ECONOMIC INNOVATION INTERNATIONAL, INC.

85 NEWBURY STREET, THIRD FLOOR
BOSTON, MA 02116
EMAIL: info@economic-innovation.com

TEL: 617-424-0990
FAX: 617-424-0999

FINDING THE HIGH COMMON GROUND
VOLUME II

STRATEGIC ACTION PLATFORM FOR NORTHWEST LOUISIANA

FINAL REPORT

ECONOMIC INNOVATION INTERNATIONAL
ECONOMICS RESEARCH ASSOCIATES

September 9, 2003

ECONOMIC INNOVATION INTERNATIONAL, INC.

Economic Innovation International is a management-consulting firm internationally recognized for building market-based economic development funds and creating policy reforms that change the fundamental structure of an economy. These funds and policy reforms generate wealth and high quality jobs for residents of low-moderate income communities within the United States and abroad. The firm is a leader in designing innovative development solutions that respond to market forces and have a long-term economic impact beyond business cycles or electoral terms.

Local communities and regional economies, like nations, live in a world of constant change, increasing competition, and economic and cultural dynamism. Every day, local markets are affected by the complex interactions of international, interregional, and intra-regional markets. Economic Innovation helps communities design and implement realistic action plans that increase their current comparative advantage and strengthen the community's underlying human, financial, and technological resources. Economic Innovation's primary goal with each client is to help build smart communities, smart enterprises, and smart workers who can compete in today's global technological economy.

Since 1971, the firm has helped build private-public partnerships that have created more than $50 billion of strategic development resources in North America, Europe and the Pacific Rim. The firm has provided development assistance in more than 37 states and 21 countries, and is currently under contract in such diverse locations as the San Francisco Bay Area, San Diego and Sacramento, California; Portland, Oregon; St. Louis, Missouri; Boston, Massachusetts; and Palestine.

Belden Daniels, founder and President of Economic Innovation, is an attorney and former international banker who taught economic development and development finance for many years at Harvard University and the Massachusetts Institute for Technology (MIT).

ECONOMICS RESEARCH ASSOCIATES

Economics Research Associates (ERA) is an international development and urban planning economics consulting firm founded in 1958. ERA has its headquarters in Los Angeles, California, and offices in Chicago, San Francisco, San Diego, Washington, D.C., New York, Dallas, and London. ERA has worked in every state and approximately 40 foreign countries. In domestic and international projects, ERA has completed more than 14,500 research and consulting assignments for both public and private clients. Fusing talents of a multi-disciplined staff, the firm's experience is concentrated in five interrelated fields: (1) economic development and planning; (2) real estate and land use; (3) recreation, tourism, and leisure time; (4) transportation systems; and (5) management and marketing services.

In urban and regional economics, ERA has conducted major studies for public and private clients in most major metropolitan areas. These have included economic development strategies, real estate analysis services, urban redevelopment feasibility assessments, long-range master plans, fiscal and economic impact studies, tourism and recreation plans, public facility feasibility studies, community development, transportation-related development strategies, and urban planning policy analysis. Approximately 60 percent of ERA's clients are private sector organizations and 40 percent are public sector agencies.

LSUS CENTER FOR BUSINESS AND ECONOMIC RESEARCH (CBER)

In undertaking this Northwest Louisiana Strategic Action Plan, Economic Innovation and ERA have found a valuable colleague in Susan Beal, Director of the LSUS Center for Business and Economic Research. The Center is an economic development initiative that provides essential business and economic research on the Shreveport-Bossier Core Statistical area. The Center provides a database of economic indicators for the region, applied research for local chambers of commerce, local and state governmental units and business and industry to promote economic growth in Northwest Louisiana.

Economic Innovation and ERA are deeply appreciative of this collaboration with LSUS/CBER, which has immeasurably contributed to the accuracy of this analysis. Nevertheless, Economic Innovation and ERA take full responsibility for the analysis and conclusions of this report.

The presence of the LSUS Center for Business and Economic Research is an important ongoing resource to contribute to the long-term implementation of this Strategic Action Plan and the benchmarks, performance measures and performance audits proposed in this report.

TWO NATIONAL CONSULTANTS

Roger Coleman of Coleman Associates and Richard Baron of McCormack, Baron and Salazar contributed significantly to the analysis and proposed strategic actions in the healthcare sector and neighborhood community redevelopment, respectively.

NORTHWEST LOUISIANA STRATEGIC ACTION PLAN INVESTORS

The Greater Shreveport Chamber of Commerce, Bossier Chamber of Commerce, LSU/Shreveport Foundation, United Way of Northwest Louisiana, Minden-South Webster Chamber of Commerce, Committee of One Hundred, and Northwest Louisiana Partnership for Economic Development have provided both the intellectual and financial capital necessary to ensure the success of this undertaking. This has been an interactive and collaborative relationship in which leadership from investors and many other organizations in the Shreveport-Bossier City MSA and surrounding parishes have provided constant input, feedback and continuous improvement. The leadership of each of these investor institutions is found in Appendix 4.

OF SPECIAL NOTE

Many individuals invested substantial personal time to make this Analysis and Action Plan more complete and accurate. Those who require special note beyond the investors include: Reggie Abrams, Lisa Babin, Richard Baron, John B. Beaird, Stacey Brown, Roger Coleman, Zazell Dudley, Nancy Dugas, James “Jim” K. Elrod, Lydia Jackson, Theron Jackson, Eva Klein, Lola May, Rev. Clifford McClain, Chancellor John McDonald, Joe Miciotto, Dr. Phillip Rozeman, John F. “Jack” Sharp, Diana Simek, Ann Stokes, Mary Ann Tice, Patti Trudell and Art Walker. Many others also gave unstintingly of their time, experience and judgment. Over 200 individual contacts and interviews are found in Appendix 5.

Table of Contents -- Summary

Table of Contents -- Comprehensive

List of Figures

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and these data are believed to be reliable. This study is based on estimates, assumptions and other information reviewed and evaluated by Economic Innovation International and Economics Research Associates from their consultations with the client and the client's representatives and within their general knowledge of the economy and industries. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives or any other data source used in preparing or presenting this study.

This report is based on information that was current as of March 2003 or as noted in the report, and Economic Innovation International and Economics Research Associates have not undertaken any update of its research effort since such date.

Neither Economic Innovation International nor Economics Research Associates makes any warranty or representation that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economic Innovation International" or "Economics Research Associates" in any manner without first obtaining the prior written consent of Economic Innovation International and Economics Research Associates. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of Economic Innovation International and Economics Research Associates. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of Economic Innovation International and Economics Research Associates. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from Economic Innovation International and Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

1.0 Summary of Strategic Action: Volume II

The challenge of this Platform for Strategic Action, Volume II, is to build upon the region's *S*trengths, correct its *W*eaknesses, realize its *O*pportunities, and address potential *T*hreats described in the Strategic Analysis, Volume I.

For each Strategic Action recommended below, we summarize the Analysis described in Volume I; the Actions proposed in Volume II; and the Next Steps to be undertaken now.

These Strategic Actions for building a healthy community and a productive region can only succeed if all parties make a firm commitment to work together collectively toward the same vision and mission, to achieve the same goals on the same high common ground in accordance with the highest current national standards for best practice, and then widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

Section 2.0—Building Healthy Communities

The Analysis:

The differences between rich and poor, and between most blacks and most whites in the Shreveport-Bossier City metropolitan area, are too great, and pose too great a risk to the long term health of the region in today's highly competitive global economy. The gap will continue to widen rapidly, if not attended to in a fundamental new way. The collective leadership and citizenry of the whole Shreveport-Bossier community must be engaged *now* in finding the "High Common Ground" to address this growing gulf (Volume I, Section 4.3, Community Needs Analysis).

Community development and social services have grown significantly in Northwest Louisiana over the past decade, but, however unintentionally, they are generally provided in their own silos, just like other spheres of activity in the region. As many leaders among providers recognize, these services suffer from lack of community wide goal setting, integrated planning, mutually targeted fund raising, performance audit, and public accountability to a single index of community wellness (Volume I, Section 4.3, Community Resource Inventory).

A broad range of commercial banking and other financial activities, and a number of public-sector city and state loan programs for the renovation and construction of affordable housing, day care and neighborhood health centers, and small, minority-owned and women-owned business are described in Volume I, Section 5.3, Financial Capital. Yet complaints are persistent that these resources do not pay off in meaningful action in low- and moderate-income neighborhoods. In addition, there are reliable reports that banks and not-for-profits have had to turn back substantial financial resources previously committed to accomplish these purposes because there were not appropriate vehicles to manage the capital.

There are many good reasons for these apparent anomalies (Volume I, Section 4.4.9, Community Banking and Financial Services). The most important is the absence of an appropriate umbrella not-for-profit and for-profit financial and management intermediary that can serve as an acceptable broker between private commercial banks, CAPCOs and BIDCOs; Federal, State and Municipal programs; and emerging neighborhood organizations to build trust among key players, package deals and oversee the implementation of those deals according to current national best practice for low income community investment. There are also no skilled advocacy and oversight organizations in place to measure and monitor performance by regulated financial institutions, like the national model described in Volume II, Appendix 5.

The Action:

The Vision and Mission is to create opportunity where there is now despair, to create independent jobs and wealth where there is now dependence; create individual, family and community health where there is now disease, to transform terrible economic and social costs (now borne most heavily by the poor, but also placing a hidden tax on the wealthy) into productive market opportunities for all, and to generate hope and prosperity where anger and violence now reside.

The principal Strategic Action proposed to carry out this Vision and Mission is the creation of a not-for-profit Shreveport-Bossier Comprehensive Community Development Corporation (Shreveport-Bossier Comprehensive CDC, Volume II, Section 2.5.1) and a nationally recognized affiliate for-profit New Markets Tax Credit Fund (The Affiliate Fund, Volume II, Section 2.5.2). This self-sufficient not-for-profit umbrella corporation and its for-profit affiliate will have the capacity to:

- Create mixed-use commercial, industrial and affordable housing development, school and after-school facilities, day-care facilities, and other physical infrastructure for healthy and productive inner-city neighborhoods.
- Make all critical decisions with regard to the employment of for-profit, not-for-profit and public-sector resources necessary to implement strategic actions. The result will be an integrated set of resources and mechanisms capable of one-stop financing for mixed-use commercial, industrial and affordable housing development, as well as support services in low income neighborhoods.
- In collaboration with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0) and the LSUS Center for Business and Economic Research (CBER), institute a system for monitoring and reporting the performance of the not-for-profit Comprehensive CDC and its for-profit affiliate Fund in producing "Double Bottom Line" outcomes: (1) financial returns to investors and (2) measurable job and wealth social equity returns to low-income residents of target neighborhoods, based on the Bay Area Family of Funds model described in Volume II, Appendix 4, and the overviews in Appendix 9.
- In collaboration with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0) and CBER, establish benchmarks and performance goals for monitoring the Community

Reinvestment performance of Northwest Louisiana financial institutions, based on the San Diego Capital Collaborative model described in Volume II, Appendix 5.

Structure the not-for-profit Shreveport-Bossier Comprehensive CDC so that its primary task is the physical redevelopment of the low income neighborhoods of Shreveport-Bossier City, and so that it also has an oversight and coordinating function with regard to the following Strategic Actions:

- Support the Committee of 100's development of the Coordinated Transportation/Day Care Program, which will enable entry-level workers to reach their jobs at earlier and later times of the day and on weekends, and have safe, healthy places for their children to receive care (Volume II, Section 2.0).
- Support the private-sector leadership group in creating the "All Industry Procurement Program" to Create New Minority Enterprise that builds on the existing Barksdale-Shreveport Chamber Procurement Program, possibly in partnership with the Manufacturing Managers' Council. This integrated procurement program will create business opportunities for minority firms providing goods and services to the healthcare, gaming and tourism industries, core manufacturing and Tier One suppliers, and state and federal institutional buyers (Volume II, Section 4.3).
- Support the #70 and #71 Workforce Investment Boards (WIBs) to create employment opportunities for talented youth within the region so they do not leave for employment opportunities elsewhere (Volume II, Section 5.2).
- Support the three principal Health Care Centers participating in a new voluntary umbrella health care organization modeled after CERT in developing a concerted mission and strategy to address the poor health of so many residents of low-income neighborhoods of Shreveport and Bossier City (Volume II, Section 3.1).
- Support the community development and social service providers of Northwest Louisiana as they develop a more integrated delivery of community development and social services, designed to avoid duplication, fill commonly identified gaps, and report on outcomes and continuous incremental improvement.
- Work with the LSUS Institute for Human Services and Public Policy (IHSPP) and its affiliated Red River Academy for Social Entepreneurism to establish sound management practices for the Comprehensive CDC, and support the Academy in assisting not-for-profit neighborhood organizations to develop sound management so they are good partners in developing neighborhood projects with the comprehensive CDC (Volume II, Section 5.3.3).
- Work with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0) and the LSUS Center for Business and Economic Research (CBER), to institute a system for monitoring and reporting the performance of each of these initiatives so that

they create an integrated whole which improves the job and wealth creation and quality of life in the target low-income neighborhoods.

Each of these initiatives converts high social costs into productive market opportunities that measurably benefit individuals, families, low-income neighborhoods and the entire Northwest Region.

Next Steps:

The success of the Shreveport-Bossier Comprehensive CDC and its Affiliate Fund is contingent on attracting the highest quality board and management as described in Volume II, Section 2.5.

- ✓ Highly regarded, independent blacks and whites must come together in a small, effective, working board to create a CDC that meets the highest national standards for best community investment practice.
- ✓ They must choose a nationally regarded fund management team that will attract national investors to Shreveport.

Otherwise, the concept of the Shreveport-Bossier Comprehensive CDC will fail, and an even greater gulf will be created in Shreveport-Bossier than now exists.

The first order of business in the implementation of the Shreveport-Bossier Comprehensive CDC is the recruitment, selection and engagement of the most highly regarded, responsible and independent blacks and whites in the region to come together as a small board of directors (seven to eleven) to act as the collective, confidential group willing to bring the Comprehensive CDC into life and action, and address community issues facing Shreveport, Bossier City and the region.

A six-month trial period is needed to assess whether all parties are committed to the same high common ground and working in accordance with the highest national standards for best practice.

Section 3.0— Action: Strengthening the Existing Economic Base

The Shreveport-Bossier City MSA has the most balanced economic base of any metropolitan area of its size in North America. This economic base includes a dynamic healthcare industry, a growing tourism, recreation and gaming cluster, a strong manufacturing core and key suppliers, and an important global military base.

The old rule of thumb, “If it isn’t broken don’t fix it,” is replaced by the new dictum, “If you are ahead of the game today, you have to run even harder to stay ahead of the competition tomorrow.” The key to success in today’s global economic competition is to know one’s strengths and build on them for the future. This Platform for Strategic Action proposes strengthening healthcare (Volume II, Section 3.I), strengthening tourism and recreation (Volume II, Sections 3.2. and 3.3) and building more affordable retirement communities (Volume II, Section 3.4).

Section 3.1—Strengthening Healthcare

The Analysis:

Healthcare is a vital industry and a key factor in both the regional and national economy, but it faces many dangers. As is true with many elements of Northwest Louisiana's economic base and political economy, the region's three principal healthcare centers operate within silos, wasting energy competing aggressively against each other, instead of working collaboratively to build the region into an even more important major health center serving a broader service area and better meeting the acute healthcare needs of low-income residents in the region.

Northwest Louisiana must confront a disturbing reality: Despite the resources of the three major medical centers and their substantial individual contributions to low-income neighborhoods, the health of the 40% minority population in Caddo and Bossier Parishes is generally poorer than that of blacks in the rest of Louisiana, and substantially poorer than that of blacks in the nation as a whole. If these three institutions were to act in concert in accordance with national best practices, and if the results were measured and reported, the outcomes might be significantly changed.

The Action:

One solution is to encourage the institutions to jointly engage a healthcare consultant from outside the region to help identify the most pressing health care issues of the underserved in our community. Working with the consultant, the three health care centers could identify high priority needs in low income neighborhoods, aggressively seek grant funding, and develop a Strategic Plan to engage local institutions in helping to address these needs on a targeted basis. This assistance could be in the form of leadership from their staff, skilled resources, financial aid, and administrative support. This collaborative project could also include developing the community scorecard for health related improvements for the next 5-10 years.

A model for this collaboration is the Northwest Louisiana Coalition for the Health of Women and Children (the infant and perinatal mortality project). LSUHSC-S OB-GYN physician Dr. Steve London headed an effort to get a grant for multi-year funding of an initiative in low-income areas to address infant mortality. The grant provided funding for hiring skilled staff and administrators. Willis-Knighton and CHRISTUS Schumpert have provided meeting space for the voluntary board, and each has contributed resources and advisory personnel as well as mobile exam centers to carry health care to the neighborhoods. Additionally, United Way has provided rent-free office space to the Coalition for the Health of Women and Children for the life of the project.

The proposed collaborative Strategic Action to address the problem of poor healthcare in low-income neighborhoods would initially create a positive environment, establishing a template for further cooperative effort by the three leading health care centers. This would also directly benefit all three health care institutions over time—improving overall health profiles and thereby lowering the cost of providing charity care. Individually, the chief executives of the healthcare centers have indicated their openness to this idea.

Based on initial success in this collaborative venture, the consultant might then assist these healthcare institutions to find common ground, agree on common goals, and consider ways to maximize the individual comparative advantages of each healthcare center to grow a collective tertiary and quaternary regional healthcare capacity. Such a collective healthcare capacity would be more comprehensive and more wide-reaching than that of any individual institution acting alone.

Next Steps:

Two highly regarded national healthcare strategic planners have recently been engaged in addressing healthcare planning and management issues in Northwest Louisiana: Eva Klein of Eva Klein Associates prepared the original Strategic Action Plan for the Biomedical Research Foundation, and has recently concluded a similar Strategic Plan for the LSU Health Sciences Center in Shreveport. Roger Coleman of Coleman Associates provided strategic input for this Strategic Action Platform with regard to the healthcare industry in Northwest Louisiana. Both have generated considerable confidence within the professional leadership of the health care centers in Northwest Louisiana. Either or both might be engaged to facilitate these recommendations. CERT is a working model in the region. Eva Klein served as the consultant to the Biomedical Research Foundation and the private and public universities in the region in the original design and implementation of CERT, so she would bring an understanding of CERT and healthcare in the region to this task.

Section 3.2—Strengthening Tourism and Recreation

The Analysis:

Tourism, Recreation and Gaming have emerged over the last decade as a major industry in the region. The five riverboat casinos and associated hotels employ approximately 8,500 persons, making this the third largest regional economic base industry after healthcare and manufacturing. In addition, the region historically has attracted outdoors enthusiasts. The introduction of a Bass Pro Shop at the planned Riverwalk in Bossier City will reinforce the outdoor recreational dimension of Northwest Louisiana's Tourism and Recreation cluster. Finally, Shreveport has a rich musical tradition, which is celebrated in the Red River District and is the motivation for FAME's proposals to recapture and redevelop that heritage.

Tourism is a good industry to have as part of a region's economic base, as it imports income and capital from outside the region, employs low-and semi-skilled people who otherwise would have difficulty finding jobs, generates opportunities for small local suppliers, and provides tax revenue for local jurisdictions. Because wages are relatively low, however, and career ladders are relatively short, tourism must be seen as only one component of Northwest Louisiana's diversified regional economy. In the context of Northwest Louisiana's already diversified economy, expanding the tourism industry in Northwest Louisiana is a good thing.

The Action:

Shreveport-Bossier City has an opportunity to build on the extraordinary growth of Gaming and Tourism in the last decade, to expand the stay and diversify the offerings, particularly by taking advantage of the remarkable assets of the Red River shared by the two cities.

The Convention and Visitor's Bureau recognizes the need to diversify and has prepared a Tourism Marketing Plan, which calls for diversifying feeder markets, increasing visitor length-of-stay and average party-size, recruiting additional conventions and trade shows (detailed in Strategic Actions, Volume II, Section 3.2.4).

The task now is sharp focus on implementation, and careful post-audit and public reporting of outcomes against measurable goals to ensure that scarce resources are effectively targeted.

Next Steps:

The Convention & Visitor's Bureau is organized to implement its marketing plan, and should be recognized as the coordinating and marketing entity for the region, working with other groups that provide recreation, such as the casinos, outdoor sports organizations, FAME, cultural and music venues, and participating public funding jurisdictions. This important regional role is separate from the planned Shreveport Convention Center management and marketing, which will be performed under contract by a separate organization, SMG.

The benchmarks in Volume II, Section 3.2.8. are suggested as a guide to the Convention & Visitor's Bureau in its role as the regional coordinating and marketing organization. They should be developed in partnership with the lead investors and with the technical support of the Center for Business and Economic Research (CBER). Agreed upon benchmarks should then be measured annually by CBER and reported publicly by the Convention & Visitors Bureau and the "Common Ground" Northwest Louisiana Regional Development Corporation (described in Volume II, Section 6.0).

Section 3.3—Developing the Red River Heart of the Region

The Analysis:

The core of the region's tourism is Downtown Shreveport and the Bossier City waterfront. Both cities are implementing development in these areas to build upon the tourism base. The Red River is "the Heart of the Region" but it is an underutilized asset of great potential economic, cultural and recreational vitality. Today, the river is a dividing line between municipal histories, identities, attitudes and memories. A strong regional core is not only important for tourism, it also is important for developing a strong regional identity for the region's residents and for external markets, and for facilitating regional planning.

The Action:

The Red River Heart of the Region initiative could have two initial strategic components:

The first Strategic Action, already in motion as evidenced by discussions between Bossier City's Louisiana Riverwalk representatives and Shreveport Downtown Development Authority (DDA) officials and riverfront stakeholders, is a marketing collaboration that spans the Red River. Clearly, a cooperative marketing effort undertaken by the attractions flanking the river in downtown Shreveport and on the Bossier riverfront will create an "in-town" identity for the region and leverage advertising dollars to create more marketing impressions both inside and outside the region.

The second Strategic Action could be a concentrated effort by leaders of both sides of the river to identify issues of common concern and need. Examples of common interest might include:

- ✓ Adding a lock and dam on the Red River to the north;
- ✓ "Hard edging" more of the urban sections of river on both sides;
- ✓ Creating additional public recreational amenities on both sides; and
- ✓ Establishing a transit link, such as a ski-lift-style gondola or a jitney between the two entertainment districts.

These objectives would be accelerated if championed by a Shreveport-Bossier coalition focused on making the Red River truly the heart of the region.

Next Steps:

We recommend that a task force composed of the two cities, DDA, Convention and Tourist Bureau, and major riverfront developers be created to coordinate planning and development efforts and to establish a *Red River Heart of the Region Plan* as detailed in Volume II, Section 3.3.3 and 3.3.4, below. Key to the success of this effort would be a memorandum of understanding between the cities to designating the region as a joint development effort and pledging a commitment to support the plan.

Section 3.4—Building Affordable Retirement Communities

The Analysis:

The high quality of life, the relatively low cost of living, the abundant recreational activities and the high quality medical services in Northwest Louisiana combine to make the region a natural, attractive retirement community. This has been demonstrated by the substantial number of Barksdale military personnel who have chosen to return to the region at the end of their military service (Volume I, Section 3.6).

Affordable retirement communities in the region could be substantially expanded, especially in smaller cities such as Minden and in more rural towns and parishes, if there were a concerted regional strategy to support the development of these communities.

Potentially important to this Strategy are the nearly 30,000 undeveloped acres on the federal reservations of Barksdale (Volume I, Section 3.6) and the former Army Ammunition property in Webster Parish (Volume I, Section 3.6), where public policy efforts might be beneficial in opening up long-term development sites for retirement communities focused on retired military personnel.

The new State of Louisiana's Retirement Development Commission and its Livable Louisiana Retirement Ready Community (LLRRC) program can be of real help to this regional initiative. The Commission awards the LLRRC Seal of Approval to cities and regions that demonstrate to the Commission that they are premier locations for retirees. The Commission has established an application process and evaluation criteria for this program.

Minden has completed a specific market feasibility study with the technical support of the LSUS Center for Business and Economic Research (CBER) to identify potential sites with local developers who specialize in master planned retirement communities.

The Action:

This Strategic Action Platform should support the City of Minden's effort to build a pilot Affordable Housing Community, as detailed below in Volume II, Section 3.4.3. It should then support the development of a regional strategy that could be applied in similar smaller cities and towns. Specific Actions include:

- ✓ Evaluating the specific feasibility of developing a cluster of retirement communities in the Minden vicinity;
- ✓ Evaluating the specific feasibility of developing a cluster of retirement communities elsewhere in the region; and
- ✓ If such developments are feasible,
  - preparing land use policies that facilitate retirement community development in specified locations, and
  - preparing a marketing strategy for attracting targeted seniors.

Benchmarks should then be established for each of these goals, performance monitored, and performance outcomes widely reported to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

Next Steps:

This Strategic Action Platform should endorse and support Minden's application for "Livable Louisiana Retirement Ready Community (LLRRC)" Seal of Approval, and then support Minden's program as the model for a concerted regional strategy.

Section 4.0 —Creating a New Economic Base

Despite the diversity in Northwest Louisiana's economic base, that base is wide but not deep; it is missing a vibrant, current culture to generate, manage and expand new enterprise, which is the distinguishing characteristic of the most dynamic regional economies in the nation and world today (Volume I, Section 3.0).

There are three dimensions to this proposed Strategic Action:

- ✓ Creating New Enterprise in order to build a new economic base (Volume II, Section 4.1);
- ✓ Creating New Biomedical and Biotechnology Enterprise in order to realize the full potential of the Biomedical Research Foundation and the most dynamic sector of the economic base, healthcare (Volume II, Section 4.2); and, finally, and most importantly,
- ✓ Creating New Minority Enterprise in order to generate true equal opportunity among blacks and whites (Volume II, Section 4.3).

Section 4.1—Creating New Enterprise

The Analysis:

If Shreveport-Bossier City is to thrive in the global-technology-driven economy of the 21st Century, the region must have the ability to generate and expand not only new enterprise but also entirely new economic sectors. As products and services in the region's economic base mature, production of these products and services will almost certainly move elsewhere, especially as world capital markets do an even better job of shifting investment from one country and economy to another.

The Northwest Louisiana region has the individual wealth necessary to support this key economic development engine, and it has a past history of new enterprise development beyond oil and gas, including the creation of mature firms such as Beaird Industries and Frymaster and emerging firms such as Fibrebond, CELLXion and Sound Fighter Systems. Today, however, significant local family wealth is deployed in venture capital in other sections of this country and the world rather than being reinvested in the region (Volume I, Section 3.9).

