a court of competent jurisdiction to have been primarily caused by the gross negligence or willful misconduct of such Indemnitee, or (ii) its following any instructions or other directions, whether joint or singular, from the Parties, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The indemnity obligations set forth in this **Section 7(a)** shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

(b) The Parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in, the [Escrow Deposits] for the payment of any claim for indemnification, fees, expenses and amounts due to the Escrow Agent or an Indemnitee. In furtherance of the foregoing, the Escrow Agent is expressly authorized and directed, but shall not be obligated, to charge against and withdraw from the [Escrow Deposits] for its own account or for the account of an Indemnitee any amounts due to the Escrow Agent or to an Indemnitee under either **Sections 5(a), 6 or 7(a)**.

8. **Patriot Act Disclosure/Taxpayer Identification Numbers/Tax Reporting.**

(a) **Patriot Act Disclosure.** Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("**USA PATRIOT Act**") requires the Escrow Agent to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the Parties acknowledge that Section 326 of the USA PATRIOT Act and the Escrow Agent's identity verification procedures require the Escrow Agent to obtain information which may be used to confirm each Party's identity, including without limitation its name, address and organizational documents ("**Identifying Information**"). The Parties agree to provide the Escrow Agent with and consents to the Escrow Agent obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Escrow Agent.

(b) **Certification and Tax Reporting.** The Parties have provided the Escrow Agent with their respective fully executed Internal Revenue Service ("**IRS**") Form W-8, or W-9 and/or other required documentation. All interest or other income earned under this Agreement shall be allocated to Issuer and reported, as and to the extent required by law, by the Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow Deposits by Issuer, whether or not said income has been distributed during such year. Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

9. **Notices.** All communications hereunder shall be in writing and except for communications from the Parties setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to funds transfer instructions (all of which shall be specifically governed by **Section 10** below), shall be deemed to be duly given after it has been received and the receiving party has had a reasonable time to act upon such communication if it is sent or served:

- (a) by facsimile;
- (b) by overnight courier; or
- (c) by prepaid registered mail, return receipt requested;

to the appropriate notice address set forth below or at such other address as any party hereto may have furnished to the other parties in writing by registered mail, return receipt requested.

If to Issuer: Civitas Encore Fund, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
Attention: Daniel J. Healy
Tel No.: (214) 572-2300
Fax No.: (214) 572-2398

If to General Partner Civitas Encore Fund GP, LP
900 Jackson Street
Suite 150
Dallas, Texas 75202
Attention: Daniel J. Healy
Tel No.: (214) 572-2300
Fax No.: (214) 572-2398

If to the Escrow Agent: JPMorgan Chase Bank, N.A.
Escrow Department
712 Main Street 5th Fl South
Houston, TX 77002
Attention: Paul Gilliam
Fax No.: (713) 216-6927

Notwithstanding the above, in the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by an officer of the Escrow Agent or any employee of the Escrow Agent who reports directly to any such officer at the above-referenced office. For purposes of this Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth above is authorized or required by law or executive order to remain closed.

10. **Security Procedures.** Notwithstanding anything to the contrary as set forth in *Section 9*, any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to any such funds transfer instructions that may otherwise be set forth in a written instruction permitted pursuant to *Section 3* of this Agreement, may be given to the Escrow Agent only by confirmed facsimile and no instruction for or related to the transfer or distribution of the Fund, or any portion thereof, shall be deemed delivered and effective unless the Escrow Agent actually shall have received such instruction by facsimile at the number provided to the Parties by the Escrow Agent in accordance with *Section 9* and as further evidenced by a confirmed transmittal to that number.

(a) In the event funds transfer instructions are so received by the Escrow Agent by facsimile, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on *Schedule 1* hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. Each funds transfer instruction shall be executed by an authorized signatory, a list of such authorized signatories is set forth on *Schedule 1*. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. If the Escrow Agent is unable to contact any of the authorized representatives identified in *Schedule 1*, the Escrow Agent is hereby authorized both to receive written instructions from and seek confirmation of such instructions by telephone call-back to any one or more of Issuer or General Partner's executive officers ("*Executive Officers*"), as the case may be, which shall include the titles of Managing Partner or Managing Director, as the Escrow Agent may select. Such "*Executive Officer*" shall deliver to the Escrow Agent a fully executed incumbency certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Issuer or General Partner to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the [Escrow Deposits] for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid,

or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The Parties acknowledge that these security procedures are commercially reasonable.

