

## EB-5 Financing Tool Leads to 1,400 Potential Jobs for L.A. County

A retention and expansion project that took advantage of the EB-5 economic development tool in Long Beach helps LAEDC reach its milestone of 200,000 jobs retained or created.

**Business:** Millworks 6<sup>th</sup> and Pine Development and Molina Healthcare

**Industry cluster:** Healthcare

**Location:** Los Angeles County, City of Long Beach

**LAEDC's assistance:** Facilitated the EB-5 immigrant investment financing that spurred the expansion of a fast-growing business

**Outcome:** Molina Healthcare has already located 1,000 employees into a new facility in Long Beach and expects to hire 400 more in the next few years.



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**T**hree years ago, Molina Healthcare was already on the move. The publicly traded company based in Long Beach, but with operations all over the United States, delivered health care programs, primarily those involving Medicaid and Medicare. But as the Affordable Care Act began to gear up, company officials knew their business – and their workforce – would have to expand exponentially.



Michelle Molina (second from left) with LAEDC's Bill Allen, Susan Stel and Barbara Levine

“Health care was expected to grow quite rapidly and Molina needed to expand quickly,” said Michelle Molina, managing partner of the Millworks 6<sup>th</sup> & Pine Development.

The company wanted to keep its administrative functions in L.A. County, including the departments that determine eligibility and process the paperwork for patients. However, it also knew that, with all

the additional business expected as a result of the Affordable Care Act – it anticipated an increase of as many as 1.6 million patients – it would need to find space for an additional 1,500 to 2,000 employees by 2018. The current corporate headquarters in downtown Long Beach would not be sufficient for the company that has had a presence there for more than 30 years

The company had already identified a 3-acre property within a mile of its corporate offices that could accommodate the impending expansion, two buildings with potentially 200,000 square feet of office space at Sixth Street and Pine Avenue. The historic former Long Beach Press-Telegram building was refurbished; the historic Meeker-Baker building was rebuilt.

A separate entity, Millworks 6<sup>th</sup> & Pine, was established to purchase the property, refurbish and rebuild the buildings, and then lease them to Molina Healthcare. The only open issue was financing. To make the deal work and to create the space the company needed, it would have to find \$35 million in financing at attractive terms.

LAEDC regional manager Barbara Levine introduced the concept of EB-5 immigrant investor financing to the Millworks team. Through the EB-5 Regional Center at LAEDC, financing could be arranged by way of a federal program that helps companies interested in retaining or expanding their workforces to find investment capital from foreign investors.

Levine also arranged meetings with Southern California Edison and the Governor's Office of Business & Economic Development for additional

## What Is EB-5 Financing?

Through its award-winning Business Assistance and Development program, the LAEDC can help companies interested in retaining or expanding their workforces to find investment capital from foreign investors by taking advantage of the EB-5 financing option.

LAEDC's U.S. Citizenship & Immigration Services-approved EB-5 regional center (a partnership between LAEDC and CanAm Enterprises LLC) attracts international capital for investment in growing companies and projects in L.A. County, with the goal of creating jobs by providing a needed low-interest financing tool.

Through this EB-5 program, Millworks Pine & 6<sup>th</sup> Development was able to secure a \$35-million loan to complete the development project.

An EB-5 regional center allows funds from foreign investors to be pooled together for investments that call for more than the \$500,000 to \$1 million of capital that is typically required of individual EB-5 investors – as is the case with the Millworks project, for instance.

EB-5 capital financing is an alternative to traditional sources of investment funding that was established in 1990 to attract international capital for investment in growing companies and encourage foreigners to invest in the United States and create American jobs.

In exchange for investing \$1 million (or \$500,000 in targeted employment areas – which are rural areas or those with high unemployment) in a commercial enterprise that creates or preserves at least 10 jobs for U.S. workers, a foreign national can receive a U.S. permanent resident card for him or herself and their dependents. This program is a valuable tool for attracting investment into the U.S. with the express outcome of job creation.

*For information on utilizing EB-5 financing for a project, please contact Susan Stel, CFO of LAEDC at [Susan.Stel@LAEDC.org](mailto:Susan.Stel@LAEDC.org)*

incentives to make the deal successful. But the key was the \$35 million in required financing, which Millworks was able to land with the help of LAEDC's experience and expertise in facilitating EB-5 investments.

"It was just a perfect match," Molina said of the work LAEDC did in collaboration with Millworks. "Great relationship people, great communicators. I'm ready to go back and work with them again."

Today, more than 1,000 Molina Healthcare employees work in Class A office space in the renovated buildings.

"This is one of those 'happy ending' stories," Molina said.

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