The Action:

The first Strategic Action of this Platform is to equip promising enterprises with access to sharply focused financial and management resources necessary to grow profitably and to create higher quality jobs and wealth in the region, including:

- ✓ Entrepreneurial training at the region's high schools and universities, and for entrepreneurs at the proposed LSUS Center for Entrepreneurial Development and Leadership (CEDL, Volume II, Sections 4.1 and 5.3) and at the planned Frost School of Business Family-Owned Business Center at Centenary College (Volume I, Sections 3.7.4);

- ✓ Creating a Capital Access Program;
- ✓ Encouraging mentorship provided by the local SCORE chapter, as well as other high quality management assistance that is focused and publicly accountable to post-audit;
- ✓ Integrating the All Industry Procurement Program (Volume II, Section 4.3) into this Entrepreneurial Development Initiative; and
- ✓ Establishing benchmarks for each of these goals, performance monitored, and performance outcomes widely reported to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

These Strategic Actions to Invest in Entrepreneurial Development are outlined below in Volume II, Section 4.1.2. These Strategic Actions should not be simply implemented by a group of suppliers from the colleges and universities, small business development centers and incubators. These Actions must be demander driven by successful entrepreneurs and sophisticated local investors who insure that the suppliers are focused on market-based outcomes, are rewarded for successful performance, and publicly accountable to post-audit. This will lead to the kind of results-oriented management assistance tied to financial resources that Creates a New Enterprise culture that generates "gazelles" and can truly compete in the 21st Century technology economy.

The second Strategic Action of this Platform is to create the conditions within which it is prudent for a portion of the considerable family wealth of Northwest Louisiana to be reinvested in the region. To meet this standard, the available seed and early stage venture and mezzanine capital investment opportunities in the region must be as well managed as, and produce risk-adjusted rates of return approximately equal to, the risk capital investment options currently available in other parts of the country. If these conditions are met, local investors have indicated their interest in supporting high quality young firms created in Northwest Louisiana by both majority and minority entrepreneurs. These conditions are outlined below in Volume II, Section 4.1.3, Investment in High Risk Enterprise.

Next Steps:

A small working group of successful individual investors of family wealth in high risk venture capital, key representatives of the proposed LSUS Center for Entrepreneurial Development and Leadership (CEDL) and the planned Centenary College Frost School of Business Family-Owned Business Center (as these two new entrepreneurship centers become operational), business incubators, small business development centers, and other important regional service suppliers should be convened by the investors to develop an implementation strategy that is tough-minded, market-oriented, highly focused and accountable to a public performance audit of measurable outcomes.

An entrepreneurial development consortium, the New Enterprise Consortium, should then be developed which brings these private, not-for-profit and public-sector partners together in an organization modeled after CERT. It is essential to the success of this New Enterprise Consortium that sophisticated, local private sector investors and successful local private sector entrepreneurs have a majority on a small board made up of roughly half investor/users and half suppliers in order, as we have noted, to ensure that the implementation of this Strategic Action meets current national best practice requirements.

Section 4.2—Creating New Biomedical and Biotechnology Enterprise

The Analysis:

The Biomedical Research Foundation was an important innovation of the 1985 Strategic Action Plan. However, the Strategic Analysis found that the Foundation could be operated in a more focused, more efficient and more effective manner to carry out its missions (Volume I, Section 3.3.8).

Based on an intense mutual review of current national best practice for creating new biomedical and biotechnology enterprise, a review undertaken jointly by the senior board and management of the Foundation and the Strategic Planning Team, the Foundation has agreed to adopt the best practices as described in Volume II, Section 4.2.

The Action:

The Foundation defines for itself a complementary, two-fold mission:

Mission I: To enhance the research, teaching and clinical capacity of LSU Health Sciences Center in Shreveport:

Strategic Actions with regard to enhancing LSUHSC-S should be mutually reviewed and agreed to annually by the leadership and management of the Foundation and the Health Sciences Center and publicly reported annually (Volume II, Section 4.2.2). For example, scarce resources such as the $3 million annual rental income paid by LSUHSC-S to the Foundation for Biomedical Research Institute should be reinvested in a highly focused, strategic way, mutually agreed to by the Foundation and the Medical Center, in order to leverage substantial additional resources for LSUHSC-S. The highest returns generally come from investment in the human capital of professional research and teaching faculty, not physical plant or new technologies. An initial investment in high quality research and teaching faculty will, in turn, leverage the necessary physical and technical assets for these high-impact people.

Provision should be made for public accountability by the Foundation to the LSU Health Sciences Center in Shreveport, the healthcare community, and the citizens of the region for meeting these goals (described in Volume II, Section 4.2.2.7).

Mission II: To establish Northwest Louisiana as a nationally recognized regional technology center through the creation of InterTech Science Park.

High-promise, high-risk investments in seed and early stage technology companies, especially biotechnology and biomedical instrument companies, are best structured in independent limited liability companies (LLCs) or limited partnerships in order to isolate the risk and insure that investment managers are rewarded or penalized for success or failure (Volume II, Section 4.2.3).

- ✓ Investment returns must be appropriate to risk—that is, Series A seed rounds are expected to produce Series A returns, Series B rounds to produce Series B returns. Early seed rounds are generally made in very small increments, in partnership with large numbers of sophisticated national and local angel investors.
- ✓ Return must be appropriate to risk irrespective of the instrument used to represent the risk (e.g., direct equity investment; purchase of specialized equipment; custom-building unique, sophisticated facilities, or unsecured, non-guaranteed loans).
- ✓ National investors with world class reputations in biotechnology and biomedical device investments are expected to be substantial co-investors in each and every investment in order to validate the risk-adjusted rate-of-return and the soundness of the technology. Any exception to this rule courts disaster.
- ✓ Rigorous due diligence by national life science investors—not regional consultants—is essential to validate any high promise/high risk investment. If an enterprise is worth investing in, national capital providers will come; if it is not, they will not.
- ✓ High risk investment asset valuations can only be validated by a neutral third party external to the deal. Until this external evaluation occurs, investments have no reliable value. These investments are carried at book until an external evaluation, made by a nationally regarded sophisticated investor, either increases or decreases their value.
- ✓ World class attracts world class. In biomedical and biotech commercialization, anything less leads to failure.

An annual audit of performance, made public, creates a strong bond of public trust. We recommend that the Biomedical Research Foundation Board and the "Common Ground" Northwest Louisiana Regional Development Corporation collaborate to arrive at a mutually agreeable set of performance measures and public reporting guidelines to create this public trust, as described in Volume II, Section 4.2.3.7.

Next Steps:

The decisions by the senior board and management of the Biomedical Research Foundation to adopt current national best practice for creating new biomedical and biotechnology enterprise should be formally recognized, adopted and reported by the full board of the Biomedical Research Foundation.

Draft performance measures are suggested below in Volume II, Section 4.2.2.7 and Section 4.2.3.7, as a guide to the Biomedical Research Foundation Board who, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of the CBER, are encouraged to monitor outcomes resulting from the implementation of these Strategic Actions. Performance according to these benchmarks should then be measured annually by CBER and reported publicly by the Biomedical Research Foundation Board to the media and to business, civic and governmental organizations throughout Shreveport, Caddo Parish and Northwest Louisiana.

Section 4.3—Creating New Minority Enterprise

The Analysis:

To build a productive region in Northwest Louisiana that provides genuine equal opportunity to blacks and whites, minority entrepreneurs need access to real markets more than to loans or training. The best way to provide access to markets is through a targeted procurement of goods and services by large established economic-base firms from qualified minority entrepreneurs. Minority entrepreneurs also need access to risk capital on an equitable basis as described in Volume II, Section 4.1.

The Action:

The goal of this Minority Enterprise Strategic Action Platform is to expand upon the successful 20-year track record of the Barksdale/Shreveport Chamber procurement program by creating an All-Industry Procurement Program, which will engage all of the economic base industries of the region—healthcare, manufacturing, tourism and gaming—as well as educational institutions at all levels and state and local governmental institutions, to generate the procurement of quality goods and services by major economic base firms from well-supported minority entrepreneurs.

These difficult and complex tasks can only be successful if they are implemented according to the highest current national best practices. For procurement programs to be successful in growing minority enterprise, there is a single best practice that must be adhered to; there can be no double standards with regard to managerial competence, quality and price of goods and services, or timeliness of delivery. Firms with high potential must be actively mentored and provided with appropriate management and financial support to achieve their goals. Anything less than high integrity, energy and commitment from the entrepreneurs and the enterprise will not flourish.

The key Strategic Actions for this All Industry Procurement Program are:

- ✓ Model the program after the successful procurement program begun in 1985 and continuing to the present, between the Shreveport Chamber and Barksdale Air Base;
- ✓ Encourage the major local base industries—including healthcare, manufacturing, tourism and entertainment—to participate actively in this program;
- ✓ Encourage local majority enterprise to be the "venture sponsor" generating new minority enterprise by doing an internal review for services and outsourceing them where there currently are no minority owned enterprisees. The Shreveport, Bossier and Minden Chambers of Commerce could be encouraged to set goals for their members to pursue this effort – a Chamber "Fair Share" Initiative;
- ✓ Encourage state, parish and municipal governments, and K-12 and higher education institutions to participate in the initiative;

- ✓ Integrate this All Industry Procurement Program into the Entrepreneurial Development Initiative, Volume II, Section 4.1;
- ✓ Encourage wealthy individuals who are sophisticated investors in venture capital nationally to participate. Some of these investors have indicated that they might be willing to assume somewhat greater risk and receive a somewhat slower rate of return if the opportunity is investment in the growth of minority enterprise with a reasonable prospect of success (Volume I, Section 5.3.4);
- ✓ Monitor community reinvestment based on the national model found in Volume II, Appendix 5;
- ✓ Establish benchmarks for each of these goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

The All Industry Procurement Program would have its own board, which would coordinate the regional effort. The Manufacturing Managers Council should be asked to participate.

Next Steps:

A small group of champions from the minority community, the Manufacturing Managers Council, each of the economic base industries, and the Shreveport Chamber Procurement staff should convene to plan and structure this important initiative.

Section 5.0—Investing in Lifelong Learning

Volume I, Section 4.1, The Role of Human Capital in the Intelligence Age, underlines the primary importance of education at every level in creating and sustaining the knowledge base essential for a thriving modern economy.

Volume II, Section 5.0, describes Strategic Action to increase investment in lifelong learning from Kindergarten through Grade 12 (Volume II, Section 5.1), Workforce Education and Training (Volume II, Section 5. 2) and Higher Education (Volume II, Section 5.3).

Section 5.1—Investing in K-12

The Analysis:

Excellence in education is essential to a competitive 21st Century economy. Yet a majority of primary and secondary schools in both Shreveport and Bossier are academically below average compared to other schools in Louisiana. Moreover, primary and secondary education does not equally serve both the black and white communities in Shreveport-Bossier City. Far fewer blacks graduate from high school than whites in both parishes, and far more whites have two-year, four-year or graduate college degrees than blacks (Volume I, Section 4.4.1).

In 2000, the not-for-profit Alliance for Education was established by a group of community leaders who believed that public education is the responsibility of both educators and the community as a whole. The Alliance worked with the education system to develop a series of projects to promote improvement and innovation in the school system, in school buildings, and in classrooms.

The Alliance also hosts the Caddo Citizen Education Taskforce, which is specially focused on improving the learning environment for the children of Caddo Parish. This subgroup is providing a needs assessment to the community by visiting every school in the parish, surveying over 3000 educators and parents, and holding community forums for input.

On July 1, 2003, Ollie S. Tyler became the new Superintendent of the Caddo Parish Schools, and on August 4, 2003, she presented a new "School Choice" Plan to the Parish School Board. Superintendent Tyler had embraced the work of the Alliance and the Caddo Citizen Education Taskforce when she previously served in the Caddo school system, and this relationship is expected to deepen with her return.

The Action:

The Alliance for Education's work over the past two years has led to the following proposed Strategic Actions:

- ✓ Develop a broader public understanding of and participation in public education. Focus on what all stakeholders together can do to educate all children well.
- ✓ Build community capacity to succeed in state and federal school improvement initiatives as outlined by the state "LEAP for the 21st Century" and the federal "No Child Left Behind" Act.
- ✓ Assign the highest priority in school improvement to leadership development of principals and teachers. Have a highly qualified teacher in each classroom.
- ✓ Work on a global school improvement model for Northwest Louisiana, based on collaboration, choice, and entrepreneurship. Work to increase incentives for school performance, school capabilities, and freedom of action at each school site.
- ✓ Provide every child the skills essential to employability.
- ✓ Provide effective early childhood education for all children, with initial emphasis on development of this resource in low-income areas.
- ✓ Establish benchmarks for each of these goals, monitor performance and widely report performance outcomes to the media and to business, civic and. governmental organizations throughout Northwest Louisiana.

Next Steps:

The Caddo, Bossier, Webster and DeSoto School Superintendents and the Alliance for Education will be meeting to review this Platform for Strategic Action to develop a common course of action.

Section 5.2—Investing in Workforce Education and Training

The Analysis:

No economic region can succeed in the 21st Century without smart workers in smart firms. A strategic investment in Workforce Education and Training is essential to the success of the region and to the success of this Strategic Action Platform (Volume I, Section 4.1).

The Community Needs Analysis in Volume I, Section 4.3, shows a precipitous decline in the youngest workforce age group (18-34) in the region over the last decade. This is a grave concern deserving of a major concerted initiative in this Strategic Action Platform—a concentrated effort to create good jobs for young people and to provide them with the education and training to secure these jobs (Volume I, Section 4.3.2).

Workforce Education and Training is now being given increased emphasis in the state and region, but efforts are still uncoordinated and not fully responsive to either employer or worker needs (Volume I, Section 4.4.2). There exists no single mechanism to coordinate the needs of employers and the skills and training needs of workers, and hold trainer/suppliers accountable to employers and workers for training to fill urgently needed jobs (Volume I, Section 4.4.2).

The Action:

Employers who generate jobs that need to be filled, workforce suppliers who train workers for jobs, and workers who need jobs and skills must work together in a "workforce consortium" to create a regional workforce capable of responding to current market needs and to the emerging opportunities of a knowledge-based economy. Nothing less will ensure a resilient, diversified economy and economic opportunity for all citizens.

This will require a single, concerted effort that will bring the three groups together around a simple idea—*train workers for jobs businesses need to fill*. The Workforce Consortium should represent:

- ✓ employers large and small with jobs to fill and training needs to be met,
- ✓ workforce education/training suppliers, including the two separate Workforce Investment Boards (WIB #70, serving the ten-parish region of Northwest Louisiana and WIB #71 serving the City of Shreveport), the community and technical colleges, and the two separate Tech Prep consortia serving Northwest Louisiana, and
- ✓ representatives of workers who need jobs and skills.

This new Workforce Consortium can be patterned on the most comprehensive current operating model, Enterprise Florida's Workforce Florida, Inc. Workforce Florida, Inc.'s Board is composed of the three leadership groups listed above; it oversees three Workforce Councils, one of which—"High Skills/High Wages"—aligns Florida's education and training programs with higher-paying, high-demand jobs that reward educator/trainers who graduate workers to these fill jobs (for details, see Volume II, Appendix 7. It is important to note that Louisiana does manage a similar Louisiana Occupational Forecasting

Conference staffed by the Louisiana Workforce Commission and the Louisiana Department of Labor. Details are found in Volume I, Section 4.4.2).

The Workforce Consortium would establish benchmarks for each of the Strategic Actions described in detail in Volume II, Section 5.2.4, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of CBER. Then, with CBER, it would monitor performance and report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

Next Steps:

The Shreveport Chamber of Commerce has recognized the importance of workforce education and training by establishing a volunteer Vice Chair for Workforce Development, charged with developing a Strategic Action Plan for this area. This officer, Ann Stokes, who also sits on the Louisiana Workforce Commission, could convene and help facilitate a working group of employers, educator/trainers and worker representatives to design the implementation of the Strategic Action proposed here.

Section 5.3—Investing in Higher Education

Higher education is an essential investment in a knowledge-based economy. An investment in high-quality higher education is therefore an *essential* investment in the success of this Strategic Action Platform.

5.3.2 Consortium for Education, Research and Technology (CERT)

The Analysis:

The Consortium for Education, Research and Technology of North Louisiana (CERT) is an important vehicle for improving the coordination and performance of private and public higher education in the region—especially as it relates to regional economic development—and a potential model for other regional collaborations, as long as its strengths and weaknesses date are understood and addressed.

The strength of CERT is its essential success in bringing together a very diverse group of higher education institutions that, in other regions of the country, do not have a history of working well together, if at all. CERT performed the heavy lifting of helping to rationalize the many separate public and private, four-and two-year colleges and universities of North Louisiana into a coherent system in which the comparative advantages of each could be recognized and enhanced.

CERT's weaknesses are: (1) It does not yet have independent, long term funding; (2) it functions more as a loose confederation than a strong federation; and (3) it is not currently publicly accountable for achieving measurable goals. These weaknesses can be corrected with better funding, and should be as it is asked to take on additional roles (Volume I, Section 3.7.1).

The Action:

Beyond its role as an active intermediary between and among its 12 member institutions, CERT should expand its role as a facilitator of joint ventures between its member institutions and leaders of business and industry to carry out key elements of this Strategic Action Platform, especially Expanding Entrepreneurship and Creating A New Economic Base, Volume II, Section 4.0.

Once CERT's current weaknesses are addressed, it is a potential model for a number of new consortia that should emerge as a part of this Platform. These potential new consortia include:

- ✓ Creating the Shreveport-Bossier Comprehensive Community Development Corporation (Volume II, Section 2.0);
- ✓ Strengthening Healthcare through a common approach to improving low-income health (Volume II, Section 3.1);
- ✓ Developing The "Red River Heart of the Region" Coaltion (Volume II, Section 3.3);
- ✓ Creating a New Enterprise Consortium for Enterpreneurial Development (Volume II, Section 4.1);
- ✓ Creating an All Industry Procurement Program to help support profitable, growing Minority Enterprise (Volume II, Section 4.3);
- ✓ Creating a New Workforce Consortium to bring togther employer/demanders, trainer/suppliers and workers to invest in Workforce Education and Training (Volume II, Section 5.2), and finally, and most importantly
- ✓ Building the "Common Ground" Regional Development Corporation to integrate and oversee the performance-based implementation of all of these initiatives, monitor performance and report on outcomes (Volume II, Section 6.0).

Strengthening CERT with appropriate, long term, sustained funding and support so that it can play a larger role in the implementation of this Strategic Action Platform is, thus, an important goal of this Plan.

Next Steps:

CERT Board leadership, in partnership with the lead investors of this Platform, can best determine the precise amount of necessary sustained funding. More important than the precise $ amount is the concept of more sustained reliability than is provided by uncertain annual grants from the State.

Performance measures can be developed in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of CBER. These benchmarks can then be measured annually by CBER and reported publicly by CERT and the "Common Ground" Northwest Louisiana Regional Development Corporation.

5.3.3. Louisiana State University in Shreveport (LSUS)

The Analysis:

The Twenty First Century *is* The Intelligence Age. The most innovative, technologically sophisticated regional economies today are powered by high quality, higher education institutions that make direct inputs into the region's smart workers, smart firms and smart communities. Thus, an investment in high quality higher education in Northwest Louisiana is an *essential* investment in the success of this Strategic Action Platform.

In the 2001 Master Plan for Public Post secondary Education, the Louisiana Board of Regents designated LSUS as the "regional university primarily serving the Shreveport/Bossier Metropolitan area and the Ark-La-Tex region".

LSUS has the specific responsibility to meet the social, cultural, technological, and economic development needs of its service area by expanding its relationship with business, industry, governmental, educational and community organizations. A crucial anchor investment in higher education is needed to make this mandate a reality

The current Board of Regents funding formula funds LSUS at a level lower than any other 4-year institution in the State.

The Action:

To accomplish the overall mission of LSUS, and simultaneously achieve the goals as mandated by the Regents, the following issues must be addressed:

- This Strategic Action Platform recommends that seven key initiatives be developed and funded at LSUS in support of this Platform: Five of these initiatives involve increased funding for existing programs. Two initiatives are new. The five existing initiatives are: (1) the Center for Business and Economic Research (CBER), (2) the Institute for Human Services and Public Policy (IHSPP), (3) the Red River Watershed Management Institute (RRWMI), (4) the Division of Continuing Education and Public Service, and (5) Expanded Graduate Programs to meet identified regional economic needs. The two new initiatives are: (6) The Center for Entrepreneurial Development and Leadership (CEDL), and (7) The Center for Bioinformatics and Technology.
- This Strategic Action Platform recommends that legislative funding priorities for LSUS specifically include program development funds for those activities and partnerships that tie university programs to the regions economic development needs.
- Perhaps most importantly, this Platform recommends that LSUS and the LSUS Foundation in 2003-4 mirror the successful LSUSHSC-S and LSUSHSC-S Foundation strategy of 2002-3. LSUSHSC-S and the LSUSHSC-S Foundation undertook in 2002-3 to develop their own Strategic Plan. This very high quality effort then provided the basis for a collective

appeal by LSUSHSC-S and the LSUSHSC-S Foundation, backed by the leading Chambers of Commerce, other economic development organizations and the Northwest Louisiana legislative delegation, to go jointly to Baton Rouge in the 2003 Legislative Session to propose an overall increase in the annual state funding formula for LSUSHSC-S. LSUS and the LSUS Foundation should now undertake the same strategy in 2003-4.

Next Steps:

Under the leadership of the LSUS Foundation, the Foundation and LSUS should develop a Strategic Action Plan for LSUS in 2003-4 of the same high quality as that developed last year for LSUHSC-S. Armed with that Plan, the Foundation and LSUS can go to Baton Rouge in the 2004 Legislative Session to propose an overall increase in the annual state funding formula for LSUS, backed also by the leading Chambers and the Northwest Louisiana legislative delegation, and with the same expectation of success.

Section 6.0—Action: "Common Ground": Overseeing Regional Performance

The Analysis:

Commitment Capital is the institutional capacity to implement a long-term vision and mission with self-renewing resources and energy in the face of dynamically changing global conditions. Commitment Capital is the capacity of private and public leaders to transcend barriers between institutions to integrate all other forms of capital—human, innovation, financial and infrastructure capital—into a dynamic whole whose interactive parts create a more innovative, risk-taking, future-oriented Northwest Louisiana. Commitment Capital is the institutionalized capacity to mobilize and focus individual Human Capital and collective Social Capital, laser-like, on measurable social and economic goals (Volume I, Section 5.4).

Thus, Commitment Capital is the most important missing form of capital in Northwest Louisiana. Shreveport, Bossier City and the region have many capable leaders—black and white—in many fields and communities and of all ages. Moreover, Northwest Louisiana has an important and rare attribute, which is both a potential strength and a glaring weakness in implementing this Strategic Action: the close interconnectedness of its leaders between and among key institutions to effectively implement this Strategic Action Platform. These leaders in the business, political, educational, and social service communities work together *individually* on a day-to-day basis. They must agree to join together *collectively* to overcome the many discrete silos that today separate communities, cities, casino hotels, medical centers, economic sectors, economic organizations, neighborhoods and ethnic groups.

These separate silos engender weakness and rob the whole region of its powerful, shared strength, a collective strength that has the potential to create tremendous comparative regional advantages for competing in the global economy.

Finally, although we all appreciate the successful outcomes of the 1985 study, it did not lead to an on-going, self-sufficient, private-public regional partnership that could generate its own income sources and constantly re-examine, re-invigorate, and regenerate itself to seize new opportunities and address new barriers created by a rapidly changing global economy. Our goal this time around is not just to undertake a study, or create an Action Platform. *Together*, we will strive to create the ongoing institutional capacity and self-sufficient resources to keep the spirit of 1985 operationally alive seventeen years from now in 2020.

This current weakness becomes even more threatening in the face of galvanizing regional initiatives now underway from other Louisiana regional rivals such as the New Orleans Chamber/MetroVision and the nine parish Capital Region Competitive Strategy led by the Baton Rouge Chamber. In the face of these rapidly growing regional rivals, Northwest Louisiana collectively needs to mobilize all capable leaders, in an effort to compete at the same level and increase its overall competitive advantage. This can only be done if all parties are working towards the same goal on the same high common ground (Volume I, Section 5.4).

The Action:

Create the capacity for Northwest Louisiana's individuals, families, communities, firms and institutions to compete in today's global, technology-driven economy.

Grow the regional economy in ways that increase the opportunity for all individuals, families and communities to contribute to and benefit from a higher quality of life in Northwest Louisiana.

This vision is possible through the work and success of the *"Common Ground" Northwest Louisiana Regional Development Corporation*. The goal of this *"Common Ground"* regional development corporation will be to speak with one voice to private industry and to state and federal government about Northwest Louisiana development issues.

All of the individual Strategic Actions in this Platform should coalesce in a set of strategic institutions that then mutually develop their strategic goals, performance measures, and public accountability in concert with the *"Common Ground" Northwest Louisiana Regional Development Corporation.*

Next Steps:

The leaders of the investor organizations who commissioned this platform for Strategic Action should serve as an informal beginning board to suggest the leadership composition and structure of the "Common Ground" Northwest Louisiana Regional Development Corporation.

- The *Consortium for Education, Research and Training of North Louisiana (CERT*) is the paradigm for regional strategic partnerships responsible for segments of the overall regional strategy in this Strategic Action Platform.

- The *Comprehensive Shreveport-Bossier CDC* described in Section 2.0 could perform that function for the region wide community development effort.
- The *leading medical centers* could come together (instead of operating in silos) in a similar effort to follow through with the strategic actions outlined in Section 3.1, Building Healthcare as a Regional Power.
- The *Shreveport-Bossier Convention and Tourist Bureau* is the regional coordinating and marketing organization, described in Volume II, Section 3.2, Strengthening Tourism and Recreation.
- The *Red River Heart of the Region* is a new Marketing Collaboration described in Volume II, Section 3.3.
- The *Affordable Retirement Communities Strategic Action* could be come a region wide initiative after its pilot developmnet by Minden (Volume II, Section 3.3).
- The *New Enterprise Consortium* is described in Volume II, Section 4.1.
- The *Biomedical Research Foundation* is the vehicle for creating New Biomedical and Biotechnology Enterprise, described in Volume II, Section 4.2.
- An *All Industry Procurement Consortium* is proposed in Volume II, Section 4.3 to help foster sound, new Minority Enterprise.
- The *Alliance for Education* is the coalition which has forged the initiatives detailed in Section 5.1, Investing in K-12.
- A *New Workforce consortium* that unites employers, workers and trainers, based on Workforce Florida (Volume II, Apperndix 8) is detailed in Section 5.2, Investing in Workforce Education and Training.
- *CERT* is the coalition which is the model for coordinating higher eduaction, as detailed in Section 5.3.2, Investing in Higher Education.