(b) The Parties acknowledges that the Escrow Agent is authorized to use the following funds transfer instructions to disburse any funds due to Issuer under this Agreement without a verifying call-back as set forth in *Section 10(a)* above:

Issuer's Bank account information:	Bank name:	Texas Capital Bank, NA
	Bank Address:	2000 McKinney Ave., Suite 700, Dallas, TX 75201
	ABA number:	111017979
	Account name:	Civitas Encore Fund, LP
	Account number:	1113036188

(c) Issuer acknowledges that repetitive funds transfer instructions may be given to the Escrow Agent for one or more beneficiaries where only the date of the requested transfer, the amount of funds to be transferred, and/or the description of the payment shall change within the repetitive instructions ("*Standing Settlement Instructions*"). Accordingly, Issuer shall deliver to Escrow Agent such specific Standing Settlement Instructions only for each respective beneficiary as set forth in *Schedule 1*, by facsimile or other written instruction. Escrow Agent may rely solely upon such Standing Settlement Instructions and all identifying information set forth therein for each beneficiary. Escrow Agent and Issuer agree that such Standing Settlement Instructions shall be effective as the funds transfer instructions of Issuer, without requiring a verifying callback, whether or not authorized, if such Standing Settlement Instructions are consistent with previously authenticated Standing Settlement Instructions for that beneficiary.

(d) The Parties and Escrow Agent acknowledge that such Standing Settlement Instructions are a security procedure and are commercially reasonable.

11. **Compliance with Court Orders.** In the event that any of the Escrow Deposits shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, entity, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

12. **Miscellaneous.** Except for changes to funds transfer instructions as provided in *Section 10*, the provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by the Escrow Agent and the Parties. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by the Escrow Agent or any Party, except as provided in *Section 5*, without the prior consent of the Escrow Agent and the other Parties. This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to the principles of conflicts of laws of Texas or any other jurisdiction. Each Party and the Escrow Agent irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Texas. To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution attachment (before or after judgment), or other legal process, such Party shall not claim, and it hereby irrevocably waives, such immunity. **THE PARTIES AND THE ESCROW AGENT FURTHER HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LAWSUIT OR JUDICIAL PROCEEDING ARISING OR RELATING TO THIS AGREEMENT.** No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this

Agreement may be transmitted by facsimile or other electronic transmission, and such facsimile or electronic transmission will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. A person who is not a party to this Agreement shall have no right to enforce any term of this Agreement. The Parties represent, warrant and covenant that each document, notice, instruction or request provided by such Party to Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in **Section 8** above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

ISSUER:

CIVITAS ENCORE FUND, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LP,
a Texas limited partnership,
its general partner

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: _____

Title: _____

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP,
a Texas limited partnership

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____

Name: _____

Title: _____

ESCROW AGENT:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

SCHEDULE 1

Telephone Number(s) and authorized signature(s) for Person(s) Designated to give Funds Transfer Instructions

If from Issuer:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840	_____
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593	_____
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039	_____
4. Tina R. Hou	(214) 572-2302; (214) 603-5088	_____

If from General Partner:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840	_____
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593	_____
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039	_____
4. Tina R. Hou	(214) 572-2302; (214) 603-5088	_____

Telephone Number(s) for Call-Backs and Person(s) Designated to Confirm Funds Transfer Instructions

If from Issuer:

<u>Name</u>	<u>Telephone Number</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039
4. Tina R. Hou	(214) 572-2302; (214) 603-5088

If from General Partner:

<u>Name</u>	<u>Telephone Number</u>
1. Daniel J. Healy	(214) 572-2301; (469) 387-3840
2. Gabriel A. Hidalgo	(214) 572-2303; (214) 293-4593
3. James C. Crigler, III	(214) 572-2307; (214) 549-6039
4. Tina R. Hou	(214) 572-2302; (214) 603-5088

All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer.

Exhibit A
Release Letter

[Insert Date]

VIA FACSIMILE NO. 713-216-6927

JPMorgan Chase Bank, N.A.
712 Main Street, 5th Floor South
Houston, Texas 77002
Attention: Paul Gilliam, Escrow Services

Ref: Civitas Encore Fund, LP / Civitas Encore Fund GP, LP Escrow No. _____

Dear Sir or Madam:

Reference is made to the Escrow Agreement dated June __, 2010 (the "***Agreement***"), by and among Civitas Encore Fund, LP, a Texas limited partnership ("***Issuer***"), Civitas Encore Fund GP, LP, a Texas limited partnership ("***General Partner***", and together with Issuer, sometimes referred to individually as "***Party***" or collectively as the "***Parties***"), and JPMorgan Chase Bank, National Association (the "***Escrow Agent***").

Issuer or General Partner instructs Escrow Agent to return {Name of Investor} Escrow Deposit due to the following reason:

- Investor's Form I-526 was denied by the U.S. Citizenship and Immigration Service ("***USCIS***")
- Investor's Form I-526 was not filed with USCIS
- The balance representing the aggregate amount greater than or equal to the Minimum Target Proceeds prior to the Termination Date was not met

Escrow Deposit in the amount of \$ _____ is to be disbursed in the following manner:

[Check:]

Client name /address / attention

[Wire:]

Bank Name
Bank address
Routing number
Account name
Account number

If you have any questions , please contact _____.