Each of these regional consortia, in turn, could develop their strategic goals, performance measures and public reporting working with the *"Common Ground" Northwest Louisiana Regional Development Corporation Board*.

2.0 Action: Building Healthy Communities

The Platform for Strategic Action of 2003 differs from its predecessor in 1985 in that the key lead investors of this initiative asked that this Action Platform be as comprehensive in analyzing and addressing the broad community needs of Northwest Louisiana as it is in addressing regional economic needs. The Community Needs detailed in Volume I, Section 4.3, and recent events, requires this Strategic Action Platform to start with Building Healthy Communities.

2.1 Summary of Strategic Analysis: Volume I

Today, there are two Shreveport-Bossiers—one that enjoys a relatively high quality of life in this relatively low cost region of the country, and one that is characterized by dilapidated housing, few job opportunities, inadequate transportation and day care and, often, failing schools. If this gulf is not addressed, the consequences for the whole community are likely to be significant. If this gulf is not narrowed, the economic and social costs will undermine the current comparative economic advantages that now benefit the region in global competition. The collective leadership and citizenry of the whole Shreveport-Bossier City community must be engaged *now* in finding the "High Common Ground" to address this growing gulf (Volume I, Section 4.3, Community Needs Analysis).

Community development and social services have grown significantly in the region over the past decade. Their effectiveness, however, is lost because they are provided in their own silos. Many providers now recognize that these services suffer from lack of community wide goal setting, integrated planning, mutually targeted fund raising, post performance audit, and public accountability to a single index of community wellness (Volume I, Section 4.4.8).

A broad range of commercial banking activities, statewide CAPCOs and BIDCOs to undertake higher risk investments, and a number of public sector city and state loan programs for the renovation and construction of affordable housing, day care and neighborhood health centers, and small, minority-owned and women-owned business are described in Volume I, Section 5.3, Financing Services. Yet complaints are persistent that these resources do not pay off in meaningful action in low and moderate-income neighborhoods. In addition there are reliable reports that banks and not-for-profits have had to turn back substantial financial resources previously committed to accomplish these purposes because there were not appropriate vehicles to manage the capital.

There are many good reasons for these apparent anomalies (Volume I, Section 4.4.9):

- ✓ First, because of high information and transaction costs, it is almost as expensive for a commercial bank to finance the rehabilitation of a single house in a poor neighborhood, as it is to engage in financing an entire block.
- ✓ Second, the local municipalities often do not have effective intermediaries to assist private lenders and investors to employ their resources efficiently and effectively.

- ✓ Third, clarifying legal title to many abandoned dwellings is difficult, expensive and time consuming.
- ✓ Fourth, new, young neighborhood community development corporations do not yet have the experience and track records of many of their national counterparts.

Finally, there are no appropriate umbrella not-for-profit and for-profit financial and management intermediaries that can serve as the acceptable broker between private commercial banks, CAPCOs, BIDCOs; Federal, State and Municipal programs; and emerging neighborhood organizations to build trust among key players, package deals and oversee the implementation. There are also no skilled advocacy and oversight organizations in place to measure and monitor performance by regulated financial institutions, like the national model described in Volume II, Appendix 5.

If there were an umbrella CDC that operated according to current national standards for successful community investment, private and public sector financial resources could be soundly employed in measurable community improvement in the low-income neighborhoods of Shreveport and Bossier City.

2.2 Vision and Mission

The overarching Vision and Mission is to create opportunity where there is now despair; create independent jobs and wealth where there is now dependence; create individual, family and community health where there is now disease; transform terrible economic and social costs for poor and wealthy alike into productive market opportunities for all, and create hope and prosperity where anger and violence now reside.

- ✓ The capacity of Shreveport-Bossier's low and moderate income individuals, families, and neighborhoods to participate fully in the regional economy of Northwest Louisiana is essential to the continuing competititiveness of the region in today's global, technology-driven economy.
- ✓ Quality jobs and wealth must be created now for low and moderate income residents of the underserved Shreveport-Bossier neighborhoods in order to increase opportunities for all individuals and communities to benefit from, and contribute to, a collective higher quality of life in Northwest Louisiana.
- ✓ A healthy community goes beyond jobs and wealth. The overall character of the neighborhoods, the value of the housing stock, the condition of roads and other infrastructure must be substantially improved.
- ✓ Private business and economic leadership can and must join community and public sector leaders to create jobs, wealth, and community building mechanisms that lead to a high Common Ground in Northwest Louisiana.
- ✓ Community development and social service providers can and must also develop a more integrated approach to the delivery of not-for-profit social services in the under-served Shreveport-Bossier communities.

Together, business, civic and community leaders from the black and white communities can join together to adopt the best current national practice for building a not-for-profit

Shreveport-Bossier Comprehensive Community Development Corporation (Shreveport-Bossier Comprehensive CDC) and a for-profit affiliate New Markets Tax Credit Fund (The Affiliate Fund) to import capital to rebuild poor neighborhoods in Shreveport and Bossier City, to create jobs with and for residents, and to benefit the continued growth and competitiveness of the entire region.

In order to ensure that all parties are making a firm commitment to work together towards the same goal, a six-month trial period is needed for the recommendations set forth in this section, Building Healthy Communities. Unless the cities of Shreveport and Bossier City are able and willing to make a strong commitment of their powers and entitlement, regulatory, and financial resources, and unless leaders from the black and white communities are able and willing to come together in a common commitment to implement and operate the Comprehensive CDC according to the highest current national standards for best community investment practice; establishing the Comprehensive CDC runs a great risk of failure, leading to an even greater sense of individual and community loss than is currently felt. A six-month trial period is needed to assess whether all parties are working on the same High Common Ground and in accordance with the highest current national standards for best community investment practice.

2.3 Strategic Goals

- ✓ Improve the educational, business, and income opportunities for all residents to maximize the region's workforce, business, and consumer market potential.
- ✓ Improve the health of the individuals and families in low-income neighborhoods through a concerted effort of the region's three leading Health Care Centers.
- ✓ Improve whole neighborhoods with new and rehabilitated affordable housing, adequate primary and secondary school facilities and after school facilities, day care facilities and affordable, reliable transportation.
- ✓ Create employment opportunities for talented youth within the region so they do not leave the region for employment opportunities elsewhere.
- ✓ Create career ladders to advance above entry-level jobs in all economic base industries, including healthcare, gaming, tourism, and recreation and manufacturing, recognizing that healthcare and tourism are bottom heavy industries with limited advancement opportunities. (National models for comprehensive CDCs found in Volume II, Appendix 4 have been particularly effective in building career ladders into the design and operation of their funds.)
- ✓ Create a concerted and integrated "All Industry Procurement Program" under private sector leadership that creates business opportunities for minority firms providing goods and services to the healthcare, gaming and tourism industries, core manufacturing and tier one suppliers, and state and federal institutional buyers.
- ✓ Encourage the community development and social service providers of Northwest Louisiana to explore a more integrated approach to the delivery of community development and social services, in order to avoid duplication, fill commonly identified gaps, and report on outcomes and continuous incremental improvement.

- ✓ Leverage the military's presence and the universities to infuse the region with new trained talent.
- ✓ Convert high social costs into productive market opportunities.
- ✓ Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana, based on the "Double Bottom Line" performance measures developed by the models in Volume II, Appendix 4 to post audit and report on: (1) financial returns to investors and (2) measurable job & wealth social equity returns to low and moderate income residents of target neighborhoods.
- ✓ Also establish benchmarks and performance goals for monitoring the Community Reinvestment performance of Northwest Louisiana financial institutions, based on the model described in Volume II, Appendix 5.

2.4 Strategic Actions

- ✓ Create a not-for-profit Shreveport-Bossier Comprehensive Community Development Corporation (Shreveport-Bossier Comprehensive CDC) and a nationally recognized affiliate for-profit New Markets Tax Credit Fund (The Affiliate Fund) in accordance with the highest current national standards for best community investment practice.
- ✓ Establish the overall Development Strategy for the Shreveport-Bossier Comprehensive CDC and its Affiliate Fund. This Strategy will govern the evolution of the Shreveport-Bossier Comprehensive CDC throughout the first decade of the Twenty-First Century. This strong, self-sufficient, not-for-profit umbrella corporation and its for-profit affiliate will have the capacity to:
  - Create mixed-use commercial, industrial and affordable housing development, school and after-school facilities, day-care facilities, and other physical infrastructure for healthy and productive inner-city neighborhoods.
  - Make all critical decisions with regard to the development of both for-profit, below-market not-for-profit, and public sector resources necessary to implement strategic actions. The result will be an integrated set of resources and mechanisms capable of one stop financing for mixed-use commercial, industrial and affordable housing development, and support services.
  - With the "Common Ground" Northwest Louisiana Regional Development Corporation CBER, institute a system for monitoring and reporting the performance of the not-for-profit and its for-profit affiliate in producing "Double Bottom Line" outcomes: (1) financial returns to investors and (2) measurable job & wealth social equity returns to low and moderate income residents of target neighborhoods, based on the Bay Area Family of Funds model described in Volume II, Appendix 4.
  - With the "Common Ground" Northwest Louisiana Regional Development Corporation and CBER, also establish benchmarks and performance goals for monitoring the Community Reinvestment performance of Northwest

Louisiana financial institutions, based on the San Diego Capital Collaborative model described in Volume II, Appendix 5.

✓ Structure the not-for profit Shreveport-Bossier Comprehensive CDS so that its primary task is the physical redevelopment of the low income neighborhoods of Shreveport and Bossier City, but it also has an oversight and coordinating function with regard to the following Strategic Actions in this Platform that impact low income neighborhoods so that they do so in an appropriate way that is well received in the neighborhoods:

- Support the Committee of 100's development of the Coordinated Transportation/Day Care Program that will assist entry level workers to reach their jobs at earlier and later times of the day and on weekends, and have safe, healthy places for their children to receive care (Volume II,.Section 2.0).
- Support the private sector leadership group that creates an "All Industry Procurement Program" to Create New Minority Enterprise that builds on the existing Barksdale-Shreveport Chamber Procurement Program. This integrated procurement program will create business opportunities for minority firms providing goods and services to the healthcare, gaming and tourism industries, core manufacturing and tier one suppliers, and state and federal institutional buyers (Volume II, Section 4.3).
- Support the #70 and #71 Workforce Investment Boards (WIBs) to create employment opportunities for talented youth within the region so they do not leave for employment opportunities elsewhere (Volume II,.Section 5.2).
- Support the three principal Health Care Centers participating in a new voluntary umbrella health care organization modeled after CERT to develop a concerted mission and strategy to address the poor health of so many residents of low income neighborhoods of Shreveport and Bossier City (Volume II,.Section 3.1).
- Support the community development and social service providers of Northwest Louisiana as they develop a more integrated delivery of community development and social services, in order to avoid duplication, fill commonly identified gaps, and report on outcomes and continuous incremental improvement (V.
- Work with the LSUS Institute for Human Services and Public Policy (IHSPP), and its affiliated Red River Academy for Social Entepreneurism to establish sound management jpractices for the Comprehensive CDC, and support the Academy in assisting not-for-profit neighborhood organizations to develop sound management so they are good partners in developing neighborhood projects with the comprehensive CDC (Volume II, Section 5.3.3).
- Work with the "Common Ground" Northwest Louisiana Regional Development Corporation and CBER, to institute a system for monitoring and reporting the performance of each of these initiatives so that they create an integrated whole which improves the job and wealth creation and quality of life in the target low income neighborhoods.

Each of these initiatives converts high social costs into productive market opportunities that measurably benefit individuals, families, low-income neighborhoods and the entire Northwest Region.

2.5 Management Structure

The Shreveport-Bossier Comprehensive CDC will require two key elements:

- ✓ a strong umbrella not-for-profit corporation, and
- ✓ a nationally recognized for-profit affiliate fund.

The umbrella not-for-profit will oversee the for-profit affiliate fund.

The combined market and below market resources that can be brought to bear by the not-for-profit Shreveport-Bossier Comprehensive CDC and the affiliated for-profit Shreveport-Bossier New Markets Tax Credits Fund will increase efficiency, increase return, and produce a more effective community in the Shreveport-Bossier City region. This structure is based on the national models for the Shreveport-Bossier Comprehensive Community Development Corporation, as described in Volume II, Appendix 4.

Management matters most. In order to accomplish double bottom line goals, a fund needs the best-proven management. If management is weak, even with every other element being ideal, a fund will fail. The special needs of the Shreveport-Bossier Comprehensive CDC and the affiliated Shreveport-Bossier New Markets Tax Credit Fund will require a special combination of local and national talent.

The Shreveport-Bossier Comprehensive CDC, as Sponsor and Special Member of the Affiliate For-Profit Fund, will play the key role in the selection of the Fund Management Team. The Shreveport-Bossier Comprehensive CDC will conduct (1) a Request for Qualifications (RFQ) or (2) a more informal but competitive interview process to select the fund management team which must meet the highest current standards for such fund management if national investors are going to choose to invest in the fund, and thus import capital into the Shreveport-Bossier metropolitan area.

An RFQ process will develop a questionnaire tailored to the specific needs of the Fund. This RFQ will be sent to a number of potential funds management teams that have proven track records in urban core redevelopment and the special needs of Shreveport-Bossier.

A Selection Committee will be assembled to review the proposals received and/or conduct the interviews for the potential fund management team. This Committee should include key lead investors and leaders from the black and white community that are keenly aware of all aspects of community development in Shreveport-Bossier and nationally.

In summary, highly regarded, independent black and white leaders must be able to work effectively together to choose the highest quality fund management team. If they are not able to do so, national investors will not invest and the concept of the Shreveport-Bossier Comprehensive CDC will fail. Failure in this instance is worse than not having built the Fund in the first place because of the high hopes that will be dashed.

The management of the two key institutions:

- ✓ A Strong Umbrella Not-for-Profit Shreveport—Bossier Comprehensive CDC, and
- ✓ A Nationally Recognized For-Profit Affiliate Fund,

are described below.

2.5.1 Not-For-Profit Shreveport-Bossier CDC

In our thirty-two years of building successful comprehensive community development corporations to rebuild low and moderate-income neighborhoods, we have learned that it is essential, early on, to build a financially self-sufficient not-for-profit umbrella organization with strong management and oversight capacity. This umbrella organization should receive an investment of resources that enables it to become self-sustaining and independent of public sector or grant funding over time.

We design the umbrella organization, first, to ensure that for-profit, not-for-profit and public sector resources remain focused on the low and moderate-income communities to which they are targeted; second, that they directly benefit low and moderate income residents in these target neighborhoods; and third, to measure and report publicly on the performance of funds in producing returns to investors and measurable job and wealth creation to the residents.

Previous fund building efforts have produced a strong not-for-profit umbrella organization which is largely self-sufficient by means of income generated from fund closing, management fees and shared profits (carried interest) in the Funds.

The not-for-profit umbrella corporation, the Shreveport-Bossier Comprehensive CDC, will be a Special Member of the for-profit Fund. In this capacity it will:

- ✓ Actively recruit the Fund Management Team with the Fund Builder.
- ✓ Negotiate the term sheet with the Fund Management Team, lead Investors, and the Fund Builder.
- ✓ Work closely with the Fund Management Team and the Fund Builder to market and capitalize the Fund.
- ✓ Hold a seat on the Fund Advisory Board.
- ✓ Monitor and give feedback on the Fund's performance on meeting the measurable double bottom line goals
- ✓ Assist in sourcing deals throughout low and moderate income neighborhoods.
- ✓ Assist in outreach to community groups and government agencies.

In exchange for this value added to the Fund, it is anticipated that the Shreveport-Bossier Comprehensive CDC, as the Special Member, will receive 0.5% of the Fund's management fee and 2% of the Fund's carried interest. The importance of the role of the Special Member cannot be underestimated as it works to bring together both the public and private sector. These proposed terms will be negotiated with both the Fund Management Team and Investors.

By way of example, the financial structure of the recently closed Bay Area Family of Funds is such that the initial costs of building the funds are recouped to the umbrella not-for-profit for reinvestment in its core management. In the case of the Bay Area, the Family of Funds has received $375,000 from the closing of the Smart Growth Fund and $250,000 from closing the Community Equity Fund. In addition, roughly $500,000 per year is expected to be generated through a portion of the management fee for operating costs and management assistance to community projects. Further, it may be possible to structure most carried interest from Program Related Investments (PRI) of Foundations to go to the not-for-profit. The $2 million Ford Foundation investment in the Bay Area Equity Fund may generate as much as $2 million for the not-for-profit Community Sponsor over the ten-year limited life of the Fund, based on projected returns.

Although the recovery of all development costs for a $20 million Shreveport-Bossier Development Fund is a reasonable expectation, and any Foundation Program Related Investments (PRIs) are likely to produce an equal return, the annual management fee to the sponsor not-for-profit would be commensurately reduced. A .5% management fee to the sponsor would be $100,000 per year on a $20 million fund, based on precedent to date.

Our goal is to create similar financial independence for the Shreveport-Bossier Comprehensive CDC. It is important to recognize that such a funding structure as that negotiated in the Bay Area Family of Funds requires a clear meeting of the minds of the Fund sponsors, investors, investment managers, and community stakeholders. Although previous fund building experience offers no guarantee for new fund negotiations, it is reasonable to expect that some key lead national investors are likely to be investors who have participated in these previous funds and who support these terms.

If community and investor stakeholders are able to agree to build such a self-sustaining system as that in the Bay Area, grantors who seed this initial effort will see their investment in fund development recycled to seed the umbrella not-for-profit CDC. This return on investment will then be the cornerstone of a self-sufficient system that exists long into the future.

These fund-building efforts also suggest that the not-for-profit umbrella organization should include a small group of committed stakeholder leaders drawn from the community, investors, foundations and the public sector. A small, powerful, cohesive, but diverse leadership board that is 50/50 black/white will insure that (1) mixed use and affordable housing is developed without displacement and gentrification; (2) social and economic goals are met; and (3) both bottom lines are properly accounted for, achieved and reported to the public.

2.5.2 A Nationally Recognized For-Profit Fund Affiliate

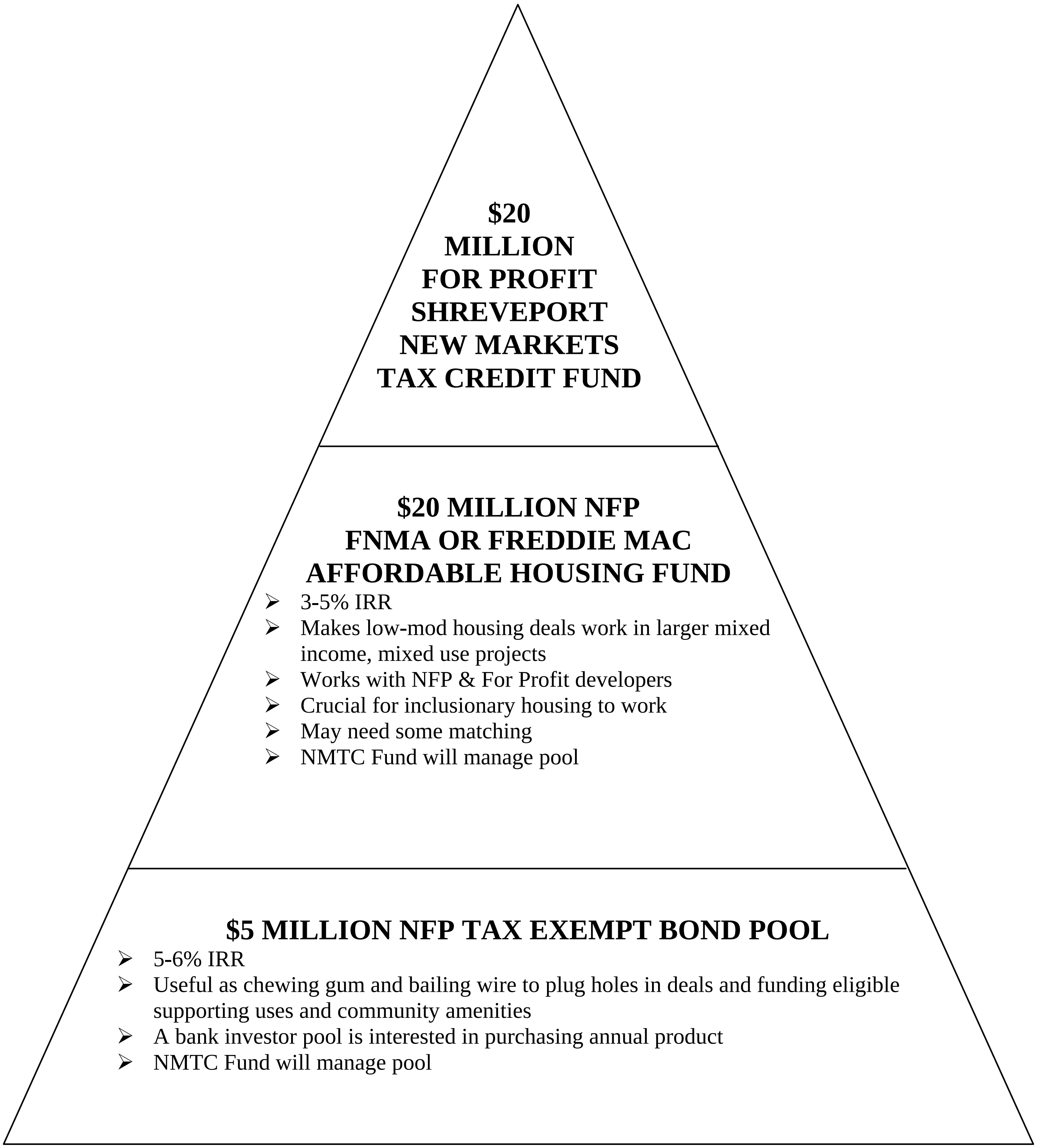
The Shreveport-Bossier New Markets Tax Credit Fund will invest equity in commercial, industrial and mixed-income housing and workforce housing, and focus on mixed-use projects that can be made commercially viable, but are not yet sufficiently attractive to private developers and investors to benefit low and moderate-income populations.

The Federal New Markets Tax Credit program became law in December of 2000. The purpose of this investment credit is to support business in disadvantaged communities by facilitating the provision of capital provided to such businesses. The program is designed to attract new capital from institutional investors for business operating in communities that have trouble attracting their fair share of capital. Because the capital markets view these communities as risky, capital is either unavailable or available only at significantly higher costs than in other communities. The credit is designed to assist in providing loans and equity for commercial and industrial development at terms comparable to those available in other, more affluent communities.

The Federal New Markets Tax Credit program has been fully authorized to provide enough tax credits between now and the year 2007 to support $15 billion in investments. The allocations for 2001 and 2002 have been combined because of delays in starting the program. Therefore, credits to support $2.5 billion in investments will be available for award in early 2003. A subsequent 2003 round will be available in the second half of 2003.

Federal New Markets Tax Credits allocations are awarded to entities known as Community Development Entities (CDEs) that, in turn, provide capital to businesses in their communities. Community Development Entities (CDEs) are organizations that are certified by the US Treasury through a formal approved process that serve low-income communities and persons and that maintain accountability to these communities through their governance structure (see Volume I, Section 4.4.9.1).

Figure 2-1
Proposed Funding Structure: Shreveport-Bossier CDC



Federal New Markets Tax Credits are used by Community Development Entities to raise equity capital from investors that can be used to provide capital to eligible businesses in a variety of ways—as loans (either made directly or purchased from other lenders), as equity investments or as technical assistance. Consequently, New Markets Tax Credit investment structures may vary widely in type, level of risk and level of return.

Federal New Market Tax Credits provide investors with credits equal to 39% of their invested dollars over seven years, with a seven-year compliance period.

2.6 Financial Structure

The Shreveport-Bossier New Markets Tax Credit Fund will have a mix of national, regional, state and local investors, including banks, non-bank financial organizations, corporations, foundations, and institutional investors.

As noted above, a similar mix of commercial bank, insurance company, corporate, foundation and pension fund investors have invested in the model funds that are described in Appendix 4. Since 1998, Economic Innovation International has raised over $500 million from this national pool of investors to invest private equity in funds similar to the Shreveport-Bossier Comprehensive CDC and the Shreveport-Bossier New Markets Tax Credit Fund.

By itself, the 10 year, for-profit Shreveport-Bossier New Markets Tax Credit Fund I Limited Partnership will not be able to address all the financial needs of smart growth developments in low and moderate income neighborhoods of Shreveport-Bossier. The operating experience in California and Massachusetts suggest that urban emerging market strategies such as those encouraged by the Shreveport-Bossier New Markets Tax Credit Fund I succeed best if three tranches of financing come together through an integrated Shreveport-Bossier New Markets Tax Credit Fund Cluster. This Cluster is visually presented in Figure 2-1:

Tranche I	The market rate, privately capitalized Shreveport-Bossier New Markets Tax Credit Fund I, the Keystone Fund, at the top of the pyramid in Figure 2-1.
Tranche II	Below market capital such as that generated by a FNMA or Freddie Mac Affordable Housing Fund, and a Tax-Exempt Small Cap Bond Pool where there is a reasonable expectation of long-term patient return, as presented in the middle of the pyramid in Figure 2-1.
Tranche III	Local public sector zoning, entitlements and funding provided by the City of Shreveport and Bossier City. Uncertainty with regard to the level and quality of the public sector support from local municipalities, and the amount of financial resources which the cities are in a position to commit to provide infrastructure and

community development block grant support in target neighborhoods, is the single most important potential impediment to the ability of the Shreveport-Bossier Comprehensive CDC and the Shreveport-Bossier New Market Tax Credits Fund to attract \$15-\$20 million of national capital from private sector sources to Shreveport-Bossier as presented in the bottom of the pyramid in Figure 2-1.

2.7 Legal Structure

The Shreveport-Bossier New Markets Tax Credit Fund I is structured to have a management fee that is used to cover the start-up and operating expenses of the fund. The Fund will have a management fee of 2.5%. Of this 2.5% management fee, the professional Fund Management Team will receive a management fee of 2.0% of the committed capital, and the not-for-profit Shreveport-Bossier Comprehensive CDC, the Special Member, will receive a management fee of 0.5%. These fees must be finalized through the negotiating process with lead investors.

The carried interest of the Fund is the incentive pay the investors offer the Fund Management Team for successfully meeting the financial goals of the Fund and its second bottom line. The Shreveport-Bossier New Markets Tax Credit Fund Cluster currently envisions that income will be allocated through a negotiated formula:

Investors will receive 100% of their invested capital before any other distribution.

- ✓ A compounded annual preferred return (or hurdle rate) of 6% may be paid to the Investors.
- ✓ A carried interest split of 79% for Investors, 19% to the Fund Management Team, and 2% to the Special Member. Investors may require that an initial 6% hurdle rate is returned to investors before any carried interest is delivered to the Management Team and the Special Member.
- ✓ An incentive bonus to the Fund Management Team maybe earned through exceptional performance. In any event, the overall final returns will provide for a “clawback” to ensure investors that the Management Team does not receive a higher overall carried interest than that agreed to in the legal documentation.

This division of the carried interest is still quite innovative, and has only been agreed to by investors in the Bay Area Smart Growth Fund and the Nehemiah Sacramento Valley Fund. The formula proposes that both the investors and the Fund Management Team give 1% of their standard carried interest to the Special Member. This 2% carried interest is received by the Special Member for real value received in support of its efforts to maximize deal flow and provide community outreach; it is not a gift.

The Shreveport-Bossier New Markets Tax Credit Fund I will be structured as a limited liability company (LLC). Each individual project in which the Fund invests may be structured as a separate LLC. The project LLCs in the portfolio will be structured so that investments are not cross-collateralized.

The Fund will be structured to ensure the particular needs of certain investors will be protected. These include the fiduciary responsibilities of pension fund and other institutional investors, the community reinvestment requirements of commercial banks, any specific requirements of bank holding companies, and any other needs that may become apparent during the closing of the Fund.

As soon as the Fund Management Team is chosen, a Private Placement Memorandum and Operating Agreement will be developed by the Fund Management Team for review of the investors and the Special Member.

The Fund will have a small Advisory Board representing investors and the Special Member. The purpose of the Advisory Board will be to advise the Fund Management Team on issues relating to investments. The Advisory Board will be a resource for the Fund Management Team. The Fund Management Team has sole and final say over which investments are made.

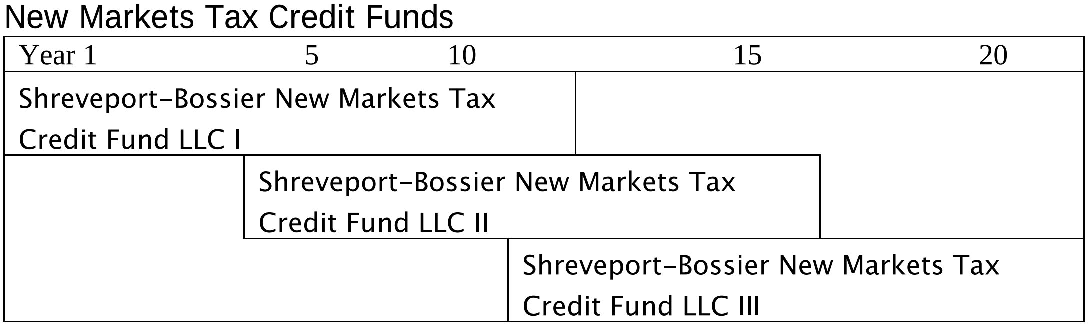
It is expected that the Advisory Board will meet at least semi-annually with the Fund Management Team at which time it would be briefed on the Fund's investment strategy, current performance, on all three investment goals, and the overall climate for investment in the target area.

It is expected that the not-for-profit umbrella Shreveport-Bossier Comprehensive CDC, as Special Member, will hold one seat on the Advisory Board. Typically, these Advisory Boards have seven to nine investor members.

The Shreveport-Bossier New Markets Tax Credit Fund I will be structured to operate for a term of 10 years, with the provision for extension with the consent of the Fund's Advisory Board in order to facilitate the realization of investments.

The goal of this Fund I is to be so successful that a long-term fund system is built which transforms low and moderate-income neighborhoods over the next several decades with a powerful, long-term impact. The strategy of the Fund will be to profitably invest the full capital commitments within the five-year draw down period. The sequence would be roughly that which is depicted in figure 2-2 below:

Figure 2-2
A Strategy for Multiple Shreveport-Bossier
New Markets Tax Credit Funds



One of the central goals of Fund I is to create the kind of investment returns that will encourage investors to want to invest in Fund II.

2.8 Benchmarks and Performance Measures

Below are the benchmarks and performance measures as they relate to human and social capital and the implementation of the Shreveport-Bossier Comprehensive Community Development Corporation.

These draft performance measures are suggestive, rather than definitive. They are suggested as a guide to the Board and management of the Shreveport-Bossier Comprehensive CDC as they develop their own mission, goals and strategic actions to implement this Strategic Action Platform. They should be developed in partnership with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of the Center for Business and Economic Research (CBER).

These benchmarks and performance goals should then be measured annually by CBER and widely reported publicly by the Comprehensive CDC and the "Common Ground" Northwest Louisiana Regional Development Corporation to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

Over the past five years, the models for the Shreveport-Bossier CDC presented in Appendix 4 have produced a system for producing measurable outcomes with regard to what have come to be called "Double Bottom Line" returns: (1) financial returns to investors and (2) job & wealth social equity returns to low and moderate income residents of target neighborhoods. The Bay Area Family of Funds in Appendix 4 has produced what is currently the highest current state of the art for such "Double Bottom Line" accountability. The Shreveport-Bossier CDC and CBER should consider that model experience in developing the performance measures for the not-for-profit and its for-profit affiliate.

Volume II, Appendix 5 also describes a model for monitoring community reinvestment. The essential principles and structure of the San Diego City/County Task Force should be adopted to evaluate annually the performance of both private sector investors and lenders to the Comprehensive CDC and its community stakeholder partners.

2.8.1 Economic Growth & Regeneration Measures

Measure 1: Employment by Industry

Employment in place, and resident employment, by industry in low and moderate-income communities

Measure 2: Business Growth and Formation By Sector

Business growth and formation in low and moderate-income communities, and among minority groups.

Measure 3: Building Development

Building permit valuation for commercial and industrial space, housing development, and housing rehabilitation, in real terms, in low and moderate-income communities, compared to countywide activity.

Measure 4: Taxable Sales Activity

Taxable sales by selected major retail categories in real terms in low and moderate-income communities compared to region.

2.8.2 Economic Performance Measures

Measure 1: Real Estate Characteristics

Average rents (in current and constant dollars), in triple-net terms, and occupancy rates should be monitored annually for R&D industrial space, warehouse industrial space, office space, and retail space in low and moderate-income communities compared to the region.

Commercial and industrial land prices for finished lots in low and moderate-income communities should also be monitored in constant and current values, compared to the region.

Measure 2: Housing Affordability Index

The National Association of Home Builders has developed a housing affordability index, based on the percentage of households that can support median rents and home prices with 30 percent of their incomes. The client group should measure housing affordability in low and moderate-income communities compared to the region. Selected communities should also track for the region and homeownership rates.

Measure 3: Real Assessed Value By Land Use

Total assessed value in low and moderate-income communities by land use should be monitored and compared to the region. These data are available from the Assessor. These data should be measured in constant and current values to monitor trends and the real improvement in value over time.

2.8.3 Economic Welfare Measures

Measure 1: Real Income Per Capita

Real income per capita in low and moderate-income communities compared to the region.

Measure 2: Sources of Income

Based on the Census and a periodic five-year survey, the population's sources of income should be measured, regionally and within low and moderate-income communities.

Measure 3: Household Income Distribution

Although income per capita may be increasing, the growth may be skewed. Therefore, it is important to monitor income distribution in low and moderate-income communities compared to the region.

Measure 4: Aggregate Buying Power

Based on census, *Sales, Marketing & Management*, on-line database services, and/or interim focused surveys, the aggregate income and buying power of the population within the metropolitan area, by parish, and for specific low and moderate income communities (such as low-moderate income communities), should be measured every three years.

Measure 5: Poverty Rate

The poverty rate for families and individuals should be measured at the same frequency that household income distribution is measured for low and moderate income communities compared to the region.

Measure 6: Unemployment Rate

The unemployment rate in low and moderate-income communities compared to the region, per the census, and periodic surveys.

Measure 7: Full-time vs. Part-time

The unemployment rate does not measure under-employment — people who want to work full-time, but can only find part-time work. The Census reports the proportion of workers by number of hours worked. An increase in the part-time ratio, particularly among those that are working age, could indicate emerging under-employment. Such a measure would have to be conducted as part of a survey during the years between the censuses. Labor force participation can also be measured as part of the survey. Youth employment and senior employment should also be tracked. These characteristics should be measured in low and moderate-income communities compared to the region.

2.8.4 Economic Quality of Life Measures

Measure 1: Commuting Time

Commuting time in low and moderate-income communities versus the regional average.

Measure 2: Social Service Index

The client group should maintain an annual social service index, which should continue to monitor and compare the rate of change relative to population and employment growth. The index should include the following social service measures:

- Number and percentage of public assistance households
- Total public assistance payments
- Number and percentage of workers in publicly supported job training programs
- Number of training slots per unemployed persons in the labor force
- Number and percentage of households in public assistance housing programs
- Waiting list for public assistance housing
- Number and percentage of workers participating in publicly assisted day-care programs
- Waiting list for publicly assisted day-care programs
- Children in foster care
- Percent of low-income children in Head Start or pre-school programs

Measure 3: Public Safety Index

The crime rate per 1,000 population should be monitored annually by community and crime category, and the rate for the metropolitan area should be compared to state and national measures.

Measure 4: Housing Quality

The client group should measure the rate of code-violations, the rate of tax delinquent residential units, and that rate of absentee homeowners, by census tract, every two years.

Measure 5: Student and Educational Achievement and Attainment

Student achievement scores, school turnover, student-teacher ratios, high-school graduation rates, and high-school dropout rates should continue to be monitored annually. These measures should be reported for each school, and in aggregate compared to comparable state and national measures. Also, the number of school and individual student achievement awards should be inventoried and reported each year. Finally, adult educational attainment as reported by the Census should be monitored, and the percentage of the workforce in adult-education programs should be estimated every two-years.

Measure 6: Economic Quality-of-Life Survey

The client group should periodically monitor the public's satisfaction with community quality of life and public services, perhaps with a special survey every five years. The survey design and sample size should be sufficient to report of the region as well as for sub-areas, and to evaluate certain relationships with cross-tabulations. The survey may include questions that address the following attitudes:

- Residents' perceptions of job accessibility and quality
- Availability of adequate transportation for accessing jobs
- Accessibility of public services
- Quality of public facilities
- Awareness of services
- Level of volunteerism
- Level of public participation
- Areas for improvement
- Consumer confidence
- Job characteristics
- Household economic characteristics
- Overall quality-of-life ratings

Measure 7: Public Facilities Standards

The participating jurisdictions should monitor their ability to maintain the same standards of public facilities per capita in communities as they grow, especially regarding those facilities that are particularly important to the region's residents, such as acres of parks and open space, libraries and library books, and fire and police workers per 1,000 population.

These measures should be combined into one annual report on the state of the local and regional economy and should be evaluated with other focused analysis of the region's quality-of-life.

3.0 Action: Strengthening the Existing Economic Base

3.1 Strengthening Healthcare

Healthcare is the largest, most dynamic economic base industry in the region. In its very dynamism, regional healthcare faces both great opportunity and great danger. Volume I, Section 3,2 analyzed both; this Strategic Action Platform recommends steps to minimize the danger and maximize the opportunity.

3.1.1 Summary of Strategic Analysis: Volume I

Healthcare is a dynamic industry both nationally and locally. Locally, more than 27,000 workers are employed in three principal medical centers. Healthcare is key to the national and local economy, but it faces many dangers. There may be as many as 1,100 excess beds in the region, and many redundant services. The industry could implode as well as grow; too much energy is focused inward in wasted local competition instead of collaboration to grow a powerful, interconnected regional tertiary and quaternary industry serving a 200 mile region (Volume I, Section 3.3).

Despite the impact of the three principal medical centers, and their substantial individual contributions to low-income neighborhoods of Shreveport and Bossier, community health indices are much poorer for blacks in Caddo and Bossier Parishes than for blacks in the rest of Louisiana or the nation as a whole. Although prenatal care is higher for whites in Caddo and Bossier Parishes than for Louisiana, prenatal care is lower for blacks in Caddo and Bossier Parish. Similarly, low birth weight is higher for blacks in these parishes than for blacks in the state. Black teenage pregnancy is twice as high in Bossier Parish and three times higher in Caddo Parish than it is for whites. Black infant mortality is 40% higher in Caddo Parish than in the state as a whole, and black infant mortality in both parishes is twice as high as white infant mortality. Overall, the large economic impact of the healthcare industry in the region does yet not translate into better health for poor blacks, and the same is generally true for poor whites (Volume I, Section 4.3.10).

3.1.2 Vision and Mission

As is true with many elements of Northwest Louisiana's economic base and political economy, the region's three principal healthcare centers operate within silos, acting independently to grow their own base. If the centers were to collaborate more effectively in a common effort, the Shreveport-Bossier region could expand its reach as a major tertiary and quaternary health care center serving a 200-mile regional area.

Northwest Louisiana confronts a disturbing reality: despite the resources of the three major medical centers, and their substantial individual contributions to low-income neighborhoods, the health of the 40% minority population in Caddo and Bossier Parishes is generally poorer than for blacks in the rest of Louisiana, and substantially poorer than for blacks in the nation as a whole. If these three institutions were to act in concert in accordance with national best practices, and the results were measured and publicly reported, the outcomes might be significantly changed.

In order to eliminate these current silos, innovative approaches are needed to encourage the existing healthcare institutions to embrace a common self- interest in working together.

One possible solution is to encourage the institutions to jointly engage a healthcare consultant from outside the region to help identify the most pressing health care issues of the underserved in our community. Working with the consultant, the three health care centers could identify high priority project needs in low income neighborhoods that could attract grant funding, and develop a Strategic Plan as to how the local institutions could supply assistance to address these needs on a targeted basis. Assistance could be in the form of leadership from their staff, skilled resources, some financial aid, and administrative support. The project could also be charged to develop the community scorecard for health related improvements for the next 5-10 years.

A model for this collaborative action is The Northwest Louisiana Coalition for the Health of Women and Children (the infant and perinatal mortality project). LSU-HSC OB-GYN physician Dr. Steve London headed an effort to get a grant for multi year funding of an effort in low-income areas to address infant mortality. The grant provided funding for hiring skilled staff and administrators. Willis-Knighton and CHRISTUS Schumpert have provided meeting space for the voluntary board, and each have brought resources to the table in the way of personnel to advise as well as a mobile exam center to carry health care to the neighborhoods. Additionally, United Way has provided rent-free office space to the Coalition for the life of the project.

The initial proposed collaborative Strategic Action to address the high priority problem of poor healthcare in low-income neighborhoods could begin to create a positive environment that establishes a pattern for further cooperative effort by the three leading health care centers. This will also provide a direct benefit to all three health care institutions over time by lowering the cost of providing charity care through improved overall health profiles. Individually, chief executives of the health centers have indicated their openness to this idea.

Based on initial success in this proposed collaborative venture, the consultant might subsequently assist these healthcare institutions to find common ground, agree on common goals, and consider ways to maximize the individual comparative advantages of each health center to grow a collective tertiary and quaternary regional healthcare capacity. Ultimately, this new healthcare capacity would be considerably more comprehensive than any individual institution can create acting alone.

3.1.3 Strategic Goals

Over time, the three leading medical centers, working together with their chosen consultant, could:

- ✓ First, collectively address the unmet health needs of individuals and families in poor neighborhoods;
- ✓ In time, identify the existing strengths that can be effectively marketed within and outside the region;

- ✓ Then, fill gaps that are collectively identified as important for a comprehensive healthcare offering for the region;
- ✓ Ultimately, find productive alternative uses for the hundreds of underutilized hospital beds in the region, and
- ✓ For each new, agreed upon strategic goal, establish benchmarks, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

Working with the "Common Ground" Northwest Louisiana Regional Development Corporation, CBER and the consultant, the CEOs of the three medical centers could, over time, establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.1.4 Strategic Actions

Engage a reputable consultant, as detailed in the Vision & Mission defined above, from outside the region to begin to identify common interests in addressing the low-income health needs in the community.

Over time, identify *S*trengths, *W*eaknesses, *O*pportunities, and *T*hreats for regional healthcare, knowing that these SWOT issues must be addressed collectively to continue to be successful as a tertiary and quaternary healthcare region.

3.1.5 Management Structure

Two highly regarded national healthcare strategic planners have recently been active in addressing healthcare planning and management issues in Northwest Louisiana:

- ✓ Eva Klein of Eva Klein Associates prepared the original Strategic Action Plan for the Biomedical Research Foundation, and has recently concluded a similar Strategic Plan for the LSU Health Sciences Center in Shreveport. Eva Klein also served as the consultant to the Biomedical Research Foundation and the private and public universities in the region in helping to design and implement CERT, so she would bring an understanding of CERT and regional healthcare to this task, and
- ✓ Roger Coleman of Coleman Associates provided strategic input for this Strategic Action Platform with regard to the healthcare industry in Northwest Louisiana.

Both have generated considerable confidence with the professional leadership of the health care centers in Northwest Louisiana. Each could perform a facilitating task with regard to these recommendations.

3.1.6 Financial Structure

As in the case of the model program cited, The Northwest Louisiana Coalition for the Health of Women and Children, multi-year grant funding could be generated to fund the specific instance of low-income healthcare identified.

Ongoing sources and uses of funds would be determined following the initial facilitation.

3.1.7 Legal Structure

The Consortium for Education, Research and Technology of Northwest Louisiana (CERT) provides the model for a similar cooperative structure that could be created voluntarily by the three medical centers over time through a Memorandum of Understanding.

3.1.8 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the chief executives of the three principal health centers as they develop their own mission, goals and strategic actions, with the support of a consultant, to implement this Strategic Action Platform. They should be developed in partnership with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of the Center for Business and Economic Research (CBER).

These benchmarks and performance goals should then be measured annually by CBER and widely reported publicly by the three principal health centers and the "Common Ground" Northwest Louisiana Regional Development Corporation to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

In addition to the performance measures outlined below with regard to the healthcare industry, similar benchmarks need to be established for community health and can be drawn from the analysis in Volume I in Section 4.3.10, and some of the proposed benchmarks and performance measures suggested in Volume II, Section 2.8.

3.1.8.1 Economic Growth & Regeneration Measures

Measure 1: Employment by Industry

- ✓ Employment by industry in health-related industries.

Measure 2: Business Growth and Formation By Sector

- ✓ Business growth and formation in health-related industries.

Measure 3: Total Occupied Health Related Space

- ✓ Total occupancy rates at area hospitals.

Measure 4: Biomedical Research Institutes

- ✓ The research grants associated with the biomedical research institutes

- ✓ The status and selected characteristics of enterprises sponsored by the research institutes

3.1.8.2 Economic Performance Measures

Measure 1: Industry Productivity

The census' of services provides data on a countywide level of total output per healthcare worker – a measure of changes in productivity. These data, although usually a few years old by the time they are published, can be compared to statewide and national performance. These data should be monitored every several years for the region's health-related services as the censuses are released.

Measure 2: Business Outlook and Workforce Survey

The client group should sponsor a survey every two-to-three years' of healthcare-related businesses regarding their long-term outlook, their workforce needs relative to supply, their infrastructure investment requirements, and other economic issues.

This could be done in conjunction with the Strategic Actions proposed in Volume II, Section 4.2.

3.1.8.3 Economic Welfare Measures

Measure 1: Average Wage Growth Per Worker By Industry

Using the employment security data, the average wage in real terms per worker in health related industries can be monitored annually compared to other primary industries in the region, and industry overall.

Strengthening Tourism and Recreation

Tourism and Recreation are the second largest and most dynamic economic base industry in the region. Like healthcare, the industry has potential strong opportunities to grow, and faces some challenge and danger.

3.2.1 Summary of Strategic Analysis: Volume I

Tourism, recreation and gaming are growing both nationally and regionally. Together, the five riverboat casinos and associated hotels employ 8,500 workers and the industry employs 10,600, making this export industry the third most important in the region. Like healthcare, the casino hotels provide substantial entry-level employment for low-income residents. The continuing importance of this industry depends on a regional legislative monopoly on gaming, which could change at any time. Local tax and fee revenues generated by these properties could be more effectively invested to focus on extending stays and broadening services. An extraordinary river continues to be a political divide, instead of a powerfully shared resource (Volume I, Section 3.5).

3.2.2 Vision and Mission

Tourism, Recreation and Gaming has emerged over the last decade as a major industry in the region primarily associated with gaming and the several casinos built in Bossier City and Shreveport. In addition, the region historically has attracted outdoors enthusiasts, and the introduction of a Bass Pro Shop at the planned Riverwalk in Bossier City will reinforce this element. Finally, Shreveport has a rich musical tradition, which is celebrated at the Red River District, and is the motivation for FAME's proposals.

Tourism is a good industry to have as a component of a region's economic base, by bringing capital from outside the economy into the regional economy. These dollars employ low and semi-skilled people who otherwise may have difficulty finding jobs, generate business opportunities for small businesses; generate fiscal revenue for local jurisdictions, and lead to investment in amenities that benefit residents as well. Tourism also provides an opportunity for the region to market itself that can have benefits for other industries.

A region's economy, however, should not be based on tourism at the exclusion of other industries. Wages within the tourism industry are relatively low, and the opportunity for job advancement is limited. Keeping these limitations in mind, tourism can be an important component of a diversified regional economy.

The Shreveport-Bossier City economic core has an opportunity to build on the extraordinary growth of Gaming and Tourism in the last decade to expand the stay and diversify the offerings, particularly by taking advantage of the remarkable assets of the Red River shared by the two core economic cities.

The Convention and Visitor's Bureau recognizes the need to diversify and has prepared a Tourism Marketing Plan, which emphasizes diversification as detailed in Strategic Actions, Volume II, Section 3.2.4.

3.2.3 Strategic Goals

Diversify tourism offerings and the reasons people choose to visit Shreveport-Bossier City:

- ✓ Increase the number of feeder markets,
- ✓ Extend the length-of-stay,
- ✓ Increase party-size, and
- ✓ Diversify and broaden the offerings as proposed in Volume II, Section 3.3.

Diversification of the feeder markets and reasons for visiting the region will help protect the region from disruptions and competitive forces in single markets. Increasing visitor length-of-stay and average party-size, even marginally, will increase expenditures within the regional economy and, therefore, economic and fiscal benefit. Strategic Actions to broaden and diversify the market are presented in Volume II, Section 3.3, the Red River Heart of the Region.

3.2.4 Strategic Actions

The Convention and Visitor's Bureau has already recognized the need to diversify and has prepared a Tourism Marketing Plan, which emphasizes diversification. It has added sales missions in Houston, San Antonio and Austin, Texas; Little Rock, Arkansas; and Oklahoma City and Tulsa, Oklahoma to expand its feeder markets

This Tourism Marketing Plan should be implemented, with diversification focused on the following:

- Additional feeder markets for gaming
- Conventions and trade shows
- Outdoor recreation for families
- Music and entertainment
- Activities for retirees

Benchmarks for each of these strategic goals should be established by the Tourism Bureau in partnership with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0) and CBER, and then CBER should monitor performance and widely report outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.2.5 Management Structure

The Convention & Visitors Bureau is already organized for this purpose, and should be the regional coordinating and marketing entity, working with other groups that are the providers of recreation, such as the region's casinos, outdoor sports organizations, FAME, cultural and music venues, and others. This role is separate from the task of managing and marketing the convention center, a significant task performed by a separate organization, SMG, under contract.

3.2.6 Financial Structure

A dedicated share of bed tax and gaming revenue from participating jurisdictions funds the Bureau.

3.2.7 Legal Structure

The Bureau is a public-purpose not-for-profit corporation.

3.2.8 Benchmarks and Performance Measures

The draft benchmarks and performance measures to broaden the economic base for Tourism, Recreation and Gaming are suggestive, rather than definitive. They are suggested as a guide to the Tourism Bureau as it develops its own mission, goals and strategic actions to implement this Strategic Action Platform. The benchmarks and performance measures should be developed in partnership with the "Common Ground"

Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of CBER.

These benchmarks and performance goals should then be measured annually by CBER and widely reported publicly by the Tourism Bureau and the "Common Ground" Northwest Louisiana Regional Development Corporation to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.2.8.1 Economic Growth & Regeneration Measures

Measure 1: Employment by Industry

Employment in tourism related industries.

Measure 2: Business Growth and Formation By Sector

Business growth and formation in tourism related industries.

Measure 3: Spatial Economic Growth

Spatial distribution of employment and business formation in tourism related industries.

Measure 4: Taxable Sales Activity

Food and beverage, and specialty retail taxable sales activity trends, compared to household and income growth trends, in the region.

Measure 5: Tourism Growth

Total occupied lodging room nights, and tourism estimates should be measured annually. Occupied room nights should be measured monthly to monitor seasonal trends. Gaming revenue and/or casino attendance should also be monitored. A comprehensive tourism survey should be conducted every two-to-three years to monitor party-size and characteristics, origin and destination, expenditure patterns, attitudes about the region as a tourism destination, and interest in new activities.

The Shreveport-Bossier Convention and Tourist Bureau conducts monthly occupancy and ADR surveys, and receives the Smith Travel Research reports for these surveys. The Bureau is also currently conducting an on-going Point of Origin Study to provide much of the above-listed information.

3.2.8.2 Economic Performance Measures

Measure 1: Hotel Occupancy Rates

Hotel occupancy rates should be monitored by month and annually to track the performance of the tourism sector. Average daily room rates should be monitored annually in current and constant dollars.

Measure 2: Industry Productivity

The census' of services provides data on a countywide level of total output by worker – a measure of changes in productivity. These data, although usually a few years old by the time it is published, can be compared to statewide and national performance. These data should be monitored every several years as the censuses are released.

Measure 3: Business Outlook and Workforce Survey

The client group should sponsor a survey every two-to-three years of tourism-related businesses regarding their long-term outlook, their workforce needs relative to supply, their infrastructure investment requirements, and other economic issues.