Remainder of Page Intentionally Left Blank; Signature Page Follows

ISSUER:

CIVITAS ENCORE FUND, LP,
a Texas limited partnership

By: Civitas Encore Fund GP, LP,
a Texas limited partnership,
its general partner

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

GENERAL PARTNER:

CIVITAS ENCORE FUND GP, LP,
a Texas limited partnership

By: Civitas Partners, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: Daniel J. Healy
Title: Manager

SCHEDULE 2

J.P.Morgan

Schedule of Fees for Escrow Agent Services

Based upon our current understanding of your proposed transaction, our fee proposal is as follows:

Account Acceptance Fee \$ Waived

Encompassing review, negotiation and execution of governing documentation, opening of the account, and completion of all due diligence documentation. Payable upon closing.

Annual Administration Fee \$ 5,000

The Administration Fee covers our usual and customary ministerial duties, including record keeping, distributions, document compliance and such other duties and responsibilities expressly set forth in the governing documents for each transaction. Payable upon closing and annually in advance thereafter, without pro-ration for partial years.

Extraordinary Services and Out-of Pocket Expenses

Any additional services beyond our standard services as specified above, and all reasonable out-of-pocket expenses including attorney's or accountant's fees and expenses will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at the Bank's then standard rate. Disbursements, receipts, investments or tax reporting exceeding 25 items per year may be treated as extraordinary services thereby incurring additional charges. The Escrow Agent may impose, charge, pass-through and modify fees and/or charges for any account established and services provided by the Escrow Agent, including but not limited to, transaction, maintenance, balance-deficiency, and service fees and other charges, including those levied by any governmental authority.

Disclosure & Assumptions

- Please note that the fees quoted are based on a review of the transaction documents provided and an internal due diligence review. JPMorgan reserves the right to revise, modify, change and supplement the fees quoted herein if the assumptions underlying the activity in the account, level of balances, market volatility or conditions or other factors change from those used to set our fees.
- The escrow deposit shall be continuously invested in a non interest bearing account
- Payment of the invoice is due upon receipt.

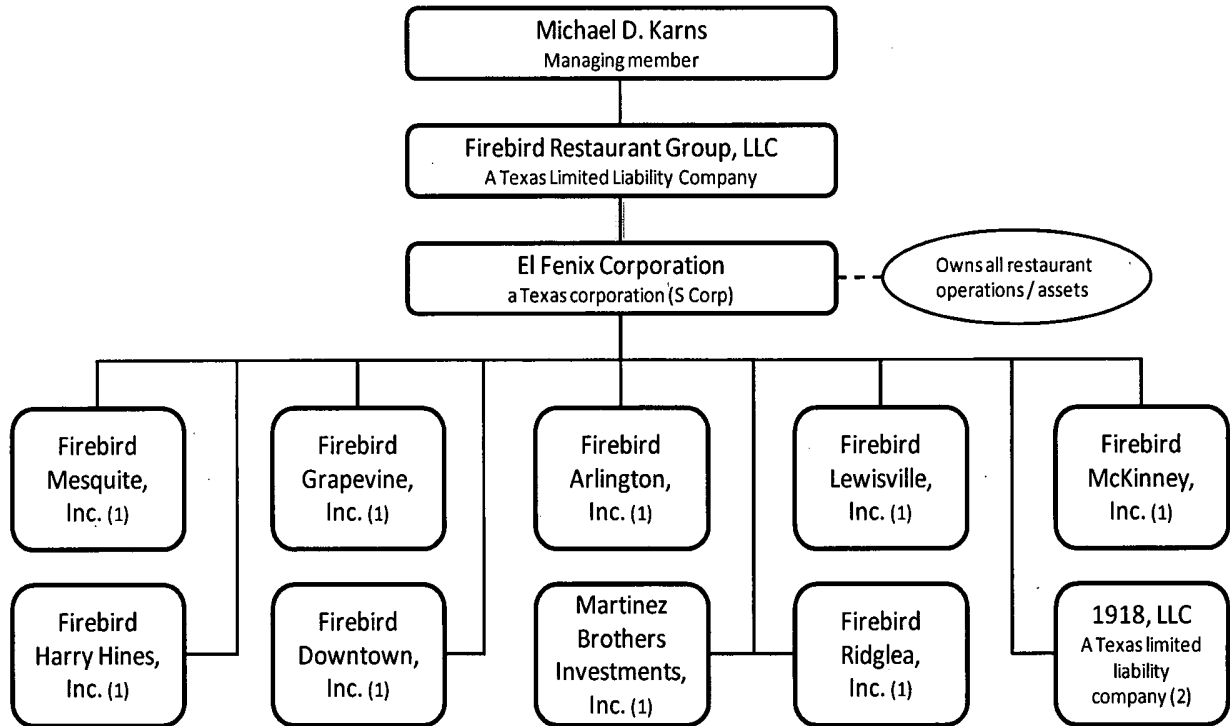
Compliance

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account. We may ask for information that will enable us to meet the requirements of the Act.

Appendix G

Firebird Restaurant Group, LLC

Corporate Legal Structure



Notes:

- 1) Each is a qualified S-Corp Subsidiary; each owns a separate tract of real property leased to El Fenix.
- 2) Disregarded LLC for tax purposes; leases the property on which Hispañola 1918 will operate.

From: Origin ID: RBDA (214) 290-0004
Elise A. Healy
Spencer Crain
1201 Elm Street, Suite 4100

Dallas, TX 75270



J10301008080226

Ship Date: 21SEP10
ActWgt: 1.0 LB
CAD: 4876583/INET3090

Delivery Address Bar Code



Ref # 277-010
Invoice #
PO #
Dept #

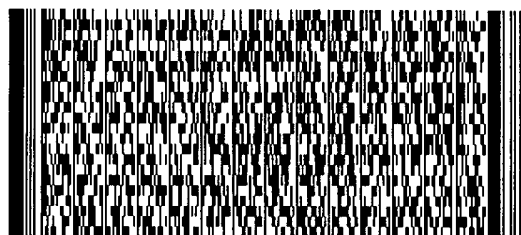
AM SEP 22 2010
STAMP #107

SHIP TO: (214) 290-0004 BILL SENDER
California Service Center/EB-5 Unit
USCIS
24000 AVILA RD FL 2

LAGUNA NIGUEL, CA 92677

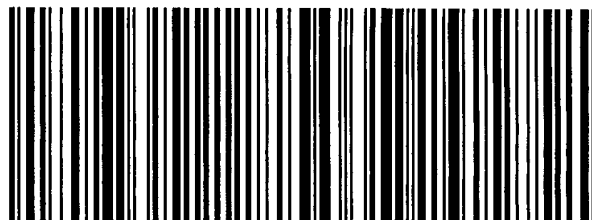
WED - 22 SEP A2
PRIORITY OVERNIGHT

TRK# 7962 6777 1595
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U.S. Citizenship
and Immigration
Services

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: May 24, 2011

Re:

RCW1031910157/City of Dallas
RCW1031910300/City of Dallas (Amendment)
RCW1031910302/City of Dallas (Amendment)
RCW1031910309/City of Dallas (Amendment)

This memo is in reference to request for four (4) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W/RCW-files, please return the W/RCW-files to the California Service Center, attention – SAO George Eberling, Work Station 22141, after your office has fulfilled the FOIA requests.



U.S. Citizenship
and Immigration
Services

MEMORANDUM FOR FOIA MISSOURI

From: George G. Eberling
Senior Adjudications Officer
California Service Center

Date: January 5, 2011

Re: W08001180/Regional Center Properties Inc
W09001390/Regional Center Properties Inc (Amendment)
W09001860/New York Proton Regional Center LLC
W09000080/City of Dallas Regional Center
W09001660/City of Dallas Regional Center (Amendment)
W09002190/City of Dallas Regional Center (Amendment)
W09002570/City of Dallas Regional Center (Amendment)
W09001940/Manhattan Regional Center LLC

This memo is in reference to request for eight (8) regional proposal cases under the Freedom of Information Act (FOIA).

Since the CSC currently maintains these W-files, please return the W-files to the California Service Center, attention – SAO George Eberling, Work Station 24064, after your office has fulfilled the FOIA requests.



RECEIPT NUMBER W09001660		CASE TYPE Regional Center Proposal	
RECEIPT DATE April 1, 2010		REGIONAL CENTER NAME City of Dallas Regional Center	
		PAGE 1 of 1	

City of Dallas Regional Center C/O Elise Healy, Esq. Spencer Crain Cabbage Healy & McNamara, PLLC 1201 Elm Street, Suite 4100, Lock Box 50 Dallas, Texas 75270	Notice Type: Receipt Notice
--	--

Receipt Notice - This notice confirms that USCIS received your Regional Center Proposal. If any of the above information is incorrect, send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing Time - The current processing time for this case is estimated at 120 days. Unlike other case types, verification or tracking of this case is not available electronically or on our website. We will notify you by mail when we make a decision on this case or if we need something from you. If you do not receive an initial decision or update from us within our current processing time, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. or contact us at the address below.

Address Change - If your mailing address changes while your case is pending, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. Otherwise, you might not receive notice of our action on this case.

Please save this notice and a copy of any papers that you send to us along with proof of delivery.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
Attn: EB-5 RC Proposal
P.O. BOX 10526
LAGUNA NIGUEL CA 92607-10526

- *Please save this notice for your records. Please enclose a copy if you have to write us or a U. S. Consulate about this case, or if you file another application based on this decision.*
- *You will be notified separately about any other applications or petitions you have filed.*

Additional Information

GENERAL.