3.2.8.3 Economic Welfare Measures

Measure 1: Average Wage Growth Per Worker in Tourism-Related Industries

Using the employment security data, the average wage in real terms per worker can be monitored annually for tourism-related industries.

3.3 Developing the Red River Heart of the Region

The Red River as "the Heart of the Region" is an underutilized asset of great potential economic, cultural and recreational vitality that could give the core a strong regional identity, and create a dramatic visual unifier that bridges the distance between Shreveport and Bossier City.

3.3.1 Summary of Strategic Analysis: Volume I

The core of the region's tourism destination is Downtown Shreveport and the Bossier City waterfront. Both cities are actively implementing new development in the Red River's borders to build upon the existing tourism base. Today, the River often represents a dividing line between municipal histories, identities, attitudes and memories, rather than the core of the Region's identity. A strong regional core is not only important for tourism, it also is important for developing a strong regional identity for the region's residents and for external markets, and for facilitating regional planning.

3.3.2 Vision and Mission

The Red River could be an extraordinary shared resource for substantial mutual economic, cultural and recreational benefit to both communities. The development efforts now emerging on both banks need to be coordinated, with the Red River as the center of activity, to create a major destination and critical mass that will expand and diversify the region's tourism market image.

3.3.3 Strategic Goal

Create a strong downtown core that is a desirable place to live, locate a business, experience culture, and shop and entertain.

Establish benchmarks for this strategic goal, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.3.4 Strategic Actions

The Red River Heart of the Region initiative could have two initial Strategic components:

The first Strategic Action, already in motion as evidenced by discussions between Bossier City's Louisiana Riverwalk representatives and Shreveport DDA officials and riverfront stakeholders, is a marketing collaboration that spans the Red River. Clearly, a cooperative marketing effort undertaken by the attractions flanking the river in downtown Shreveport and on the Bossier Riverfront will create an "in-town" identity for the region and leverage advertising dollars to create more marketing impressions both inside and outside the region.

The second Strategic Action could be a concentrated effort by leaders of both sides of the River to identify issues of common concern and need. Examples of common interest could include:

- ✓ adding a lock and dam on the Red River to the north,
- ✓ "hard edging" more of the urban sections of river on both sides,
- ✓ creating additional public recreational amenities on both sides, and
- ✓ establishing a transit link, such as a ski-lift style gondola, jitney or other mode of efficient transportation, between the two entertainment districts.

These Strategic Actions are worthy and will be accelerated if championed by a Shreveport/Bossier coalition focused on making the Red River the heart of the region.

We recommend that a task force composed of the two cities, DDA, Convention and Tourist Bureau, and major riverfront developers be created to coordinate planning and development efforts and establish a *Red River Heart of the Region*. Key to the success of this effort would be a memorandum of understanding between the cities to designate the Region as a joint development effort and commit to support this Plan.

The purpose of this Plan is to coordinate and integrate existing plans and policies that both cities are currently developing independently, address specific initiatives and infrastructure improvements that require multi-jurisdictional partnerships, and coordinate marketing and promotional efforts.

Physically, the Red River Heart may range from Old Town Bossier, to the Red River waterfront, through Downtown Shreveport, including the Municipal Auditorium where FAME is proposing a programming and arts district.

3.3.5 Management Structure

A private advocacy group is needed to champion the Red River Heart of the Region concept, perhaps as an affiliate of the Shreveport DDA/DSU/DSDC and a rejuvenated Bossier City Downtown Development Authority, or the Bossier and Shreveport Chambers.

3.3.6 Financial Structure

The Red River Heart of the Region group should be funded jointly by the City of Shreveport and Bossier City, or its participating agencies, through annual commitments. Funding for specific joint infrastructure should be determined on a project-by-project basis.

3.3.7 Legal Structure

A Memorandum of Understanding (MOU) is sufficient. The Memorandum of Understanding is simply a negotiated agreement to coordinate planning efforts and create a vehicle that facilitates joint participation in integrated planning and promotion.

3.3.8 Benchmarks and Performance Measures

The draft benchmarks and performance measures to grow the economic base through a Red River Heart of the Region are suggestive, rather than definitive. They are suggested as a guide to the proposed Red River Heart of the Region advocacy group as it develops its own mission, goals and strategic actions to implement this Strategic Action Platform. The benchmarks and performance measures should be developed in partnership with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of CBER.

These benchmarks and performance goals should then be measured annually by CBER and widely reported publicly by the proposed Red River Heart of the Region advocacy group and the "Common Ground" Northwest Louisiana Regional Development Corporation to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.3.8.1 Economic Growth and Regeneration Measures

Measure 1: Employment by Industry

Employment trends by industry, relative to the region, for the Heart of the Region area.

Measure 2: Business Growth and Formation By Sector

Business growth and formation by industry, relative to the region, for the Heart of the Region area.

Measure 3: Spatial Economic Growth

Utilizing ES-202 data and geographic information systems, the client group can monitor the spatial distribution of employment and firms, by industry, within the Heart of the Region area.

Measure 4: Total Occupied Industrial and Commercial Space

Total occupied industrial, office commercial, and retail commercial space should be measured annually and compared to firm and employment growth to better understand the regional relationship between employment growth and commercial space demand in the Heart of the Region area.

Measure 5: Building Development

Building permit valuation for commercial and residential space, in real terms, and actual construction should be monitored annually in the Heart of the Region area compared to countywide activity.

Measure 6: Taxable Sales Activity

Taxable sales by selected major retail categories should be measured in real terms annually in the Heart of the Region area, compared to the region.

3.3.8.2 Economic Performance Measures

Measure 1: Hotel Occupancy Rates

Hotel occupancy rates and average daily room rates in the Heart of the Region area, compared to the region.

Measure 2: Real Estate Characteristics

Average rents (in current and constant dollars), in triple-net terms, occupancy rates, and sale prices should be monitored annually for commercial and residential space in the Heart of the Region area, compared to the region.

Commercial prices for finished lots should also be monitored in constant and current values in the Heart of the Region area, compared to the region.

Measure 3: Real Assessed Value By Land Use

Total assessed value by land use should be monitored in the Heart of the Region area compared to the region.

3.3.8.3 Economic Welfare Measures

Measure 1: Average Wage Growth Per Worker By Industry

Using the State Department of Employment Security Data, the average wage in real terms per worker can be monitored annually in the Heart of the Region area compared to the region.

3.3.8.4 Economic Quality of Life Measures

Measure 1: Public Safety Index

The crime rate per 1,000 population should be monitored annually in the Heart of the Region area compared to regional, state and national measures.

Measure 7: Economic Quality-of-Life Survey

The client group should periodically monitor the public's satisfaction with community quality of life and public services, perhaps with a special survey every five years in the Heart of the Region. The survey may include questions that address the following attitudes:

- Job accessibility and quality
- Availability of adequate transportation for accessing jobs
- Accessibility of public services
- Quality of public facilities
- Awareness of services
- Areas for improvement
- Confidence
- Job characteristics
- Overall quality-of-life ratings

3.4 Building Affordable Retirement Communities

The high quality of life and relatively low economic cost environment of Northwest Louisiana makes the region a natural, affordable retirement community. This has been demonstrated by the substantial number of Barksdale Military personnel who have chosen to return to the region at the end of their military service.

3.4.1 Summary of Strategic Analysis: Volume I

Affordable retirement communities could be substantially expanded in Northwest Louisiana, especially in such smaller cities as Minden, if there were concerted regional strategy to support the development of these communities.

Potentially important to this Strategy are the nearly 30,000 undeveloped acres on the federal reservations of Barksdale and the former Army Ammunition property in Webster Parish where public policy efforts might be beneficial in opening up long-term development sites for retirement communities focused on retired military personnel.

The new strategic emphasis by the State of Louisiana can be of real help to this regional strategic initiative. In 2000, the Louisiana Retirement Development Commission established a program office within the Office of Lieutenant Governor Kathleen Babineaux Blanco, dedicated to retiree-based economic development. This program office developed the Livable Louisiana Retirement Ready Community (LLRRC) program, which awards the LLRRC Seal of Approval to villages, towns, cities, parishes, regions and specific active adult, lifestyle, age-qualified, age-targeted, and resort developments that can demonstrate to the Commission that they are premier locations for retirees. The Commission has established an application process and evaluation criteria for this program.

Regional marketing is also an essential part of this strategy. The Northwest Louisiana Partnership for Economic Development has produced a brochure for potential retirees that highlights cost of living, housing, health care, recreation, culture, climate, and other retiree services in Northwest Louisiana.

The Webster Parish Tourism Commission has commissioned a Market Feasibility Study from the Center for Business Research at LSU-Shreveport. This study has been completed and provides a template for other smaller cities and towns in the region.

3.4.2 Vision and Mission

Northwest Louisiana can develop an active retirement industry because of a special combination of qualities in the region:

- ✓ its recreation activities,
- ✓ its affordability,
- ✓ its medical services,
- ✓ its overall quality of life, and
- ✓ its attractiveness of Military retirees who were at Barksdale and want to come back, or have heard from Barksdale retirees about the attractiveness of the area.

The City of Minden, in particular, sees an opportunity to develop retirement communities within its vicinity, and presents an interesting laboratory in which to develop a model that can then be exported to other smaller cities and towns in the region.

Active retirees bring capital into the region from savings, pensions, and transfer payments, and generate demand for housing, services, and retail goods. They also provide the added benefit of enriching the region's experience and knowledge base that can be applied to local business, not-for-profits, educational institutions, and charities, through volunteerism and mentoring programs.

Active retirees also have the indirect benefit of increasing the number of visitors to the region as relatives come to visit.

3.4.3 Strategic Goals

- ✓ Evaluate the specific feasibility of developing a cluster of retirement communities in the Minden vicinity;
- ✓ Evaluate the specific feasibility of developing a cluster of retirement communities elsewhere in the region;
- ✓ If such developments are feasible,
  - prepare land use policies that facilitate their development in specified locations, and
  - prepare a marketing strategy for attracting targeted seniors.
- ✓ Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.4.4 Strategic Actions

Market feasibility for Affordable Retirement Communities will involve the following analyses:

- ✓ Analysis of characteristics of the population 55+ years old, including:
  - household size,
  - age distribution,
  - income distribution,
  - sources of income,
  - veteran status,
  - education levels,
  - tenure,
  - years of residency,
  - points of origin,
  - health, housing size and quality, etc.
- ✓ Project changes in the region's population age distiburion over the next twenty years.

- ✓ Map the 55+ population in the region using Geographic Information Systems.
- ✓ Hold focus group discussions with seniors in the region regarding why:
  - they chose the area where they live,
  - what existing services and amenities are important,
  - what services and amenities would they like to attain,
  - housing preferences,
  - living patterns, etc.
- ✓ Interview veteran affairs staff regarding the potential of targeting military retirees.
- ✓ Randomly survey military personnel that are 50+ years, and military retirees regarding their interest in the region as a place for retirement and the concept of planned retirement communities.
- ✓ Identify competing regions in the country.
- ✓ Inventory any existing retirement communities in the region regarding their age, price, amenities, size, and other characteristics, and map their locations.
- ✓ Evaluate comparable retirement communities in similar locations in the country that are near major military installations regarding their:
  - size,
  - amenities,
  - price and service characteristics,
  - marketing strategies,
  - sources of demand, and
  - lessons learned.
- ✓ Review locations in the region, particularly near Minden, that are appropriate candidate sites for retirement communities.
- ✓ Evaluate potential market demand from:
  - the regional population, and
  - the non-regional population.
- ✓ Identify the housing product types, services, and amenities needed for a successful retirement community at the targeted price point, and identify the best locations for clustering retirement communities in the region.

Once market demand has been verified, the concepts developed, and potential sites identified, work with interested developers to prepare land use planning policies and infrastructure plans to encourage the development of retirement communities in the targeted locations.

Prepare and implement a targeted marketing strategy and material for promoting the selected locations and the region as a desirable retirement location, focused on regional residents, military-affiliated populations, and targeted external markets.

3.4.5 Management Structure

The City of Minden and The Webster Parish Tourism Commission has taken the lead in developing a feasibility study addressing the recommended Actions, and is now proceeding to implement its Plan.

Others smaller cities and towns may wish to commission their own market feasibility studies. Private developers may then choose to master plan and develop the specific retirement communities. The Northwest Louisiana Partnership for Economic Development, the "Common Ground" Northwest Louisiana Regional Development Corporation, and interested cities may then choose to jointly market the region to targeted retirement, and near-retirement, markets.

3.4.6 Financial Structure

The market study and marketing efforts should be funded by localities. The master planning and development of active retirement communities should be privately financed.

3.4.7 Legal Structure

The City of Minden and The Webster Parish Tourism Commission initiative can become a model for the region. This initiative can be structured as a Memorandum of Understanding once the market study has been completed.

3.4.8 Benchmarks and Performance Measures

The draft benchmarks and performance measures to develop an active retirement Affordable Retirement Community industry in Northwest Louisiana are suggestive, rather than definitive. They are suggested as a guide to those smaller cities and towns that choose to develop their own mission, goals and strategic actions to implement this Strategic Action Platform. The benchmarks and performance measures could be developed in partnership with the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of CBER.

These benchmarks and performance goals could then be measured annually by CBER and widely reported publicly by the Tourism Bureau and the "Common Ground" Northwest Louisiana Regional Development Corporation to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

3.4.8.1 Economic Growth and Regeneration Measures

Measure 1: Spatial Economic Growth

Spatial distribution of retirement communities in the region.

Measure 2: Building Development

Building permit valuation for retirement communities in the region.

3.4.8.2 Economic Performance Measures

Measure 1: Real Estate Characteristics

Average rents (in current and constant dollars), in triple-net terms, and occupancy rates in retirement communities. Average home prices and annual absorption in retirement communities in the region.

Measure 2: Real Assessed Value By Land Use

Total assessed value by land use in the region's retirement communities should be monitored. These data should be measured in constant and current values to monitor trends and the real improvement in value over time.

3.4.8.3 Economic Welfare Measures

Measure 1: Real Income Per Capita

Real income per capita among seniors.

Measure 2: Sources of Income

Based on the Census and a periodic five-year survey, the senior population's sources of income should be measured.

Measure 3: Household Income Distribution

Household income distribution among the senior population.

Measure 4: Aggregate Buying Power

Estimated aggregate buying power by 5-year age cohort for the population 55-years and older.

Measure 5: Poverty Rate

The poverty rate among the senior population.

3.4.8.4 Economic Quality of Life Measures

Measure 1: Economic Quality-of-Life Survey

The client group should periodically monitor the retirement population's satisfaction with community quality of life and public services, perhaps with a special survey every five years. The survey design and sample size should be sufficient to report of the region as well as for sub-areas, and to evaluate certain relationships with cross-tabulations. The survey may include questions that address the following attitudes:

- ✓ Residents' perceptions of job accessibility and quality
- ✓ Availability of adequate transportation for accessing jobs
- ✓ Accessibility of public services
- ✓ Quality of public facilities
- ✓ Awareness of services
- ✓ Level of volunteerism
- ✓ Level of public participation
- ✓ Areas for improvement
- ✓ Consumer confidence
- ✓ Job characteristics
- ✓ Household economic characteristics

4.0 Action: Creating A New Economic Base

The Shreveport-Bossier City MSA has the most balanced economic base of any metropolitan area of its size in North America. Yet, this economic base is wide but not deep, and there is one important missing element: a strong, current culture and capacity to birth and expand new enterprise (Volume I, Section 3.0).

There are three dimensions to this proposed Strategic Action:

- ✓ Creating New Enterprise in order to build new economic base (Volume II, Section 4.1);
- ✓ Creating New Biomedical and Biotechnology Enterprise in order to realize the full potential of the Biomedical Research Foundation and the most dynamic sector of the economic base, Healthcare (Volume II, Section 4.2); and, finally, and most importantly,
- ✓ Creating New Minority Enterprise in order to generate true equal opportunity among blacks and whites (Volume II, Section 4.3).

4.1 Creating New Enterprise

If Shreveport-Bossier City is to have the capacity to thrive in the global technology-driven economy of the 21st Century, the region must have the ability to birth and expand not only new enterprise, but also entirely new economic sectors. This capacity is what distinguishes the most rapidly growing economic regions of North America and the world. Creating New Enterprise requires a powerful, concerted effort on the part of leaders in both the private sector and higher education. As is true of all initiatives proposed in this Strategic Action Platform, no initiative should be undertaken that does not meet the highest current standards for best practice, as the result will be failure.

4.1.1 Summary of Strategic Analysis: Volume I

Only nations with very low wages can compete successfully in routine industrial processes in the long run, particularly for consumer products. When products mature, production will almost certainly move elsewhere, especially as world capital markets do an even better job of shifting investment from one country and economy to another (Volume I, Section 3.1, Thinking About Northwest Louisiana's Economic Base).

All economies need to work hard at nurturing their primary manufacturing industry by increasing investment in smart people, smart companies and smart neighborhoods. Nevertheless, capital-intensive manufacturing is a declining industry in the United States and in Louisiana (Volume I, Section 3.4, Primary Manufacturing Industry).

The only means in the *Intelligence Age* for most American regional economies to maintain or increase prosperity and to compete with rapidly emerging competitors in China, Mexico and other developing industrial economies worldwide is to continually create new companies producing advanced products and processes that are unique to high technology cultures (Volume I, Section 5.2, Innovation Capital).

Rapidly growing small enterprise—the gazelles—drives the future of our national economy. Small enterprise is the backbone of the nation's and the region's economy. Nationwide, small enterprises employ 51% of private-sector workers, 51% of workers on public assistance, and 38% of workers in high-tech jobs; provide two-thirds to three-quarters of the net new jobs created; produce 51% of private-sector output; represent 96% of all exporters of goods; and obtain 33.3% of federal prime and subcontract dollars (Volume I, Section 3.10, The Missing Economic Base: Creating New Enterprise).

Statewide, 97.4% of the enterprises in Louisiana are classified as small enterprises, and they employee 53.8% of the workforce. This pattern is echoed in the Shreveport-Bossier Metropolitan Statistical Area (SMA) with 92+% of the 7,781 enterprise establishments classified as small enterprise. These firms provide employment for slightly more than 50 % of the region's workforce (Volume I, Section 3.10.4, The Role of Small Enterprise in Northwest Louisiana).

The Northwest Louisiana region has the individual wealth and the national experience to invest venture capital in rapidly growing new enterprise created in the region. These families and the region also have a history of creative new enterprise development beyond oil and gas, including the creation of Frymaster (Volume I, Section 3.4.4), Beaird Industries (Volume I, Section 3.9), Fibrebond and CELLXion (Volume I, Section 3.4.7), as well as Hendrix Manufacturing and Sound Fighter Systems.

Nevertheless, today significant local family wealth continues to be deployed in venture capital in other sections of this country and the world, rather than being reinvested in the region. This is because of perceived lack of confidence that the conditions exist here to warrant the risk and generate the equivalent returns now received by these investors on the East and West Coasts. This wealth will not reinvest in the region unless local investors can be confident of receiving appropriate returns for appropriate risks through appropriately structured mechanisms that meet national standards for best investment practices (Volume I, Section 5.3.4, Angel Networks and Venture Capital Funds).

Volume I, Section 3.10.3 describes the extraordinary financial volatility of new enterprise, as well as successful strategies for managing that high volatility. Every new enterprise is financially volatile; every new technology enterprise is especially volatile; every new biotechnology or biomedical device enterprise is even more risky and volatile. These high promise/high risk investments have a high potential for failure under the best of circumstances, and a *very* high risk of failure *if* proven national best practices for investment are not met.

Recently, some of these sophisticated investors have joined efforts to expand local angel networks and support the creation of seed and early stage venture capital mechanisms that meet these tests. These investors have noted that local economic development is one of their objectives. Some have indicated that they might even be willing to assume somewhat greater risk and receive a somewhat more patient rate of return if the potential outcome has a reasonable likelihood of yielding measurable job and wealth creation (Volume I, Section 5.3.4), and/or minority enterprise development, according to the standards presented in Volume II, Section 4.3 below.

Creating New Enterprise requires an investment by Northwest Louisiana's private sector and higher education leadership in two closely interrelated and complementary efforts: Investment in Entrepreneurial Development (Volume II, Section 4.1.2) and Investment in High Risk Enterprise (Volume II, Section 4.1.3). Each is described below:

4.1.2 Investment in Entrepreneurial Development

Northwest Louisiana has all the essential elements to Create New Enterprise:

- ✓ Successful entrepreneurs running successful small enterprise;
- ✓ successful individual and family investors who understand the current national best practices for high risk venture capital and invest in state-of-the-art venture capital funds on the East and West Coast, and
- ✓ experienced professionals who are currently operating business incubators, small business development centers, and other important regional service suppliers, and who are planning the proposed LSUS Center for Entrepreneurial Development and Leadership (CEDL) and the Centenary College Frost School of Business Family-Owned Business Center.

All that is needed is the will and the leadership to fuse these into a powerful, focused New Enterprise Consortium.

4.1.2.1 Vision and Mission

The overall Vision set forth in this Section, Creating New Enterprise, is to equip promising enterprises with access to focused, financial and management resources and opportunities necessary to grow profitably and create higher quality jobs and wealth in the region.

The Mission requires a commitment to the Strategic Actions to Invest in Entrepreneurial Development outlined below. It is essential that these Strategic Actions not simply be implemented by a group of suppliers from the colleges and universities, small business development centers and incubators. These Actions must be demander driven by successful entrepreneurs and sophisticated local investors who insure that the suppliers are focused on market-based outcomes, are rewarded for successful performance, and publicly accountable to post-audit.

This will lead to the kind of tough-minded management assistance tied to financial resources that Creates a New Enterprise culture that generates "gazelles" and can truly compete in the 21st Century technology economy.

4.1.2.2 Strategic Goals

Strategic Goals for Entrepreneurial Development include:

<u>Goal 1</u>: Encourage entrepreneurial training at all levels of education.

<u>Goal 2</u>: Create a Capital Access Program.

Goal 3: Encourage mentorship provided by the local SCORE chapter, and other high quality management assistance that is focused and publicly accountable to post-audit.

Goal 4: Integrate the All Industry Procurement Program, Volume II, Section 4.3, into this Entrepreneurial Development Initiative.

Goal 5: Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

4.1.2.3 Strategic Actions

Strategic Actions for each Goal for Entrepreneurial Development include:

Strategic Actions for Goal 1, Entrepreneurial Training: The proposed LSUS *Center for Entrepreneurial Development and Leadership (CEDL*, Volume II, Section 5.3), and the planned Centenary College Frost School of Business *Family-Owned Business Center*, are both recognized in this Strategic Action Platform as essential elements of the goal to Create:

- ✓ New Enterprise in the region, generally (Volume II, Section 4.1);
- ✓ New Biomedical and Biotechnology Enterprise, particularly (Volume II, Section 4.2), and
- ✓ New Minority Enterprise, especially (Volume II, Section 4.3). Both Centers are expected to play key roles in helping to develop new enterprise, and aid in the expansion of existing small enterprise and family-owned enterprise.

The Proposed LSUS Center for Entrepreneurial Development and Leadership (CEDL) could coordinate a number of units already in place at LSUS, including the:

- ✓ LSUS Center for Enterprise and Economic Research (CBER);
- ✓ LSUS Financial Services Program;
- ✓ LSUS Small Enterprise Development Center,
- ✓ U.S. Department of Commerce Export Assistance Center at LSUS, and
- ✓ Small Enterprise Administration Loan Assistance Office at LSUS.

Both the LSUS and Centenary College Centers could:

- ✓ serve as clearinghousess for related efforts at other CERT member institutions, including: Small Enterprise Development Centers at Louisiana Tech, and Northwestern State University (NSU); the Louisiana Tech Technology Transfer Center in Shreveport; incubators at the Biomedical Research Foundation InterTech Science Park, the proposed Southern University enterprise incubator in Bossier; as well as resources at Bossier Parish Community College and Louisiana Technical College.

- ✓ help coordinate other regional resources crucial to the success of an Entrepreneurship Strategy, including the Metro/Regional Enterprise Incubator, the Inner-City Entrepreneur Institute, and the Enterprise and Entrepreneurship Academy at Woodlawn High School, among others.
- ✓ also provide Entrepreneurial Leadership Training to potential leaders in the Core statistical area and the region as identified by the Shreveport-Bossier Comprehensive CDC described in detail in Volume II, Section 2.0.

The further elaboration and proper funding of the LSUS Center for Entrepreneurial Development and Leadership should be the joint responsibility of LSUS and the LSUS Foundation.

The proper coordination of the LSUS/CEDL and the Centenary Family-Owned Business Center should be the joint responsibility of CERT and the Lead Investors of this Strategic Action Platform.

<u>Strategic Action for Goal 2, The Creation of a Capital Access Program</u>, should be strongly encouraged. Capital Access Programs (CAPs, Volume I Section 5.3.2.2) are now widely adopted state-wide self-insured loan programs that allow participating banks in twenty-one states to make larger loans to high-risk customers, without the government bureaucracy of federal SBA loans or similar state and local government operated programs. CAP backed loans can be made at the local bank's discretion, eliminating the vast amount of paperwork and time normally involved for a small enterprise to receive through loan guarantee programs such as the SBA, or most state or local government run programs.

The Capital Access Program encourages banks and other financial institutions to lend to small enterprises that fall outside of the conventional underwriting standards of many banks. CAPs provide a form of loan portfolio insurance that can provide up to 100% coverage on certain loan defaults. By participating in a CAP program, lenders have available to them a proven financing mechanism to meet the capital needs of most local small enterprise.

According to a report issued by the U.S. Treasury in January 2001, nationwide cumulative CAP lending totaled over $1.5 billion by June 2000, since the program's origins in Michigan in 1986. In addition to the twenty-one states with thriving programs, Akron, Ohio has a regional program, which could be a model for Northwest Louisiana.

<u>Strategic Action for Goal 3, Encourage Mentorship by the Local SCORE Chapter</u>: The Local SCORE Chapter is recently reinvigorated and can provide mentors with a broad range of skills, including legal, accounting, marketing and finance. It is essential that these and other management assistance resources from Small Business Development Centers be offered through a coordinated and accountable mechanism that focuses on real needs, provides high quality service, and is accountable for performance post-audit.

<u>Strategic Action for Goal 4, Integrate the All Industry Procurement Program</u> into this Entrepreneurial Development Initiative. For details, see Volume II, Section 4.3.