The filing of an application or petition does not in itself allow a person to enter the United States and does not confer any other right or benefit.

INQUIRIES.

You should contact the office listed on the reverse side of this notice if you have questions about the notice, or questions about the status of your application or petition. *We recommend you call.* However, if you write us, please enclose a copy of this notice with your letter.

APPROVAL OF NONIMMIGRANT PETITION.

Approval of a nonimmigrant petition means that the person for whom it was filed has been found eligible for the requested classification. If this notice indicated we are notifying a U.S. Consulate about the approval for the purpose of visa issuance, and you or the person you filed for have questions about visa issuance, please contact the appropriate U.S. Consulate directly.

APPROVAL OF AN IMMIGRANT PETITION.

Approval of an immigrant petition does not convey any right or status. The approved petition simply establishes a basis upon which the person you filed for can apply for an immigrant or fiance(e) visa or for adjustment of status.

A person is not guaranteed issuance of a visa or a grant of adjustment simply because this petition is approved. Those processes look at additional criteria.

If this notice indicates we have approved the immigrant petition you filed, and have forwarded it to the Department of State Immigrant Visa Processing Center, that office will contact the person you filed the petition for directly with information about visa issuance.

In addition to the information on the reverse of this notice, the instructions for the petition you filed provide additional information about processing after approval of the petition.

For more information about whether a person who is already in the U.S. can apply for adjustment of status, please see Form I-485, *Application to Register Permanent Residence or Adjust Status*.



U.S. Citizenship
and Immigration
Services

January 6, 2011

NRC2010095879

MEMORANDUM FOR: SCOPS-George Eberling

FROM: FOIA Significant Interest
National Records Center
FAX: (816) 350-5785

SUBJECT: Freedom of Information /Privacy Act Request NRC2010095879
Alien #:
Subject Name: City of Dallas

The attached FOIA/PA request is forwarded to your office for action. Due to the subject matter, there is a high probability your office will have records responsive to the request.

- Please conduct a thorough search for all responsive records physically in, and within the functional purview of your office.
- Send a copy of all responsive documents to the FOIA office in their entirety. **DO NOT MAKE REDACTIONS.**
- Bracket any documents or portions thereof that you believe should be withheld. Please include a brief explanation for your action. **The FOIA Staff will not release those items so indicated without further discussion with you.**
- Contact this office should you expect your search time to exceed three hours or the total number of pages to exceed **250**.
- Document the details of your search and the number of hours required to complete it on page 2.

In the event of litigation concerning this request, you will be required to execute a declaration demonstrating the reasonableness of your search.

Should you need other assistance or believe this request should be staffed to another office, please contact, the **FOIA office** at (816) 350-5570 and reference the control number in the subject line. **DO NOT FORWARD TO OTHER DHS OFFICES.** Please return page 2 of this memo not later than 10 working days from the date of this memo.



U.S. Citizenship
and Immigration
Services

TO: APR 29 2010

DATE:

Karl Zavitkovsky
C/O City of Dallas Office of Economic Development
1500 Marilla Street, Room 5C South
Dallas, Texas 75201

Petition: Regional Center Proposal

File: W09001660

DECISION

Your Regional Center Proposal, filed in behalf of City of Dallas Regional Center has been denied for the following reason(s):

See Attachment

If you desire to appeal this decision, you may do so. Your notice of appeal must be filed with this office at the address at the top of this page within 30 days of the date of this notice. Your appeal must be filed on Form I-290B. A fee of \$585.00 is required, payable to U. S. Citizenship and Immigration Services with a check or money order from a bank or other institution located in the United States. If no appeal is filed within the time allowed, this decision will be the final decision in this matter.

In support of your appeal, you may submit a brief or other written statement for consideration by the reviewing authority. You may, if necessary, request additional time to submit a brief. Any brief, written statement, or other evidence not filed with Form I-290B, or any request for additional time for the submission of a brief or other material must be sent directly to:

U. S. Citizenship and Immigration Services
Administrative Appeals Office MS 2090
Washington, D.C. 20529-2090.

Any request for additional time for the submission of a brief or other statement must be made directly to the Administrative Appeals Office (AAO), and must be accompanied by a written explanation for the need for additional time. An extension of time to file the appeal may not be granted. **The appeal may not be filed directly with the AAO. The appeal must be filed at the address at the top of this page.**

Sincerely,

Christina Poulos
Director, California Service Center

cc: Elise A. Healy, Esq.

Enclosure: Form I-290B

This Notice is in reference to the Regional Center Proposal that was filed with the Director, California Service Center proposing to amend the Regional Center.

Pursuant to Section 610 of the Appropriations Act of 1993 the City of Dallas Regional Center was approved and designated as a regional center on September 8, 2009 to participate in the Immigrant Investor Pilot Program

Targeted Areas of Employment:

8 C.F.R. 204.6(e) defines "targeted employment area" in the following manner:

Targeted employment area means an area which, at the time of investment, is a rural area or an area which has experienced unemployment of at least 150 per cent of the national average rate.

8 C.F.R. 204.6(j)(6) states in pertinent part that the initial evidence accompanying the petition must show that:

. . . the new commercial enterprise has created or will create employment in a targeted employment area

In a written request dated March 22, 2010, City of Dallas Regional Center sought to amend its Regional Center designation solely for the purpose to recognize the following census tracts within the regional center as targeted areas of employment: 1 through 95; 98 through 135; 167 and 169. As evidence, the petitioner submitted a copy of a signed letter dated December 21, 2009 from the City of Dallas Mayor Tom Leppard certifying specific census tracts (1 through 95; 98 through 135; 167 and 169) as targeted employment areas (TEA) and a color map depicting the targeted employment areas in the City of Dallas as of December 21, 2009.

Because aliens must establish that either the investment was or will be made in a Targeted Employment Area (TEA) at the time of the alien's initial investment into the enterprise or at the time of the filing of the I-526 petition, any determination made by USCIS (at this time) is preliminary in nature as to whether a given geographic area qualifies as a targeted employment area (TEA). Final determination is made when the immigrant investor files the I-526 petition and submits evidence to show that the investment was or will be made in the Targeted Employment Area (TEA). Because a final determination cannot be made at this time, it serves no purpose to approve this amendment to the Regional Center Proposal.

For this reason, this Regional Center Proposal to amend its designation is denied.

COMBO
EOM

Elise A. Healy
Direct: 214.290.0004
ehealy@spencergrain.com

RECD CSC 10MAR22 7:42

March 19, 2010

Ms. Christina Poulos, Director
California Service Center
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

AL310662

Re: Amendment of Approved City of Dallas Regional Center
Your File: W09 000080
Our File: 277-001

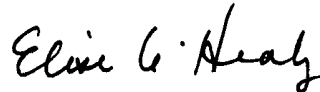
Dear Ms. Poulos:

I represent the City of Dallas Regional Center (CDRC), which you approved in a letter dated September 8, 2009. My executed G-28 is on file with the CDRC application and a copy is attached to this letter for your convenience. I also represent the CDRC management company, Civitas Capital Management, LLC, and my executed Form G-28 is attached.

I write to request approval of an amended Targeted Employment Area map for the CDRC, based upon updated (2008) census tract data and updated BLS unemployment rate data. I have attached the letter of Mayor Tom Leppert of Dallas, as well as a revised map of the contiguous census tracts Mayor Leppert has designated as a Targeted Employment Area within the City of Dallas.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Elise A. Healy

EAH/kam

Enc: As stated

CC: Karl Zavitkovsky; Dan Healy
149641

Notice of Entry of Appearance as Attorney or Representative

Appearances - An appearance shall be filed on this form by the attorney or representative appearing in each case. Thereafter, substitution may be permitted upon the written withdrawal of the attorney or representative of record or upon notification of the new attorney or representative. When an appearance is made by a person acting in a representative capacity, his personal appearance or signature shall constitute a representation that under the provisions of this chapter he is authorized and qualified to represent. Further proof of authority to act in a representative capacity may be required. **Availability of Records** - During the time a case is pending, and except as otherwise provided in 8 CFR 103.2(b), a party to a proceeding or his attorney or representative shall be permitted to examine the record of proceeding in a Service office. He may, in conformity with 8 CFR 103.10, obtain copies of Service records or information therefrom and copies of documents or transcripts of evidence furnished by him. Upon request, he/she may, in addition, be loaned a copy of the testimony and exhibits contained in the record of proceeding upon giving his/her receipt for such copies and pledging that it will be surrendered upon final disposition of the case or upon demand. If extra copies of exhibits do not exist, they shall not be furnished free on loan; however, they shall be made available for copying or purchase of copies as provided in 8 CFR 103.10.

In re: Representation is limited to the following matter: Application for Designation as a Regional Center	Date: 11/20/2008
	File No.

I hereby enter my appearance as attorney for (or representative of), and at the request of the following named person(s):

Name: City of Dallas Office of Economic Development	<input type="checkbox"/> Petitioner	<input checked="" type="checkbox"/> Applicant
	<input type="checkbox"/> Beneficiary	
Address: (Apt. No.) (Number & Street)	(City)	(State) (Zip Code)
1500 Marilla Street Room 5C South	Dallas	TX 75201
Name:	<input type="checkbox"/> Petitioner	<input type="checkbox"/> Applicant
	<input type="checkbox"/> Beneficiary	
Address: (Apt. No.) (Number & Street)	(City)	(State) (Zip Code)

Check Applicable Item(s) below:

1. I am an attorney and a member in good standing of the bar of the Supreme Court of the United States or of the highest court of the following State, territory, insular possession, or District of Columbia
Texas Supreme Court of Texas and am not under a court or administrative agency order suspending, enjoining, restraining, disbaring, or otherwise restricting me in practicing law.