Strategic Action for Goal 5, Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

4.1.2.3 Management Structure

A small working group of successful individual investors of family wealth in high risk venture capital, and key representatives of the proposed LSUS Center for Entrepreneurial Development and Leadership (CEDL), the planned Centenary College Frost School of Business Family-Owned Business Center, business incubators, small business development centers, and other important regional service suppliers should be convened by the investors to develop an implementation strategy that is tough-minded, market oriented, highly focused and accountable to a public performance audit of measurable outcomes.

An entrepreneurial development consortium, the New Enterprise Consortium, should then be developed which brings these private, not-for profit and public sector partners together in an organization modeled after CERT. It is essential to the success of this New Enterprise Consortium that private sector investors and private sector users of services have a majority on a small board that includes roughly half and half investor/users and suppliers.

4.1.2.4 Financial Structure

Because of the diversity of the supplier organizations in the New Enterprise Consortium (not-for-profit, educational, and governmental) and their sources of funding, the operating functions of the consortium do not need a dedicated financial structure.

The modest cost of a small coordinating staff could be covered either through dedicated resources and managers within existing organizations, or through a modest portion of the management fee for the for-profit LLC or limited partnership described in 4.1.6.2 below.

4.1.2.5 Legal Structure

A memorandum of understanding (MOU) to create or engage an existing not-for profit to incorporate the functions of the New Enterprise Consortium is an appropriate legal structure.

4.1.2.6 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the New Enterprise Consortium who, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the New Enterprise Consortium and the "Common Ground" Northwest Louisiana Regional Development Corporation.

The New Enterprise Consortium and the "Common Ground" Northwest Louisiana Regional Development Corporation should mutually establish performance measures that account for

- ✓ New enterprises created
- ✓ Jobs and wealth created
- ✓ Additional private investment funds leveraged
- ✓ Purchases of goods and services created
- ✓ Parish, State and Federal tax revenues created
- ✓ Total leverage
- ✓ Patents Generated
- ✓ Technology Licensed

4.1.3 Investment in High Risk Enterprise

Wealthy individuals and families in Northwest Louisiana with national venture capital experience have indicated their willingness to invest in appropriately structured vehicles that meet national standards for best practices and are therefore likely to receive appropriate returns for appropriate risks. Some sophisticated investors have even indicated that they might be willing to receive slightly lower returns if they were confident that the result would be the creation of successful new small or minority owned enterprises that could contribute significantly to local job and wealth creation in the majority or minority communities. This Strategic Action is designed to address those concerns and create investment vehicles that can meet these conditions.

4.1.3.1 Vision and Mission

The Vision of this platform for Strategic Action is to recreate the conditions within which it is prudent for a portion of the considerable family wealth of Northwest Louisiana to be reinvested in the region.

To meet this standard, the Mission must be to create seed and early stage venture and mezzanine capital investment opportunities in the region which are as well managed and produce risk-adjusted rates of return approximately equal to the risk capital investment options available to wealthy local investors in other parts of the country.

4.1.3.2 Strategic Goals and Actions

The Strategic Goals to carry out the second mission, Investing in High Risk Enterprise, will encourage the use of the national best practices for investing in the birth and expansion of new enterprise.

The specific outcome could be investment by wealthy individual and family investors in Northwest Louisiana in a for-profit 10-year limited partnership that achieves the following highest current national standards and goals for seed and early stage venture capital investment:

Goal 1: Produce a risk-adjusted market rate of return appropriate to the round of financing, using nationally accepted standards for evaluation of returns, as outlined.

Goal 2: Participate in syndicates that insure the presence of sophisticated national and local investors appropriate to the class of risk.

Goal 3: Manage and legally structure the risk according to national best practice.

Goal 4: Produce measurable job and wealth creation.

Goal 5: Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

4.1.3.3 Management Structure

In all seed and early stage venture capital investments, world class attracts world class. We therefore recommend the implementation of the following best practices within a stand-alone for-profit limited liability company or partnership.

- ✓ Only proven, incented investment managers must be chosen to invest high-risk assets in the creation of new enterprise.
- ✓ These investment managers must be chosen through a competitive process.
- ✓ The investment managers must be chosen by investors who are experienced in investing in high-risk instruments such as seed and early stage private equity or venture capital, or their equivalent.
- ✓ Once chosen, investment managers must be personally at risk in the investments they make; they must experience direct personal financial success or failure from each portfolio investment they make.

4.1.3.4 Financial Structure

High promise, high risk investments in seed and early stage new enterprise are best structured in independent, limited liability companies (LLCs) or limited partnerships to isolate the risk and insure that investment managers are rewarded or penalized for success or failure.

These LLCs or limited partnerships must be structured according to the highest current standards for upper quartile firms operating anywhere in the United States, if the sophisticated, wealthy individual or family investors in Northwest Louisiana who are now investing their assets on the East and West coasts are to be encouraged to invest at home.

These current national standards essential to the financial structure for partnerships that invest in high- risk new enterprise in the region are as follows:

- ✓ Investment returns must be appropriate to risk; that is, Series A seed rounds are expected to produce Series A returns; Series B rounds to produce Series B returns. As noted above, early seed rounds are generally made in very small increments in partnership with large numbers of sophisticated national and local angel investors.
- ✓ Appropriate return must be appropriate to risk irrespective of the form of instrument used to represent the risk.
- ✓ National investors with world class reputations in seed and early-stage capital investments are expected to be co-investors in each and every investment to validate the risk-adjusted rate-of-return and the validity of the technology.
- ✓ Rigorous due diligence by national investors, not regional consultants, is essential to validate any high promise/high risk investment. If it is worth investing in, national capital will come.
- ✓ High risk investment asset valuations can only be validated by a third party arms length transaction. Until this external event occurs, invesments have no reliable value. These investments are carried at book until an identifiable event either increases or decreases their value.
- ✓ These assets must be invested by proven venture capital partnerships that have successfully invested in previous partnerships that have produced upper quartile returns for investors.

4.1.3.5 Legal Structure

The for-profit investment strategy for seed and early stage venture capital should be performed through a for-profit instrument as an affiliate of the public purpose, not-for-profit New Enterprise Consortium described in Section 4.1.4.2 above.

This function should be structured in a limited liability company (LLC) or a limited partnership to isolate the risks and engage proven, high risk, investment management.

A modest portion of the management fee and the carried interest should be shared with the parent not-for-profit New Enterprise Consortium in exchange for value received

4.1.3.6 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the New Enterprise Consortium who, in partnership with the Lead Investors and the “Common Ground” Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0) and with the technical support of the Center for Business and Economic research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the New Enterprise Consortium and the "Common Ground" Northwest Louisiana Regional Development Corporation.

A 25-year history of best practices in new enterprise development and technology commercialization has arrived at the following benchmarks:

- ✓ Internal rate of return on investment (using the nationally accepted standards for valuation for seed and early stage equity-like investments)
- ✓ Jobs created
- ✓ Payroll created
- ✓ Additional private investment funds leveraged
- ✓ Purchases of goods and services created
- ✓ Parish tax revenue created
- ✓ State tax revenue created
- ✓ Federal tax revenue created and
- ✓ Total leverage

4.2 Creating New Biomedical and Biotechnology Enterprise

The Biomedical Research Foundation of Northwest Louisiana (the Foundation) was an important recommendation of the first Strategic Action Plan completed by Economic Innovation International and Mt. Auburn Associates in 1985. As a result, the Foundation was established in 1986 as a private, not-for-profit, 501(c) 3 economic development and research organization to leverage the region's medical assets to develop knowledge-based industry.

4.2.1 Summary of Strategic Analysis: Volume I

The history and current operations of the Foundation are described in Volume I, Strategic Analysis and in Section 3.3.8. Led by a volunteer Board of Directors and managed by a president and professional staff, the Foundation defines for itself a complementary two-fold mission:

- Mission I: To enhance the research, teaching and clinical capacity of LSU Health Sciences Center in Shreveport, and
- Mission II: To establish Northwest Louisiana as a nationally recognized regional technology center through the creation of InterTech Science Park.

To date, $78 million of the reported assets have been raised in support of these mutually interdependent missions since the Foundation's inception. Of this total amount, the Foundation reports that it attributes approximately 50% of these assets to the support of LSUHSC's research and clinical programs, and attributes the other 50% in support of economic development and the InterTech Science Park.

The Strategic Analysis in Volume I, Section 3.3.8 further notes that the national standards for carrying out the twin missions of the Foundation have risen substantially in the intervening 18 years, and were not currently being met by the Foundation with regard to either of its missions.

The senior management and senior board leadership of the Foundation engaged in a thorough and careful review of the history of the Foundation, the learning that has taken place, and the current national best-practice standards. The leadership of the Foundation joins the leadership of this Strategic Action Platform in agreeing to implement the recommendations spelled out below.

4.2.2 Mission I: Enhancing LSUHSC-S

4.2.2.1 Vision and Mission

Mission I: To enhance the research, teaching and clinical capacity of LSU Health Sciences Center in Shreveport, is an appropriate Mission for the Biomedical Research Foundation.

4.2.2.2 Strategic Goals

Scarce resources such as the $3 million annual rental income need to be reinvested in a highly focused strategic way, mutually agreed to by the Foundation and the Medical Center, to leverage substantial additional resources.

An initial investment in high quality research and teaching faculty should be made to leverage the necessary physical and technical assets for these high impact people.

Benchmarks should be established for these strategic goals, in partnership with the Lead Investors and the “Common Ground” Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0), and with the technical support of the Center for Business and Economic Research (CBER). Provision should then be made to monitor outcomes and widely report performance for these goals to the Health Sciences Center, the healthcare community, and tax payers of Caddo Parish, and throughout Northwest Louisiana.

4.2.2.3 Strategic Actions

Strategic Actions to carry out these Goals should be mutually developed, reviewed, and agreed to annually by the leadership and management of the Foundation and the Health Sciences Center and publicly reported annually.

4.2.2.4 Management Structure

High quality medical research and incubator/accelerator facilities in major medical centers tend to operate with a small lean staff. We recommend that the Foundation review its management structure and functions to consider appropriate changes. For instance, the PET facilities, which now engage 26 full-time staff to carry out its functions, might be spun off into a stand-alone facility that might be expected to be self-sufficient.

4.2.2.5 Financial Structure

The current not-for-profit 501(c) 3 structure for the Foundation is appropriate to this goal

4.2.2.6 Legal Structure

As noted, the current not-for-profit 501(c) 3 private foundation legal structure is appropriate.

4.2.2.7 Benchmarks and Performance Measures

An annual audit of performance measure and public reporting creates a strong bond of public trust. The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the Biomedical Research Foundation Board who, in partnership with the “Common Ground” Northwest Louisiana Regional Development Corporation, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the Biomedical Research Foundation Board and the “Common Ground” Northwest Louisiana Regional Development Corporation.

The Foundation and the LSU Health Sciences Center should mutually establish performance measures that account for:

- ✓ Annual resources generated in support of LSUHSC-S.
- ✓ Annual research dollars generated.
- ✓ Annual returns in National Institutes of Health grants received by LSUHSC-S.
- ✓ Other federal, state and private research dollars received by LSUHSC-S
- ✓ Patents Generated
- ✓ Technology Licensed

4.2.3 Mission II: Creating New Life Science Enterprise

4.2.3.1 Vision and Mission

Mission II: To establish Northwest Louisiana as a nationally recognized regional technology center through the creation of InterTech Science Park, is an appropriate mission for the Biomedical Research Foundation.

4.2.3.2 Strategic Goals

The Strategic Goals to carry out the second mission, Creating New Life Science Enterprise, are to meet the national best practices for managing the birth and expansion of new life science enterprise.

Goal 1: Produce a risk-adjusted market rate of return appropriate to the round of financing using nationally accepted standards for evaluation as outlined.

Goal 2: Produce measurable job and wealth creation as outlined in Volume II, Section 3.3.7, Benchmarks.

Goal 3: Participate in syndicates that insure the presence of sophisticated national and local investors appropriate to the class of risk.

Goal 4: Manage and legally structure the risk according to national best practice.

Goal 5: Benchmarks should be established for these strategic goals, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of CBER. Provision should then be made to monitor outcomes and widely report performance for these goals to the Health Sciences Center, the healthcare community, taxpayers of Caddo Parish, and business, civic and governmental organizations throughout Northwest Louisiana.

4.2.3.3 Strategic Actions

The Biomedical Research Foundation should create a for-profit affiliate to carry out this function. This affiliate will enable the Foundation to fulfill its mission to establish Northwest Louisiana as a technology center,

4.2.3.4 Management Structure

In biomedical and biotech commercialization, world class attracts world class. We therefore recommend the implementation of the following best practices within a stand-alone for-profit affiliate of the not-for-profit foundation.

- ✓ Only proven, incented investment managers with nationally proven track records investing in biotechnology must be chosen to invest high-risk assets in the creation of new biotechnology and biomedical enterprise. Even nationally proven seed and early stage venture capital track records in IT or software are insufficient in this highly specialized and risky field.
- ✓ These proven investment managers must be chosen through a competitive process.
- ✓ The investment managers must be chosen by sophisticated investors who are experienced in investing in high-risk instruments such as seed and early stage private equity or venture capital, especially in biotech companies.
- ✓ Not-for-profits sponsoring high-risk initiatives must be structured to avoid the use or the appearance of use of grants or tax dollars to compensate for improper investment decisions.
- ✓ Once chosen, investment managers must be personally at risk in the investments they make: they must experience direct personal financial success or failure from each portfolio investment they make. Extensive national experience over the last 20 years clearly indicates that the use of Federal or state or private grants as a

substitute for the vigilance of at-risk sophisticated national investors and fund managers generally leads to failure.

4.2.3.5 Financial Structure

High promise, high risk investments in seed and early stage technology companies, especially biotechnology and biomedical instrument companies are best structured in independent limited liability companies (LLCs) or limited partnerships to isolate the risk and insure that investment managers are rewarded or penalized for success or failure.

- ✓ Investment returns must be appropriate to risk; that is, Series A seed rounds are expected to produce Series A returns; Series B rounds to produce Series B returns. As noted above, early seed rounds are generally made in very small increments in partnership with large numbers of sophisticated national and local angel investors.
- ✓ Appropriate return must be appropriate to risk irrespective of the form of instrument used to represent the risk (i.e. either through direct equity investment, or by purchasing specialized equipment, or by custom-building unique, sophisticated facilities or by unsecured, non-guaranteed loans).
- ✓ National investors with world class reputations in biotechnology and biomedical device investments are expected to be co-investors in each and every investment to validate the risk-adjusted rate-of-return and the validity of the technology. Any exception to this rule courts disaster.
- ✓ Rigorous due diligence by national life science investors, not regional consultants, is essential to validate any high promise/high risk investment. If it is worth investing in, national capital will come; if it is not, they will not.
- ✓ High risk investment asset valuations can only be validated by a third party arms length transaction. Until this external event occurs, invesments have no reliable value. These investments are carried at book until an identifiable event either increases or decreases their value and is made by a nationally regarded sophisticated investor.
- ✓ World class attracts world class. In biomedical and biotech commercialization, anything less generally leads to failure.

4.2.3.6 Legal Structure

This investment strategy, as noted, is traditionally performed through a for-profit instrument as an affiliate of the public purpose, not-for-profit economic development parent, to insure that it carries out the “double bottom line goals” for which it was established.

These functions should thus be structured in a limited liability company (LLC) or a limited partnership structure to isolate the risks and engage proven, high risk, investment management, and operated according to the current national best practices outlined in the Management Structure, Section 4.2.5.2, and Financial Structure, Section 4.2.6.2, above.

It is a violation of national best practice for the Biomedical Research Foundation to undertake these high-risk investments directly through the not-for-profit, as it currently does. The high risk of seed and early stage investments is the same, irrespective of the label applied to the investment.

4.2.3.7 Benchmarks and Performance Measures

An annual audit of performance measure and public reporting creates a strong bond of public trust. The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the Biomedical Research Foundation Board who, in partnership with the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the Biomedical Research Foundation Board and the "Common Ground" Northwest Louisiana Regional Development Corporation.

A 25-year history of best practices in similar public and not-for-profit life science research and technology commercialization institutions annually measure and publicly report the following double bottom line indices:

- ✓ Internal rate of return on investment (using the nationally accepted standards for valuation for seed and early stage equity-like investments)
- ✓ Jobs created
- ✓ Payroll created
- ✓ Additional private investment funds leveraged
- ✓ Purchases of goods and services created
- ✓ Parish tax revenue created
- ✓ State tax revenue created
- ✓ Federal tax revenue created and
- ✓ Total leverage

4.3 Creating New Minority Enterprise

New Minority Enterprise can be successfully created in the region by expanding upon the successful 20-year track record of the partnership between Barksdale and the Shreveport Chamber in generating $1 billion of new procurement contracts for the region's small enterprise.

Properly implemented, an expanded procurement program could engage all of the economic base industries of the region—healthcare, manufacturing tourism and gaming—to generate procurement of quality goods and services from well-supported minority entrepreneurs.

Growing minority-owned small enterprise creates wealth as well as jobs, and generates true equal opportunity among blacks and whites.

4.3.1 Summary of Strategic Analysis: Volume I

All of the efforts described in Volume I, Section 4.0, Increasing Human and Social Capital, need to coalesce in increased job and wealth creation for residents of low and moderate neighborhoods.

Many dimensions of the Community Resources inventoried in Volume I, Section 4.4 contribute directly to this end:

- ✓ education at all levels:
  - K-12 (Volume I, Section 4.4.1),
  - higher education (Volume I, Section 4.4.3), and especially
  - focused workforce education and training (Volume I, Section 4.4.2);
- ✓ public transportation to jobs (Volume I, Section 4.4.6), and
- ✓ available and affordable day care for those at jobs (Volume I, Section 4.4.7).

To these resources, there must be additional focus in:

- ✓ job placement (Volume I, Section 4.4.8),
- ✓ job creation (Volume I, Section 3.10.1 and 4), and
- ✓ comprehensive procurement to assist small, minority and women-owned business in gaining access to goods and services contracts from all major economic base industries in Shreveport-Bossier City (Volume I, Section 4.4.10).

The 18-year-old procurement program of the Shreveport Chamber and Barksdale has generated nearly $1 billion in procurement for small enterprise in the region (Volume I, Section 3.6).

- ✓ This successful program could be extended to procurement in:
  - hospitals (Volume I, Section 3.3),
  - primary manufacturing (Volume I, Section 3.4),
  - gaming casino hotels (Volume I, Section 3.5.1), and
  - other economic base industries.
- ✓ The Manufacturing Manager's Council might play a role in implementing such a comprehensive procurement program (Volume I, Section 3.4.2).
- ✓ Wealthy individuals who are sophisticated investors in venture capital nationally have indicated that they might be willing to assume somewhat greater risk and receive a somewhat more patient rate of return if the result was investment in the growth of minority enterprise with a reasonable prospect of success (Volume I, Section 5.3.4)

- ✓ A national model for monitoring community reinvestment is presented in Volume II, Appendix 5.

4.3.2 Vision and Mission

To build a productive region in Northwest Louisiana what is most needed, over loans and educational/workforce training, is access to real markets. The overarching goal of this report, and specifically this section, is to create a new economic base that will generate jobs, wealth, and an overall improved quality of life in the region.

As is true of all of the recommendations Volume II, Section 4.1, Creating New Enterprise, these difficult and complex tasks can only be successful if they are implemented according to the highest current national best practices. In the case of successful procurement programs to grow minority enterprise, there is a single best practice that must be adhered to—no double standards as to competence of management, quality and price of goods and services delivered, and timeliness of delivery. Firms with high potential must be well supported with appropriate management and financial support to achieve their goals, but anything less than high-integrity, energy and commitment by the entrepreneurs will not cut it.

4.3.3 Strategic Goals

The government procurement program developed by the Shreveport Chamber of Commerce in partnership with Barksdale as a result of the first Strategic Action Plan in 1985 has generated more than a billion dollars of small enterprise supplier contracts in the last 20 years.

This very successful program can be expanded to encompass all of the economic base industries of the region—healthcare, manufacturing, tourism and gaming, as well as educational institutions at all levels, and state and local governmental institutions—to generate procurement of quality goods and services from well-supported minority entrepreneurs

The strategic goal of this Strategic Action Platform is to create a similar procurement to the 1985 program, now for minority enterprises. The Strategic Action will create an "All Industry Procurement Program" with an emphasis on helping minority-owned small enterprises to be created and grow as profitable, successful, job creating enterprises.

4.3.4 Strategic Actions

The key Strategic Actions for this All Industry Procurement Program are:

- ✓ Model the program after the successful procurement program begun in 1985 and continuing to the present, between the Shreveport Chamber and Barksdale Air Base.
- ✓ Encourage the major, local base industries, including healthcare, manufacturing, tourism and entertainment, and other economic base industries to actively participate in this program.

- ✓ Encourage local majority enterprise to be the "Venture Sponsor" to help create a new minority enterprise by doing an internal review for services they could choose to outsource where there currently are no minority owned enterprisees. The Shreveport, Bossier and Minden Chambers of Commerce could be encouraged to set goals for their members to pursue this effort – a Chamber "Fair Share" Initiative.
- ✓ Encourage State, parish and municipal governments, and K-12 and higher education institutions to participate, as well, although the driver of this Initiative must come from the private sector.
- ✓ Integrate this All Industry Procurement Program into the Entrepreneurial Development Initiative, Volume II, Section 4.1
- ✓ Encourage wealthy individuals who are sophisticated investors in venture capital nationally to participate. Some of these investors have indicated that they might be willing to assume somewhat greater risk and receive a somewhat more patient rate of return if the result was investment in the growth of minority enterprise with a reasonable prospect of success (Volume I, Section 5.3.4).
- ✓ Monitor community reinvestment based on the national model found in Volume II, Appendix 5.
- ✓ Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

4.3.5 Management Structure

A small group of champions from the minority community, the Manufacturing Managers Council, each of the economic base industries, and the Shreveport Chamber Procurement staff, should convene to plan and structure this important initiative.

The All Industry Procurement Program would have its own board, which would coordinate the regional effort.

4.3.6 Financial Structure

The structure of the financing of the current Barksdale-Chamber Procurement Program should be reviewed for precedent in designing the financing of the expanded program. The review should also the practical experience drawn from the legislatively mandated Casino Hotel programs.

4.3.7 Legal Structure

The current Barksdale-Shreveport Chamber of Commerce Procurement Program might ideally be expanded to encompass the "All Industry Procurement Program".

4.3.8 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the All Industry Procurement Program Board who, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the All Industry Procurement Program Board and the "Common Ground" Northwest Louisiana Regional Development Corporation.

A partial list of performance measures includes:

- ✓ Jobs created
- ✓ Payroll created
- ✓ Additional private investment funds leveraged
- ✓ Purchases of goods and services created
- ✓ Parish tax revenue created
- ✓ State tax revenue created
- ✓ Federal tax revenue created

5.0 Action: Investing in Lifelong Learning

Volume I, Section 4.1, The Role of Human Capital in the Intelligence Age, underlines the primary importance of education at every level as the most important ingredient in creating a knowledge-based economy.

This section describes Strategic Action to increase investment in lifelong learning from Kindergarten through Grade 12 (Volume II, Section 5.1), Workforce Education and Training (Volume II, Section 5. 2) and Higher Education (Volume II, Section 5.3).

5.1 Investing in K-12

5.1.1 Summary of Strategic Analysis: Volume I

Excellence in education is essential to a competitive 21st Century economy, yet a majority of all primary and secondary schools in both Shreveport and Bossier are academically below average compared to other schools in Louisiana. Moreover, primary and secondary education does not equally serve both the black and white communities in Shreveport-Bossier City. Far fewer blacks graduate from high school than whites in both parishes, and far more whites have two year, four year or graduate college degrees than blacks (Volume I, Section 4.4.1).

In 2000, the not-for-profit Alliance for Education was established by a group of community leaders that believed public education is the responsibility of both educators and the community as a whole. These leaders and the Alliance worked with the education system to focus on a series of projects to promote improvement and innovation at the school system, school building, and classroom level. Included in the work is a focus on professional development, after school initiatives, character development, educational grant programs, and recognition of schools of Exemplary Academic Growth.

The Alliance also hosts the Caddo Citizen Education Taskforce, which is especially focused on improving the learning environment for the children of Caddo Parish. This subgroup is providing a needs assessment to the community by visiting every school in the parish; surveying over 3000 educators and parents; and holding community forums for input.

On July I, 2003, Ollie S. Tyler became the new Superintendent of the Caddo Parish Schools, and on August 4, 2003 she presented a new “School Choice” Plan to the Parish School Board. Superintendent Tyler embraced the work of the Alliance and the Caddo Citizen Education Taskforce when she previously served in the Caddo School System, and this relationship is expected to grow with her return.

As a result of the work of the Alliance for Education over the past two years, a course of Strategic Action is emerging which is summarized below.

5.1.2 Vision and Mission

Create a good learning environment for all children in all schools and thus increase opportunity for all children.

Make improvement of community schools the centerpiece of neighborhood development and revitalization in the community.

Shift the interaction between schools and community from “What can you do for us?” and from “How can parents, community members and organizations help us do our job better?” to “What can all of us together do to educate all children well?”

5.1.3 Strategic Goals

Goal 1: Develop a broader public understanding and participation in public education. Focus on what all stakeholders together can do to educate all children well.

Goal 2: Build community capacity to succeed in state and federal school improvement initiatives as outlined by the state “LEAP for the 21st Century” and federal “No Child Left Behind” Act.

Goal 3: Assign the highest priority in school improvement to leadership development of principals and teachers. Have a highly qualified teacher in each classroom.

Goal 4: Work on a global school improvement model for Northwest Louisiana based on collaboration, choice, and entrepreneurship. Work to increase incentives for school performance, school capabilities, and freedom of action at each school site.

Goal 5: Provide every child the basic skills important to employability.

Goal 6: Provide effective early childhood education for all children with initial emphasis on development of this resource in low-income areas.

Goal 7: Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

5.1.4. Strategic Actions

Each of the six strategic goals listed above has an accompanying set of strategic actions.

Strategic Actions for Goal 1: Develop a broader public understanding and participation in public education. Focus on what all stakeholders together can do to educate all children well.

- ✓ Establish a Civic School Reform Oversight Group for Caddo and Bossier School districts through a collaborative effort between the Alliance for Education and the Parish school systems to sustain meaningful school reform and support reform at state capital level.