2. I am an accredited representative of the following named religious, charitable, social service, or similar organization established in the United States and which is so recognized by the Board:

3. I am associated with _____ the attorney of record previously filed a notice of appearance in this case and my appearance is at his request. (If you check this item, also check item 1 or 2 whichever is appropriate.)

4. Others (Explain Fully.)

SIGNATURE 	COMPLETE ADDRESS Spencer Crain Cabbage Healy & McNamara, PLLC 1201 Elm Street, Suite 4100, Lock Box 50 Dallas, Texas 75270
NAME (Type or Print) Elise A. Healy, Attorney at Law, TX#09329480	TELEPHONE NUMBER (214) 290-0004 Fax: (214) 290-0099

PURSUANT TO THE PRIVACY ACT OF 1974, I HEREBY CONSENT TO THE DISCLOSURE TO THE FOLLOWING NAMED ATTORNEY OR REPRESENTATIVE OF ANY RECORD PERTAINING TO ME WHICH APPEARS IN ANY IMMIGRATION AND NATURALIZATION SERVICE SYSTEM OF RECORDS:
Elise A. Healy, Attorney at Law, TX#09329480
(Name of Attorney or Representative)

THE ABOVE CONSENT TO DISCLOSURE IS IN CONNECTION WITH THE FOLLOWING MATTER:
Application for Designation as a Regional Center

Name of Person Consenting Karl Zavtkovsky, Director	Signature of Person Consenting 	Date 11/24/08
--	------------------------------------	------------------

(NOTE: Execution of this box is required under the Privacy Act of 1974 where the person being represented is a citizen of the United States or an alien lawfully admitted for permanent residence.)

This form may not be used to request records under the Freedom of Information Act or the Privacy Act. The manner of requesting such records is contained in 8CFR 103.10 and 103.20 Et.SEQ.

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): N/A CBP - List the specific matter in which appearance is entered:
- ICE - List the specific matter in which appearance is entered: _____

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any <input type="checkbox"/> Petitioner <input checked="" type="checkbox"/> Applicant <input type="checkbox"/> Respondent
Name: Last	First	Middle		
Civitas Capital Management, LCC				
Address: Street Number and Street Name		Apt. No.	City	State Zip Code
c/o Spencer Crain, 1201 Elm Street, Suite 4100			Dallas	TX 75270

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent: Daniel J HEALY, Managing Director Date: X 3/19/2010

Part 2. Information about Attorney or Accredited Representative *(Check applicable item(s) below)*

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: _____
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation: _____
- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative		Attorney Bar Number(s), if any
Elise A. Healy, Attorney at Law		09329480TX
Signature of Attorney or Accredited Representative		Date
<u>Elise A. Healy</u>		<u>3-19-2010</u>
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)		
Spencer Crain Cabbage Healy & McNamara, PLLC, 1201 Elm Street, Suite 4100, Lock Box 50, Dallas, Texas 75270		
Phone Number (Include area code)	Fax Number, if any (Include area code)	E-Mail Address, if any
214-290-0004	(214) 290-0099	ehealy@spencercrain.com



THOMAS C. LEPPERT
MAYOR

December 21, 2009

Mr. Jason T. Barnes
Civitas Capital Management, LLC
c/o Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7673

RE: Targeted Employment Area Designation

Dear Mr. Barnes:

On August 19, 2009, Texas Governor Rick Perry delegated to mayors of cities or towns within a metropolitan statistical area the authority to certify that a particular geographic or political subdivision meets the unemployment rate criteria to qualify as an EB-5 Targeted Employment Area (TEA), as defined at 8 CFR §204.6(e).

Pursuant to that authority, I hereby certify the below-listed contiguous census tracts in Dallas, Texas as a Targeted Employment Area for the City of Dallas Regional Center ("CDRC").

- 1 through 95;
- 98 through 135;
- 167; and
- 169.

For your convenience and that of investors in the CDRC, the TEA designated hereby is depicted in the attached map, which shall be the official TEA map for the CDRC.

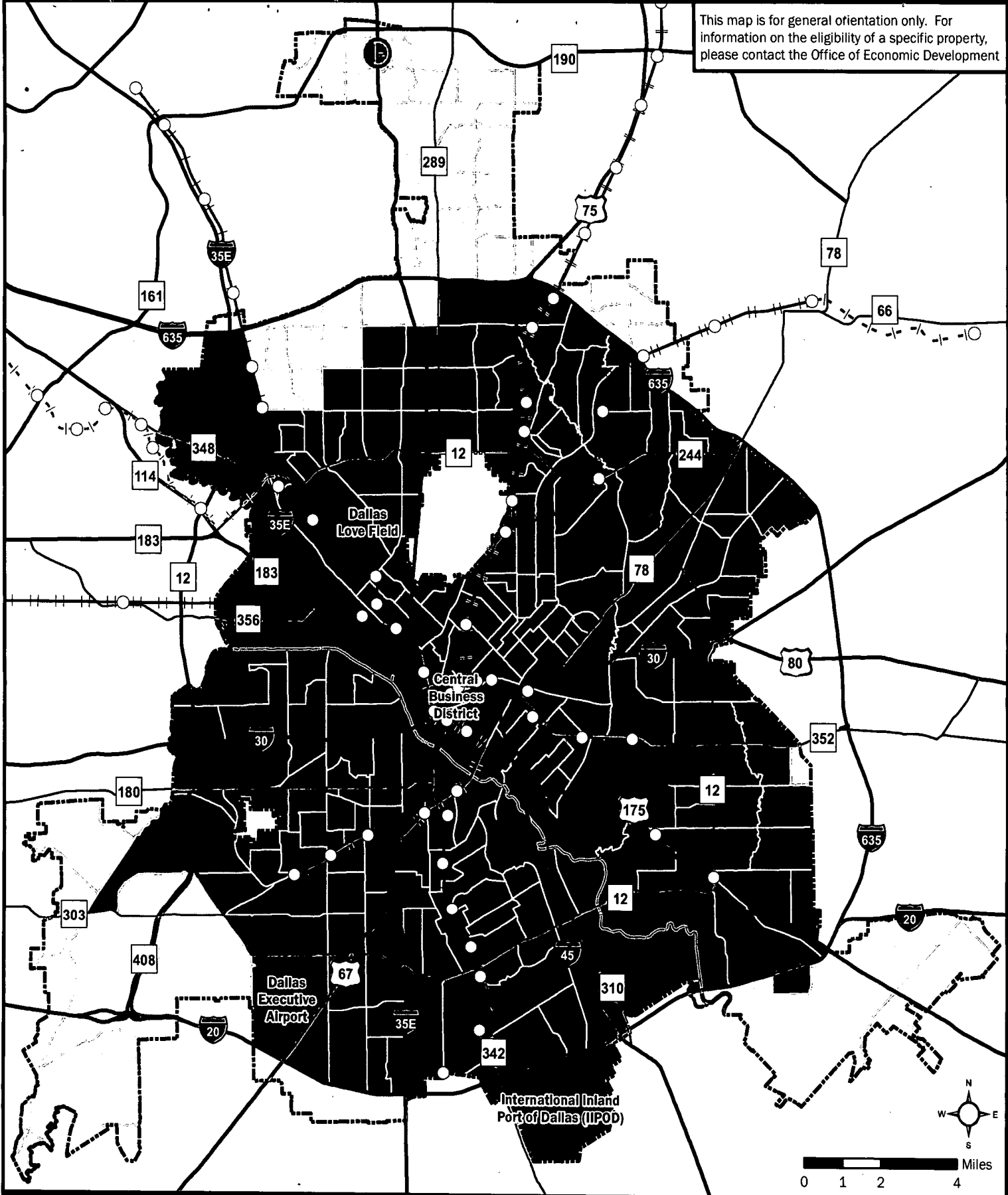
Sincerely,

A handwritten signature in black ink, appearing to read "Tom Leppert", is written over a horizontal line.

Tom Leppert
Mayor

City of Dallas Regional Center: Targeted Employment Area (TEA)

This map is for general orientation only. For information on the eligibility of a specific property, please contact the Office of Economic Development



City of Dallas
Office of Economic Development



Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

Created 4/8/09. Updated 12/22/09 - EB5_Final_Landmarks_Tracts.TCG

Legend

- CDRC TEA
- Trinity River
- DART Dallas Rail Stations
- DART Red Line
- DART Blue Line
- Trinity Railway Express
- DART Green Line
- DART Orange Line (Planned)
- Freeway
- Highway
- Tollway
- City of Dallas

Source: EB-5 Unemployment Data - Civitas, 2009; Rail - DART, 2009; Roads - NCTCOG, 2007; All Other Data - City of Dallas, 2009

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Sender's Name **Elise A. Healy** Phone **214 290-0004**

Company **SPENCER CRAIN**

Address **1201 ELM ST Ste 4100**

City **DALLAS** State **TX** ZIP **75270**

2 Your Internal Billing Reference **277-081**

3 To

Recipient's Name **CHRISTINA ROLLIS** Phone **214 290-0004**

Company **USCIS-CSC-EB-5** HOLD Weekday HOLD Saturday

Address **24000 AVIAR Rd.** **28 Floor**

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COMBO

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Signature Required **10** Signature Required **34**

Signature Required **10** Signature Required **34**

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Signature Required **10** Signature Required **34**

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