- ✓ Act on the work of the community effort of the Caddo Citizens Education Taskforce concerning facility improvement in Caddo Parish. This concept of independent grass roots effort of community leaders and educators could be a model for efforts to improve schools throughout Northwest Louisiana.
- ✓ Fund the building of school Community Centers at elementary and secondary schools to support the concept of "schools as a community". These buildings would be built with flexibility to accomplish multiple functions.
- ✓ Provide resources that allow school sites to engage in the use of technology advances in instructional delivery and interactive communication.
- ✓ Work through the Alliance for Education to create a community dialog on public education to explore the community's aspirations for schools. This could be modeled after the "Yes, We Can" initiative in Mobile, Alabama.
- ✓ Create and staff a centralized Parent Information Center with appropriate web site that functions to educate parents on school choice options and opportunities for after school enrichment and extracurricular activities for students both at the school site and in the community.

<u>Strategic Actions Goal 2</u>: Build community capacity to succeed in state and federal school improvement initiatives as outlined by the state "LEAP for the 21st Century" and federal "No Child Left Behind" Act.

- ✓ The school systems and the Alliance for Education partners should collaborate to build an understanding in the community of changes associated with the No Child Left Behind Act.
- ✓ Provide every school state of the art capabilities for distance learning within two years. The Community Institute for Professional Development described under goal number three could then partner with the school systems to facilitate offerings for teacher and student development.

<u>Strategic Actions for Goal 3</u>: Assign the highest priority in school improvement to leadership development of principals and teachers. Have a highly qualified teacher in each classroom.

- ✓ Create a taskforce of national board certified teachers facilitated by the Alliance for Education. This taskforce would focus on the following:
    - Create a definition for the term "highly qualified teacher."
    - Assess and make recommendations concerning effective professional development.
    - Focus on recommendations concerning important variables required for teacher success such as discipline in the classroom; procuring instructional materials; and principal leadership selection and development .
- ✓ Increase the current budget allocation spent for professional development in each school district while decentralizing the allocation of these funds. These added resources would be allocated to individual school sites to be used at their

discretion. Actual expenditures and results of those expenditures should be readily available to the public.

- ✓ Expand the work of the Principal Leadership Institute of the Alliance for Education.
- ✓ Promote a collaborative effort of the school systems, National Staff Development Council, and taskforce of the national board certified teachers to define and implement effective professional development efforts.
- ✓ Create incentives for collaboration between educators. Build the capacity to learn from current improvement efforts and practitioner experience already present in our community while opening schools to outside knowledge.
- ✓ Establish new teacher retention efforts to support and retain new teachers. The goal of each school district should be to reduce teacher attrition in the first three years by 50% over the current level.

<u>Strategic Actions for Goal 4</u>: Work on a global school improvement model for Northwest Louisiana based on collaboration, choice, and entrepreneurship. Work to increase incentives for school performance, school capabilities, and freedom of action at each school site.

- ✓ Develop performance agreements negotiated between school leadership and the superintendent. These agreements would focus entirely on measuring the outcomes related to improved instruction and student learning. The outcome measures would be agreed upon by central administration and individual school leadership.
- ✓ Create a system that assures schools that they can reallocate and spend money they save by reducing expenditures.
- ✓ Expand "controlled choice" options for parents to choose between closely spaced neighborhood elementary schools as has been piloted in the Martin Luther King Drive area of Shreveport.
- ✓ Create policy and procedures that empower schools to prioritize the work of staffing based on the best interests of children.

<u>Strategic Actions for Goal 5</u>: Provide every child the basic skills essential to employability:

- ✓ Adopt the national definition of basic skills as relayed in the national School-To-Work initiative as follows:
    - Read and do math at 9th grade level or higher.
    - Be able to solve semi-structured problems where hypotheses must be formed and tested.
    - Be able to work in groups with persons of various backgrounds.
    - Be able to communicate effectively, both orally and in writing.

  - Be able to use personal computers to carry out simple tasks like word processing.

- ✓ Strengthen and implement Career Options Act 1124, including career awareness in elementary schools, career exploration in middle schools, career concentrations in high schools, and building awareness of the value and importance of technical work.
- ✓ Work with various community resources including the Alliance for Education, VOA, Lighthouse, Sci-Port, and faith based organizations to expand before and after school experiences.
- ✓ Contract with the Service Connection to provide one stop shopping for counselors, nurses, teachers, and principals to help broker health and social service to meet children's needs.
- ✓ Expand the work of the Caddo Career and Technology Center to build skills for employability.
- ✓ Provide adequate alternative environments for students not currently functioning well in their current classroom setting.
- ✓ Have the school systems review comprehensive school improvement models that have proven results. Current models include the "Direct Instruction" and "Success for All" in elementary education, and "High Schools that Work" in secondary education.

Strategic Actions for Goal 6: Provide effective early childhood education for all children with initial emphasis on development of this resource in low-income areas.

- ✓ Continue efforts on the part of community leaders and educators to influence policy makers on the importance of budget dollars for this effort.
- ✓ Continue promotion of early child education efforts at the local level and through Head Start Programs.
- ✓ Consider promotion of early child education through funding of faith based efforts through federal faith based initiatives.
- ✓ Examine the highly successful "Start Smart" initiatives in North Carolina, and determine applicabliity as a benchmark for Louisiana.

Strategic Actions for Goal 7: Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

5.1.5 Management Structure

Creation of a good learning environment for children in its relationship to neighborhood development and revitalization requires an assessment of what all stakeholders can do together to improve public education. This will require trust between schools and communities and the recognition that public schools belong to the community. The kind of collaboration and coordination needed for this effort between the school system and the community could be facilitated by the Alliance for Education.

5.1.6 Financial Structure

The financial structure of the Alliance for Education is appropriate.

5.1.7 Legal Structure

The Legal Structure is appropriate to the shared functions:

- ✓ The Alliance for Education for Education is a 501(c)3 not-for-profit corporation.
- ✓ The School Board is a public instrumentality and is currently implementing rigorous, statewide school accountability.
- ✓ The not-for-profit Comprehensive CDC and its affiliated for-profit development fund (described in Volume II, Section 2.0) can contribute substantial financial and management resources to K-12 education recognizing that an effective, productive public school is the anchor of neighborhood community development.

5.1.8 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the Alliance for Education and the superintendents of the Caddo and Bossier Parish School Districts who, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the Alliance for Education, the superintendents and the "Common Ground" Northwest Louisiana Regional Development Corporation.

- ✓ Extensive data will be collected per state and federal mandates for the state "LEAP for the 21st Century" and federal "No Child Left Behind" initiatives.
- ✓ The Civic Reform School Oversight Group would oversee and evaluate school reform efforts and continuous improvement of the school system.
- ✓ Performance agreements negotiated between school leadership and superintendent would be a basis for evaluating the success or failure of individual schools to improve instruction and student learning.
- ✓ Focus on continuous improvement and teacher quality, including:
  - Increase current budget allocation of professional development in each school district while decentralizing these funds to be used at the discretion of the individual school site.

- Reduce loss of beginning teachers within three years by 50% in each school system through a continous effort to improve the work environment of all teachers.

5.2 Investing in Workforce Education and Training

Volume I, Section 4.4.2 describes the importance of Workforce Education and Training to support the continued growth and development of Northwest Louisiana's economic base and to prepare its workers for a knowledge based economy. A strategic investment in Workforce Education and Training is essential to that task.

5.2.1 Summary of Strategic Analysis: Volume I

No economic region can succeed in the 21st Century without smart workers in smart firms and smart communities. A strategic investment in Workforce Education and Training is essential to that task (Volume I, Section 4.1).

The Community Needs Analysis in Volume I, Section 4.3 shows a precipitous decline in the youngest workforce age group (18-34) in the region over the last decade. This is a serious concern deserving of a major concerted initiative in this Strategic Action Platform, as young people are the "seed corn" essential to the future growth and development of the Region. This "seed corn" can only be regained if there is a concentrated effort to create good jobs for young people and then provide them with the workforce education and training necessary to secure these jobs (Volume I, Section 4.3.2).

Workforce Education and Training is now being given increased emphasis in the state and region, but efforts are still uncoordinated and not fully responsive to either employer or employee needs (Volume I, Section 4.4.2

Since its inception in Act 1 of 1997, the Louisiana Workforce Commission has sought to coordinate and align the state's combined $800 million annual investment in workforce education and training across two dozen boards, funding streams, and agencies.

Northwest Louisiana faces the same coordination challenge at the regional level that Louisiana faces at the State level: two separate Workforce Investment Boards (WIB #70 serving the ten-parish region of Northwest Louisiana and WIB #71 serving the City of Shreveport), the community and technical colleges are seeking to craft a regional approach, at the same time that the two separate Tech Prep consortia serve the Northwest Louisiana. Most of the region's share of a statewide $50 million annual investment in Incumbent Worker Training Program (IWTP, paid by the payroll tax) tends to benefit large employers. Most importantly, there is no single mechanism to coordinate the needs of employers and the skills and training needs of workers (Volume I, Section 4.4.2).

5.2.2 Vision and Mission

Employers who generate jobs that need to be filled, workforce suppliers who train workers for jobs, and workers who need jobs and skills, must work together to create a regional workforce capable of meeting current market needs and the emerging opportunities of the knowledge economy— ensuring a vibrant, diversified economy and economic opportunity for all citizens.

The most pressing need is for a single, concerted effort that will bring three groups together around a simple idea— *train workers for jobs businesses need to fill*. This new Workforce Consortium would represent:

- ✓ employers large and small with jobs to fill and training needs to be met,
- ✓ workforce education/training suppliers, including the two separate Workforce Investment Boards (WIB #70, serving the ten-parish region of Northwest Louisiana and WIB #71 serving the City of Shreveport), the community and technical colleges, and the two separate Tech Prep consortia serving the Northwest Louisiana, and
- ✓ representatives of workers who need jobs and skills.

This new Workforce Consortium could be based on the most comprehensive current operating model, Enterprise Florida's Workforce Florida, Inc. Workforce Florida, Inc.'s Board is composed of all of these leadership groups and, in turn, oversees three Workforce Councils. One of these Councils—"High Skills/High Wages" —aligns Florida's education and training programs with higher-paying, high demand jobs that rewards educator/trainers who graduate workers to these jobs (see Volume II, Appendix 7). It is important to note that Louisiana does manage a similar Louisiana Occupational Forecasting Conference staffed by the Louisiana Workforce Commission and the Louisiana Department of Labor. Details are found in Volume I, Section 4.4.2.

5.2.3 Strategic Goals

Strategic Goals for the new Workforce Consortium include:

Goal 1: Move toward a seamless workforce education and training system, PK-16+, that begins early with career awareness, includes career concentrations, links learning to work, ties curricula to market demands and postsecondary requirements, and provides portable credentials.

Goal 2: Identify and develop Northwest Louisiana's under-represented sources of talent and potential to meet market needs and grow the region's economy.

Goal 3: Encourage and support innovation, entrepreneurship, and use of technology in learning, businesses and workplaces throughout the Northwest Louisiana region.

Goal 4: Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

5.2.4 Strategic Actions

Strategic Actions for the new Workforce Consortium include:

Strategic Actions for Goal 1: Move toward a seamless workforce education and training system, PK-16+, that begins early with career awareness, includes career concentrations, links learning to work, ties curricula to market demands and postsecondary requirements, and provides portable credentials:

- ✓ Develop funding, incentives and accountability measures to reward colleges and universities for investing education/training resources to prepare workers for high demand occupations and targeted clusters, based on the successful Workforce Florida model presented in Volume II, Appendix 7.
- ✓ Make more college courses transferable among public institutions.
- ✓ Expand regional partnerships with industry consortia (business and trade associations) to support industry-based certifications in high schools, colleges and universities.
- ✓ Strengthen and implement Career Options Act 1124, including career awareness in elementary schools, career exploration in middle schools, career concentrations in high schools, and building awareness of the value and importance of technical work.
- ✓ Expand Advanced Placement, dual enrollment, articulation and Tech Prep 2+2.

Strategic Actions for Goal 2: Identify and develop Northwest Louisiana's under-represented sources of talent and potential to meet current market needs and grow the region's economy:

- ✓ Expand TANF's (Temporary Assistance to Needy Families) customized skill upgrades for low-income parents, with childcare and transportation provided.
- ✓ Expand site-based child development centers, including 24/7 child care, particularly for low-income parents and parenting students.
- ✓ Engage WIB Youth Councils in expanding proven, work-related "added chance" and alternative programs for out-of-school, incarcerated and court-involved youth.
- ✓ Implement accountability measures that reward high schools for improving completion rates and reclaiming dropouts.
- ✓ Engage foundations, nonprofits, and other community and faith-based groups in providing extended learning opportunities for under-served learners (for example, family literacy projects, parent centers, after-school academies, mentoring, Saturday enrichment, Boys and Girls Clubs, youth one-stop centers, others).
- ✓ Expand WorkKeys® assessments of work-related foundation skills and computer-assisted skill upgrades.

Strategic Actions for Goal 3: Encourage and support innovation, entrepreneurship, and use of technology in learning, businesses and workplaces throughout the Northwest Louisiana region:

- ✓ Provide materials for students on careers in information technology.

- ✓ Provide tax incentives for employers and others to donate computers/technology and training
- ✓ Provide professional development for PK-16+ educators and counselors on use of Louisiana Department of Labor and national online occupational information sites
- ✓ Expand CLK (Computers for Louisiana Kids) sites, computer repair and recycling resulting in A+ industry certification, throughout Northwest Louisiana.
- ✓ Expand school-based enterprises, supported by business partners and tied to industry-based certifications, in high schools (examples: aquaculture, horticulture/turf management, print and trophy shops, monogramming, catering, others).

Strategic Actions for Goal 4: Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

5.2.6 Management Structure

The Shreveport Chamber of Commerce has recognized the importance of workforce education and training by establishing a volunteer Vice Chair for Workforce Development, charged with developing a Strategic Action Plan for this area. This officer, Ann Stokes, who also sits on the Louisiana Workforce Commission, could convene and help facilitate a working group of employers, educator/trainers and worker representatives to design the implementation of the Strategic Action proposed here.

The management structure of the new Workforce Consortium could be based on the most comprehensive current operating model, Enterprise Florida's Workforce Florida, Inc. Workforce Florida, Inc.'s Board is composed of all of these leadership groups and, in turn, oversees three Workforce Councils. One of these Councils—"High Skills/High Wages" —aligns Florida's education and training programs with higher-paying, high demand jobs that rewards educator/trainers who graduate workers to these jobs ((for details, see Volume II, Appendix 7).

This new Workforce Consortium could serve as a facilitator to assist small businesses in the region in forming a consortium to apply for IWTP funds.

The Shreveport-Bossier Manufacturing Management Council (Volume I, Section 3.4) could play a key role in helping to insure that employers' needs are met. It could work closely with the Regional Workforce Investment Board to be sure its workforce needs are understood (see Analysis in Volume I, Section 4.4.2) and it could actively participate in helping to improve Workforce Education and Training.

One of the principal reasons for the creation of the Consortium for Education, Research and Technology of North Louisiana (CERT, see Volume I, Section 3.7.1) was to focus on workforce development. If CERT is to fulfill its function to focus on workforce education and training, it will require more sustained funding and support than it now has, and clearer accountability for performance against measurable goals and outcomes.

5.2.6 Financial Structure

The financing structure of this new Workforce Consortium could be based on Enterprise Florida's Workforce Florida, Inc. (Volume II, Appendix 7).

Financing could also be provided through the Workforce Investment Boards, WIB #70 (serving the ten parish region of Northwest Louisiana) and WIB #71 (serving the City of Shreveport).

5.2.7 Legal Structure

The legal structure of this new Workforce Consortium could be based on Enterprise Florida's Workforce Florida, Inc.(Volume II, Appendix 7).

The Workforce Investment Boards (WIBs) are statutory structures established by the Workforce Investment Act and funded by Louisiana Department of Labor Title I (Volume I, Section 4.4.2).

CERT is a 501 c 3 tax-exempt not-for-profit corporation (Volume I, Section 3.7.1).

5.2.8 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the new Workforce Consortium which, in partnership with the Lead Investors and the "Common Ground" Northwest Louisiana Regional Development Corporation, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the Alliance for Education and the "Common Ground" Northwest Louisiana Regional Development Corporation.

Measures to gauge Northwest Louisiana's success in implementing the Workforce Education and Training Strategic Actions described above might include the following:

Goal:	Sample measures:
Goal 1: Move toward a seamless workforce education and training system	Increases in the number of high school, college, and university programs leading to certifications in high demand occupations/clusters, and number of completers. Increases in the number of articulation agreements, dual enrollment, and career/technical and Tech Prep completers Increases in numbers enrolled in community and technical colleges, apprenticeships, and other advanced training Increases in number of industry-based certifications earned

Goal 2: Identify and develop Northwest Louisiana's under-represented sources of talent and potential	Increases in number of TANF participants in customized training Reduction in dropout rates Increases in early childhood enrollment, # High Schools That Work sites, # JAG sites, # after-school centers, # WorkKeys assessments and upgrades Increases in number of Louisiana Work Ready! Certificates awarded
Goal 3: Encourage and support innovation, entrepreneurship, and use of technology	Increases in number of computer education sites, # educators certified in information technology, # CLK sites, laboratories in schools Increases in school-based enterprises, and number of schools providing information about entrepreneurship

5.2.8.1 Economic Performance Measures

Measure 1: Business Outlook and Workforce Survey

The client group should sponsor a survey every two-to-three years of businesses detailing their long-term workforce needs relative to supply.

5.2.8.2 Economic Quality of Life Measures

Measure 1: Social Service Index

The client group should maintain an annual social service index, which should continue to monitor and compare the rate of change relative to population and employment growth. The index should include the following social service measures related to education:

- Number of training slots per unemployed persons in the labor force
- Percent of low-income children in Head Start or pre-school programs

Measure 2: Student and Educational Achievement and Attainment

Student achievement scores, school turnover, student-teacher ratios, high-school graduation rates, and high-school dropout rates should continue to be monitored annually. These measures should be reported for each school, and in aggregate compared to comparable state and national measures. Also, the number of school and individual student achievement awards should be inventoried and reported each year. Finally, adult educational attainment as reported by the Census should be monitored, and the percentage of the workforce in adult-education programs should be estimated every two-years.

Measure 3: Public Facilities and Service Standards

The participating jurisdictions should monitor their ability to maintain the same standards of public facilities per capita as they grow, especially regarding those facilities that are particularly important to the education of the region's residents, such as libraries and library books, and students per classroom and teacher ratios.

These measures should be combined into one annual report on the state of the local and regional economy and should be evaluated with other focused analysis of the region's quality-of-life.

5.3 Investing in Higher Education

The Twenty First Century *is* The Intelligence Age. Every successful regional economy can *only* compete in today's global technological economy from a position of strength in knowledge-based industry. In the Twenty First Century, *every* economic base industry—healthcare, manufacturing, tourism and recreation, global military bases like Barksdale, and higher education itself—must be a knowledge-based industry to succeed. The most innovative, technologically sophisticated regional economies today are powered by high quality, higher education institutions that make direct inputs into the region's smart workers, smart firms and smart communities. Thus, an investment in high quality higher education in Northwest Louisiana is an *essential* investment in the success of this Strategic Action Platform.

5.3.1 Summary of Strategic Analysis: Volume I

Higher education institutions are an important part of the economic base not only as important employers, but also because of their capacity to attract and retain the highest-quality workers, business leaders and firms, contributing to the overall development and growth of a highly competitive regional economy (Volume I, Section 3.7). Because of this importance, six four-year institutions and four two- year institutions are described as a part of the economic base of the region in Volume I, Section 3.7. The four-year institutions are LSUS, LSU Health Sciences Center, Centenary College, Louisiana Tech, Grambling and Northwestern University. The two-year institutions are Bossier Parish Community College, Southern University at Shreveport, Louisiana Technical College in Shreveport-Bossier City and Our Lady of the Lake Nursing Facility.

As a measure of the increased recognition in Northwest Louisiana of the importance of higher education to economic development, the private and public universities of the region came to form the Consortium for Education, Research and Technology of North Louisiana (CERT, see Volume I, Section 3.7.1). CERT then worked with its members and the Board of Regents to rationalize the functions of the public two and four year institutions so that they fit together as a more coherent whole for the benefit of the students, workers and firms of the region. Nevertheless, some parts of the industry are still under performing in its ability to meet the needs of the region's citizens, major industries and new enterprises.

In 1997, the Louisiana Board of Regents formed an Ad Hoc Committee composed of representatives from affected campuses, the Board of Regents, and the three management boards, along with selected governmental and community leaders to examine and report on the delivery of higher education services in the Shreveport-Bossier Metropolitan Area. The resulting report noted the strengths of each CERT institution in providing high quality education services and assigned various responsibilities for the area's higher education institutions in advancing a cost-effective and comprehensive agenda. This Ad Hoc Report designated LSUS as the Higher Education Center for the Shreveport-Bossier Metropolitan area and the Ark-La-Tex region and the Board of Regents 2001 Master Plan for postsecondary education designated LSUS as a regional university primarily serving the Shreveport-Bossier Metropolitan area and the Ark-La-Tex region.

5.3.2 Consortium for Education, Research and Technology

The Consortium for Education, Research and Technology of North Louisiana (CERT) is an important vehicle for improving the coordination and performance of private and public higher education in the region, especially as it relates to regional economic development, and a potential model for other regional collaborations, so long as its strengths and weaknesses to date are understood and addressed.

5.3.2.1 Vision and Mission

CERT was specifically proposed by the Biomedical Research Foundation as a regional economic and technology development consortium to help: (1) develop a workforce ready to excel in science and technology industries (Volume I, Section 4.4.2), (2) conduct the research and development necessary to create new markets for industry (Volume I, Section 5.2.2) and (3) encourage an investment in innovation capital (Volume I, Section 5.2) sufficient for the region to compete effectively in attracting and building knowledge-based industry.

CERT is also a successful model for the design of similar mechanisms in other fields that bring institutions together voluntarily to create a whole larger than the sum of any of its parts, and a potential model for other regional collaborations, so long as its strengths and weaknesses to date are understood and addressed.

The strength of CERT is its essential success in bringing together a very diverse group of higher education institutions that, in other regions of the country, do not have a history of working well together, if at all. CERT has also demonstrated that it could help solve a very difficult problem when supported by a higher authority—in this case the Louisiana Board of Regents. CERT performed the heavy lifting of helping to rationalize the many separate public and private, four and two year colleges and universities of North Louisiana into a more coherent system in which the comparative advantages of each could be recognized and enhanced.

CERT's weaknesses are that: (1) it does not yet have independent, long term funding; (2) it functions more as a loose confederation than a strong federation, and (3) it is not currently publicly accountable for achieving measurable goals. These weaknesses can be corrected with better funding, and should be as it is asked to take on additional roles.

CERT is, nevertheless, a model for consortia that brings together medical centers to better provide tertiary care to a larger outlying region (Volume II, Section 3.1), community development organizations to better address the needs of low income neighborhoods (Volume II, Section 2.0), and local chambers of commerce contending with common regional economic development issues (Volume II, Section 5.0)—so long as these current weaknesses are recognized and corrected both in CERT and in new regional consortia formed as a part of this Strategic Action Platform.

5.3.2.2 Strategic Goals and Actions

CERT serves as the coordinating mechanism for the region's higher education institutions to address Louisiana State Vision 2020 goals.

Beyond its role as an active intermediary between and among its 12 member institutions of higher education, CERT should expand its role as a facilitator of joint ventures between its member institutions and leaders of business and industry to carry out key elements of this Strategic Action Platform; especially Expanding Entrepreneurship and Creating A New Economic Base, Volume II, Section 4.0.

Many CERT Institutions are currently actively engaged in entrepreneurial development activities, including Louisiana State University in Shreveport, Louisiana Tech, Southern University in Shreveport, Northwestern State University, among others. These activities include a network of incubators: the Metro/Regional /Business Incubator of the Coordinating and Development Council (Volume I, Section 3.9.5.1), the incubators of the Biomedical Research Foundation (Volume I, Section 3.9.5.2) and the Small Business Development Centers at CERT institutions. CERT, through its coordinating role, can reduce duplication of effort among its members and work with economic development and industry associations to provide direction to meet the needs of the region as outlined in this Strategic Analysis and Action Platform.

Benchmarks should be established for these strategic goals, performance monitored and performance outcomes widely reported to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

5.3.2.3 Management Structure

CERT is a Regional Coordinating Council as defined by the Louisiana Board of Regents. The Board of Directors includes the twelve presidents/chancellors of its member institutions. The Executive Committee is made up of the CERT President, Immediate Past President, President-Elect and Secretary/Treasurer. An executive director staffs and manages the organization with office facilities and in-kind technical, administrative and development services provided by the Biomedical Research Foundation, and periodic, but uncertain grants from the State of Louisiana.

If CERT is to expand its higher education role to facilitate joint ventures with economic development organizations and industry to help implement this Strategic Action Platform, it will require more sustained funding and support than it now has.

5.3.2.4 Financial Structure

A principal recommendation of this Strategic Action Platform is to propose a sustained operating and administrative support budget for CERT. CERT Board leadership can best determine the precise amount of sustained operating and administrative support in partnership with the lead investors of this Platform. More important than the precise amount is the concept of more sustained reliability than is provided by annual, uncertain grants from the State. Continued provision by the Biomedical Research Foundation of office facilities and in-kind technical, administrative and development services is consistent with the important reasons for the Foundation to have helped create CERT in the first place.

CERT institutions also have critical higher education and economic development needs that must be supported through a variety of sources, including state agencies, the Board of Regents, federal agencies, private and corporate foundations, and individual philanthropy. These needs include:

- ✓ Campus-specific Centers of Excellence, such as: the Feist-Weiller Cancer Center at LSUHSC-S, the Institute for Micro-Manufacturing at Louisiana Tech, the Red River Watershed Management Institute at LSU Shreveport, Industrial Technology at Northwestern State University, and the Aerospace Technology Center at Southern University at Shreveport.
- ✓ CERT Technology Transfer and Intellectual Property Initiatives.
- ✓ CERT Workforce Development Programs.
- ✓ CERT Knowledge-based Technology Initiatives such as the CERT Institute for Biomedical Informatics (CIBI): CERT has been extremely effective in addressing important regional economic development and technical efforts that require a breadth and depth of resources that clearly exceed any individual institution. CIBI is a CERT initiative that coordinates biomedical and biotechnology research and education efforts in the rapidly emerging field of bioinformatics. Through CIBI, CERT and its member institutions now offer an integrated Bioinformatics Curriculum with a coordinated cross-registration system that allows students to make use of the unique strengths of each member institution. By meeting the demands for informatics education, creating inter-university research collaborations, providing incentives for industrial development, and facilitating improvements in healthcare, CIBI measurably improves the strength of the regional economy (for further description, see Volume I, Section 3.7.10 and Volume II, Section 5.3.3.2, below).

The CERT Institute for Biomedical Informatics is simply a single example of the power of CERT to contribute further to the implementation of this Strategic Action Platform. These initiatives are also expensive if done properly. CERT estimates that the five-year budget for CIBI is nearly $16 million.

Rather than this Strategic Action Platform proposing a detailed budget for all of the high priority higher education, economic development, centers of excellence, technology transfer, intellectual property and workforce education initiatives that may be important to CERT members and Strategic Action Platform Investors we recommend a process; as a part of the Phase II implementation of this Plan, a subcommittee of CERT Board members and Investor representatives should meet to set funding priorities and propose funding sources. Economic Innovation and ERA are prepared to suggest appropriate sources, as a part of this process.

5.3.2.5 Legal Structure

CERT is a 501(c)(3) not-for-profit organization, and as noted above, is a Regional Coordinating Council under the Louisiana Board of Regents.

A Board of Directors composed of the presidents/chancellors of the twelve member institutions governs CERT and meets quarterly. The Executive Committee composed of the current president, immediate past and president-elect, meets as needed.

5.3.2.6 Benchmarks and Performance Measures.

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to the Board of CERT who, in partnership with the Lead Investors, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by CERT and the "Common Ground" Northwest Louisiana Regional Development Corporation described in Volume II, Section 6.0.

Measure 1:

Because the region's higher-education institutions and their research institutes will play an important role in the regional economy, annual student enrollment and research grants by subject area should be monitored.

Measure 2:

Educational attainment trends should be monitored for percentages of students receiving an associate degree (2 – 4 yrs), a bachelor's degree, and an advanced degree.

[Volume I, Section 4.3.5 notes that the Shreveport-Bossier City MSA has a lower college enrollment for both undergraduate and graduate students than the nation or the State of Louisiana as a whole. It is therefore important to recognize that between 1990 and 2000, Northwest Louisiana achieved a substantial reduction in the number of people with less than a 9th grade education, accompanied by an increase in the number of people with higher levels of education. Projections suggest that: (1) the number of people with less than a 9th grade education will continue to decrease, the number of high school graduates will remain relatively constant over the next five years, while the number of those with higher levels of education will continue to increase. For some time to come, however, the numbers will continue to be lower than those of the State or the nation.

5.3.3 LSUS

The Twenty First Century *is* The Intelligence Age. The most innovative, technologically sophisticated regional economies today are powered by high quality, higher education institutions that make direct inputs into the region's smart workers, smart firms and smart communities. Thus, an investment in high quality higher education in Northwest Louisiana is an *essential* investment in the success of this Strategic Action Platform.

5.3.3.1 *Vision and Mission.*

In the 2001 Master Plan for Public Post secondary Education, the Louisiana Board of Regents designated LSUS as the "regional university primarily serving the Shreveport/Bossier Metropolitan area and the Ark-La-Tex region".

LSUS has the specific responsibility to meet the social, cultural, technological, and economic development needs of its service area by expanding its relationship with business, industry, governmental, educational and community organizations. A crucial anchor investment in higher education is needed to make this mandate a reality. To accomplish the overall mission of LSUS, and simultaneously achieve the goals as mandated by the Regents, the following issues must be addressed:

- ✓ This Strategic Action Platform recommends that seven key initiatives be developed and funded at LSUS in support of this Plan: Five of these initiatives involve increased funding for existing programs. Two initiatives are new. The five existing initiatives are: (1) the Center for Business and Economic Research (CBER), (2) the Institute for Human Services and Public Policy (IHSPP), (3) the Red River Watershed Management Institute (RRWMI), (4) the Division of Continuing Education and Public Service, and (5) Expanded Graduate Programs to meet identified regional economic needs. The two new initiatives are: (6) The Center for Entrepreneurial Development and Leadership (CEDL), and (7) The Center for Bioinformatics and Technology.
- ✓ This Strategic Action Platform recommends that legislative funding priorities for LSUS specifically include program development funds for those activities and partnerships that tie university programs to the regions economic development needs.
- ✓ Perhaps most importantly, this Platform recommends that LSUS and the LSUS Foundation in 2003-4 mirror the successful LSUSHSC-S and LSUSHSC-S Foundation strategy of 2002-3. LSUSHSC-S and the LSUSHSC-S Foundation undertook in 2002-3 to develop their own Strategic Plan. This very high quality

effort then provided the basis for a collective appeal by LSUSHSC-S and the LSUSHSC-S Foundation, backed by the leading Chambers of Commerce, other economic development organizations and the Northwest Louisiana legislative delegation, to go jointly to Baton Rouge in the 2003 Legislative Session to propose an overall increase in the annual state funding formula for LSUSHSC-S. LSUS and the LSUS Foundation should now undertake the same strategy in 2003-2004.

Under the leadership of the LSUS Foundation, the Foundation and LSUS should develop a Strategic Action Plan for LSUS in 2003-4 of the same high quality as that developed last year for LSUHSC-S. Armed with that Plan, the Foundation and LSUS can go to Baton Rouge in the 2004 Legislative Session to propose an overall increase in the annual state funding formula for LSUS, backed also by the leading Chambers and the Northwest Louisiana legislative delegation, and with the same expectation of success.

5.3.3.2 Strategic Goals and Actions

Seven key initiatives should be supported, developed, and financed at LSUS to ensure the success of this Strategic Action Platform. Five of these initiatives involve increased funding for existing initiatives. Two initiatives are new.

The following five programs were initially described in Volume I, Section 3.7.2. The expansion needs for each are described below:

1. The Center for Business and Economic Research (CBER) provides business and economic research on the Shreveport-Bossier Core, a database of economic indicators for the region, and applied research for local Chambers of Commerce, local and state government units, businesses and industry.

CBER is expected to perform a key role in the implementation of this Strategic Action Platform by helping stakeholders to establish, monitor, analyze and report on the benchmarks and performance measures of the various components of economic performance in this Platform. CBER currently receives no state funding directly. The CBER is funded by contracts with local business, industry, and not-for-profit organizations to provide essential research services. Additional funding will need to be provided for the added responsibilities of CBER called for in this Platform.

2. The Institute for Human Services and Public Policy (IHSPP) focuses on the academic needs of not-for-profit organizations and Health Centers in Northwest Louisiana. Two aspects of the Institute could provide additional support for the Comprehensive CDC proposed in Volume II, Section 2.0, if they were properly funded as a part of this Strategic Action Platform:

- ✓ The Red River Academy for Social Entepreneurism is designed to assist not-for-profit organizations in the Mid-South to develop revenue generating enterprises that are appropriate to their 501C3 tax-exempt charters. The Academy currently operates as an informal partnership of faculty led by LSUS and including Texas A&M at Texarkana, University of Arkansas at Little Rock, Southern University

A&M in Baton Rouge, and the University of South Alabama in Mobile. The initiative is consistent with and supportive of the concepts outlined in Volume II, Section 2.0, but the Academy needs more sustained local, state and foundation support.if it is to be of real value in helping to implement the Shreveport-Bossier Comprehensive CDC.

- ✓ The Master of Science Human Services Administration Program, which works with not-for-profit organizations, is currently properly funded as a Board of Regents degree program, but through The Institute for Human Services and Public Policy, could be of special support in the organization and ongoing operation of the Shreveport-Bossier Comprehensive CDC, and its constituent neighborhood CDCs.

3. The Red River Watershed Management Institute (RRWMI) is a consortium of LSUS faculty working in partnership with private sector, university and governmental organizations to collaborate on research, education, community service/outreach, resource management and economic development strategies focusing on the Red River Watershed In Northwest Louisiana and in the Ark-La-Tex region. .

4. The Continuing Education and Public Service Division serves over 30,000 individuals annually through non-credit and credit programs for both professional development and lifelong learning. The Division could be of additional help in developing training programs for economic base industries, expanding the LEAD program for the region's present and future private and public leadership, and acting as a bridge to help bring black and white leadership together.

5. Additional Graduate Programs: As the regional university serving the Shreveport-Bossier Metro Area, LSUS could more effectively meet the needs of business and industry and the citizens of the region, if it were supported in developing further graduate programs, including doctorate programs that met agreed upon regional needs. At present, LSUS offers only seven Master's level programs and one Specialist degree. In comparison, University of Texas at Tyler, with fewer students than LSUS, has over 25 graduate programs and is opening a graduate center at Longview to be closer to the Shreveport-Bossier Metro Area. Currently, there are no doctorate programs available in the Shreveport-Bossier Metro area except for medically related degrees offered at LSUHSC-S.

The Shreveport-Bossier Metro area is the most underserved of all Metro Areas in Louisiana in offerings of undergraduate and graduate programs. This limits higher education opportunities for the citizens in this region, and can have a negative effect on economic development. Increased funding for graduate programs that meet agreed upon regional needs will enhance the expertise and talent available to local business and industry, contributing to the smart workers and smart firms essential to a competitive regional economy.

The two proposed important new LSUS initiatives are:

6. The Proposed Center of Bioinformatics and Technology: In spring 2002, LSUS attracted two outstanding Bioinformatics PhD professionals from Massachusetts with dedicated Information Technology funds it had received from the State. The University then led a collaborative effort with other members of CERT to create the Institute for Biomedical Informatics (CIBI, see Volume I, Section 3.7.1 and Volume II, Section 5.3.2.4). CIBI creates a shared informatics infrastructure that promotes and expands biomedicine and biotechnology research, education, career development, and related industries and services throughout the region. To achieve this, the collaboration seeks to expand pure and applied biomedical research capabilities, coordinate informatics research projects, and enhance the associated health promotion, risk management, disease prevention, and healthcare delivery services of the region. The two Bioinformatics professionals brought to LSUS form the core for an outstanding Center of Bioinformatics and Technology at LSUS. The Center and CIBI hold great promise for the region, but to realize that potential, they both must be properly funded.

7. The Proposed Center for Entrepreneurial Development and Leadership (CEDL) is recognized in this Strategic Action Platform as an essential element of the goal to Create (1) New Enterprise in the region (Volume II, Section 4.1); (2) New Biomedical and Biotechnology Enterprise (Volume II, Section 4.2), and (3) New Minority Enterprise (Volume II, Section 4.3). The Center is intended to have a key role in helping to develop new businesses, and aid in the expansion of existing small enterprise. In turn, the creation of a new and expanding economic base will strengthen the entire Northwest Louisiana Region.

The Center for Entrepreneurial Development and Leadership (CEDL) will have a number of important potential roles:

- ✓ The Center can coordinate a number of units already in place at LSUS, including:
  - the LSUS Center for Business and Economic Research (CBER);
  - the LSUS Financial Services Program;
  - the LSUS Small Business Development Center,
  - the U.S. Department of Commerce Export Assistance Center at LSUS, and
  - the Small Business Administration Loan Assistance Office at LSUS.
- ✓ The Center for Entrepreneurial Development and Leadership (CEDL) could also serve as a clearinghouse for related efforts at other CERT member institutions, including:
  - The planned Centenary College Frost School of Business Family-Owned Business Center;
  - The Center Small Business Development Centers at Louisiana Tech and Northwestern State University (NSU);
  - The Louisiana Tech Technology Transfer Center in Shreveport;
  - Incubators at the Biomedical Research Foundation InterTech Science Park, the proposed Southern University business incubator in Bossier; as well as
  - Resources at Bossier Parish Community College and Louisiana Technical College.

- ✓ The Center, could help coordinate other regional resources crucial to the success of an Entrepreneurship Strategy, including
  - the Metro/Regional Business Incubator,
  - the Inner-City Entrepreneur Institute, and
  - the Business and Entrepreneurship Academy at Woodlawn High School, among others.
- ✓ The Center may also provide Entrepreneurial Leadership Training to potential leaders in the core statistical area and the region as identified by community, neighborhood, and business groups. Specific attention would be given to minority entrepreneurs.
- ✓ The Center is central to the Creation of New Enterprise in this Platform. It's further elaboration and proper funding should be the joint responsibility of LSUS, the LSUS Foundation, CERT and the Lead Investors of this Strategic Action Platform.

Finally, Benchmarks should be established for these strategic goals, performance monitored and performance outcomes widely reported to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

These strategic initiatives are recommendations for consideration and implementation in a 2003-4 Strategic Action Planning process that the LSUS Foundation and LSUS should undertake immediately so that the resulting Strategic Initiatives and proposed formula for increased annual state funding can be taken to the 2004 Legislative Session under the leadership of the Foundation, with the backing of the leading Chambers and the Northwest Louisiana legislative delegation.

5.3.3.3 Management Structure

LSUS is lead by its own Chancellor.

LSUS is also supported by a not-for-profit LSUS Foundation that is requested to take the lead in the development of a new, comprehensive Strategic Plan for LSUS as a vehicle for the consideration and possible implementation of the recommended initiatives outlined in Volume II, Section 5.3 above.

5.3.3.4 Financial Structure

The proposed Strategic Plan should include a proposal for a revised formula funding which will accommodate LSUS's revised mission as "the regional university primarily servicing the Shreveport/Bossier Metropolitan area and the Ark-La-Tex region," a designation assigned in the Board of Regents Master Plan.

The current Board of Regents funding formula recommends that LSUS be funded at a level lower than any other 4-year institution in the State. LSUS is to be funded at $4,160 per FTE, a level much lower than that assigned to Grambling ($4,453), Northwestern ($4,453), ULM ($5,022), LA Tech ($5,022), and UNO ($6,045).

Because of this inequity built into the formula, LSUS is at a disadvantage when funding is distributed or analyzed. If all universities had identical enrollments, LSUS would receive the lowest funding of all Louisiana 4-year universities.

The current formula rewards universities for awarding graduate degrees; however, because of poor funding levels, LSUS has been prevented from providing graduate programs desperately needed by the Northwest Louisiana Region.

The University of New Orleans, a regional model for LSUS, receives substantial funding through a variety of economic development projects, including: $40 million from the UNO-Foundation-Avondale Project, $53 million from UNO Research and &Technology Park and the Navy ITC, $4 million from the Movie Studio, and $1.3 million from Teleplex. LSUS does not currently have such substantial alternative funding through similar economic development projects, especially from State funding. For example, LSUS received only $187,000 out of a $15 million state appropriation for Information Technology. State and local financial support must be forthcoming if LSUS is to fulfill its mission to support economic development in its service area. This support is critical for LSUS to contribute to the success of the initiatives of the Northwest Louisiana Strategic Action Platform.

The LSUS Foundation and LSUS should develop the recommended cost for the seven proposed LSUS initiatives described in Volume II, Section 5.3.3.2 as a part of the Strategic Action Planning process that the LSUS Foundation and LSUS should undertake immediately 2003-4. The results and proposed formula for increased annual state funding can then be taken to the 2004 Legislative Session under the leadership of the Foundation, with the backing of the leading Chambers and the Northwest Louisiana legislative delegation.

5.3.3.5 Legal Structure

Louisiana State University in Shreveport is one of 10 campuses in the Louisiana State University System. Established in 1965 as a two-year college, the institution has offered 4-year degrees since 1974 and postgraduate degrees since 1978.

5.3.3.6 Benchmarks and Performance Measures

The draft performance measures listed below are suggestive, rather than definitive. They are suggested as a guide to LSUS and the LSUS Foundation who, in partnership with the Lead Investors, and with the technical support of the Center for Business and Economic Research (CBER), are encouraged to develop performance measures and benchmarks to monitor outcomes resulting from the implementation of Strategic Actions undertaken as a result of this Strategic Analysis and Planning Process. These benchmarks should then be measured annually by CBER and reported publicly by the LSUS Foundation and the "Common Ground" Northwest Louisiana Regional Development Corporation described in Volume II, Section 6.0.

Measure 1:

Because the region's higher-education institutions and their research institutes will play an important role in the regional economy, annual student enrollment and research grants by subject area should be monitored.

Measure 2:

That the Board of Regents and other individual governing bodies embrace performance indicators of leading economic and workforce development entities, strengthen the system's data collection capacity, and commit to increase the impact of postsecondary education/training on local workforce development

Measure 3:

Educational attainment trends should be monitored for percentages of students receiving an associate degree (2 – 4 yrs), a bachelor's degree, and an advanced degree.

6.0 Action: "Common Ground": Overseeing Regional Performance

Commitment Capital is the institutional capacity to implement a long-term vision and mission with self-renewing resources and energy in the face of dynamically changing global conditions. Commitment Capital is the capacity of private and public leaders to transcend barriers between institutions to integrate all other forms of capital—human, innovation, financial and infrastructure capital—into a dynamic whole whose interactive parts create a more innovative, risk-taking, future-oriented Northwest Louisiana. Commitment Capital is the institutionalized capacity to mobilize and focus individual Human Capital and collective Social Capital, laser-like, on measurable social and economic goals (Volume I, Section 5.4).

6.1 Summary of Strategic Analysis: Volume I

Thus, Commitment Capital is the most important missing form of capital in Northwest Louisiana. Shreveport, Bossier City and the region have many capable leaders—black and white—in many fields and communities and of all ages. Moreover, Northwest Louisiana has an important and rare attribute, which is both a potential *strength* and a glaring *weakness* in implementing this Strategic Action Platform: the close interconnectedness of its leaders between and among key institutions to effectively implement this Strategic Action Platform. These leaders in the business, political, educational, and social service communities work together *individually* on a day-to-day basis. They must agree to join together *collectively* to overcome the many discrete silos that today separate communities, cities, casino hotels, medical centers, economic sectors, economic organizations, neighborhoods and ethnic groups.

These separate silos engender *weakness* and rob the whole region of its powerful, shared *strength*, a collective strength that has the potential to create tremendous comparative regional advantages for competing in the global economy. No one has ever said it better than Benjamin Franklin, "Either we all hang together, or we all hang separately".

This current *weakness* becomes even more threatening in the face of galvanizing regional initiatives now underway from other Louisiana regional rivals such as the New Orleans Chamber/MetroVision and the nine parish Capital Region Competitive Strategy led by the Baton Rouge Chamber. In the face of these rapidly growing regional rivals, Northwest Louisiana collectively needs to mobilize all capable leaders, in an effort to compete at the same level and increase its overall competitive advantage with *strength*. This can only be done if all parties are working towards the same goal on the same high common ground (Volume I, Section 5.4).

Volume I, Section 5.4 summarizes the principal regional organizations that could contribute to the formation of the "Common Ground" Northwest Louisiana Regional Development Corporation proposed below:

- ✓ Volume I, Section 5.4.1 describes the geography served by each of key investors in this Strategic Action Platform;

- ✓ Volume I, Section 5.4.2 describes the Northwest Louisiana Council of Governments (NLCOG);
- ✓ Volume I, Section 5.4.3 describes the Coordinating & Development Corporation (CDC), and
- ✓ Volume I, Section 5.4.4 describes the Northwest Louisiana Partnership.

Although we all appreciate the successful outcomes of the 1985 study, it did not lead to an on-going, self-sufficient, private-public regional partnership that could generate its own income sources and constantly re-examine, re-invigorate, and regenerate itself to seize new opportunities and address new barriers created by a rapidly changing global economy. Our goal this time around is not just to undertake a study, or create an Action Platform. *Together*, we will strive to create the ongoing institutional capacity and self-sufficient resources to keep the spirit of 1985 operationally alive seventeen years from now in 2020.

6.2 Vision and Mission

The most important outcome of this Strategic Action Platform must be the ability of the Platform's leaders to work seamlessly with the key institutions of the region to successfully implement the Plan. The "Common Ground" Northwest Louisiana Regional Development Corporation is the culminating commitment capital institution of the Strategic Action Platform, and is designed to:

- ✓ overcome barriers between silos,
- ✓ increase successful outcomes of key benchmarks over time,
- ✓ institutionalize the capacity to both update this study periodically, and
- ✓ adapt constantly to the rapidly changing environment of a dynamic national and global political economy.

The Vision of the "Common Ground" Northwest Louisiana Regional Development Corporation is to:

- ✓ Create the capacity for Northwest Louisiana's individuals, families, communities, firms and institutions to compete in today's global, technology-driven economy.
- ✓ Grow the regional economy in ways that increase the opportunity for all individuals, families and communities to contribute to and benefit from a higher quality of life in Northwest Louisiana.
- ✓ Speak with one voice to private industry and to state and federal government about Northwest Louisiana development issues.

All of the individual strategic actions in this Strategic Action Platform should coalesce in a set of strategic institutions that then mutually develop their strategic goals, performance measures, and public accountability in concert with the "Common Ground" Regional Northwest Louisiana Regional Development Corporation.

  - The *Consortium for Education, Research and Training of North Louisiana (CERT*) is the paradigm for regional strategic partnerships responsible for segments of the overall regional strategy in this Strategic Action Platform. Its strengths are considerable, and its weaknesses, as described in Volume I, Section 3.7.1, can be corrected as described in Volume II, Section 5.3.2 so that it becomes an even more effective model for other consortia proposed in Volume II;

- The *Comprehensive Shreveport-Bossier CDC* described in Volume II, Section 2.0 could perform that function for the region wide community development effort;
- The *leading medical centers* could come together (instead of operating in silos) in a similar effort to follow through with the strategic actions outlined in Volume II, Section 3.1, Strengthening Healthcare;
- The *Shreveport-Bossier Convention and Tourist Bureau* is the regional coordinating and marketing organization, described in Volume II, Section 3.2, Strengthening Tourism and Recreation.
- The *Red River Heart of the Region* is a new Marketing Collaboration described in Volume II, Section 3.3.
- The *Affordable Retirement Communities Strategic Action* could be come a region wide initiative after its pilot developmnet by Minden (Volume II, Section 3.3).
- The *New Enterprise Consortium* is described in Volume II, Section 4.1.
- The *Biomedical Research Foundation* is the vehicle for creating New Biomedical and Biotechnology Enterprise, described in Volume II, Section 4.2.
- An *All Industry Procurement Consortium* is proposed in Volume II, Section 4.3 to help foster sound, new Minority Enterprise.
- The *Alliance for Education* is the coalition which has forged the initiatives detailed in Section 5.1, Investing in K-12.
- A *New Workforce consortium* that unites employers, workers and trainers, based on Workforce Florida (Volume II, Apperndix 8) is detailed in Section 5.2, Investing in Workforce Education and Training.
- *CERT* is the coalition which is the model for coordinating higher eduaction, as detailed in Section 5.3.2, Investing in Higher Education.

Each of these regional consortia, in turn, could develop their strategic goals, performance measures and public reporting working with the *"Common Ground" Northwest Louisiana Regional Development Corporation Board*.

6.3 Strategic Goals

The core strategic goal of the "Common Ground" Northwest Louisiana Regional Development Corporation is to continue to strengthen and diversify the region's broad economic base and the key supply factors of human capital, infrastructure and locational capital, innovation capital, financial capital and commitment capital.

A strong "Common Ground" Northwest Louisiana Regional Development Corporation will:

- Serve a single labor market that defines the economic region.
- Create one clear image and message to private industry and the state and federal governments.
- Mobilize the power of private industry and employ scarce corporate resources efficiently.
- Speak with a single voice in support of the region's economic-based industries—healthcare, tourism, core manufacturing and Barksdale Air Force Base.
- Facilitate maximum regional coordination for economic development and planning; wholesale regional marketing, image building and capacity, while providing for retail capacity at the local level.
- Coordinate regional economic planning, infrastructure investment, and business recruitment and retention.
- Develop companies that can compete nationally and internationally to export goods and services to buyers from outside the region, such as 1) capital intensive manufacuturing and production industries that rely on affordable location costs, good semi-skilled and skilled workforce, affordable transportation costs, and/or custom or semi-custom fabrication, and 2) medical, business, and tourism services that serve the Northern Louisiana and Ark-La-Tex regional market.
- Create an integrated health-care industry that is greater than the sum of its parts and that can expand its tertiary care to a broader geographic region. Leverage the region's medical industry cluster and research institutions to conduct primary research and generate new medical services, bio-infomatics, and medical instruments businesses.
- Expand the integrated capacity of a clearly defined central core on both sides of the Red River to develop a high-amenity, image-defining riverfront and traditional urban location. Create a more powerful regional image that presents the integrated capacity of tourism, recreation and gaming to extend length of stays and increase expenditures through more diversified tourism offerings, including entertainment, music and culture, conventions, and outdoor recreation, and increase the number of feeder markets.

- Develop an affordable retirement community strategy for the region that grows a consumer market with military retirees and their dependents.
- Build an integrated financial and management capacity to birth and expand local firms with strong support from the universities and private sector procurement.
- Speak with one voice to ensure that this economic base has the highest quality supply factors to support their growth and development.
- Monitor and encourage primary, secondary and vocational public education that has the capacity to produce and constantly upgrade a quality workforce.
- Support higher education institutions with the resources necessary to provide initial and continuing education to skilled workers and managers, and the research capacity in knowledge-based industries such as healthcare and advanced manufacturing; build new training programs that support the region’s newer industries, such as hospitality, medical services, and automotive manufacturing.
- Continue to build a nationally connected roadway, rail, port and airport infrastructure that provides better direct interstate access linking the region to Little Rock, Houston and other metropolitan areas.
- Create a regional database to employ productively the abundant supply of commercial and industrial land.
- Establish benchmarks, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

✓ Establish benchmarks for each of these strategic goals, monitor performance and widely report performance outcomes to the media and to business, civic and governmental organizations throughout Northwest Louisiana .

6.4 Strategic Actions

All of the individual strategic actions that make up this comprehensive Strategic Action Platform for Northwest Louisiana should coalesce in a set of strategic institutions that then mutually develop their strategic goals, performance measures and public accountability in concert with the “Common Ground” Regional Northwest Louisiana Regional Development Corporation.

The Consortium for Education, Research and Training of North Louisiana (CERT) is the paradigm for similar regional strategic partnerships responsible for segments of the overall regional strategy. For instance, the leading medical centers could come together in a similar effort to attend to the strategic initiatives described in Volume II, Section 3.1—Building Healthcare as a Regional Power. The Alliance for Education can perform that function for education. The Comprehensive Shreveport-Bossier CDC described in Volume II, Section 2.0 could perform that function for region wide community development.

Each of these regional consortia, in turn, could develop their strategic goals, performance measures and public reporting with the "Common Ground" Northwest Louisiana Regional Development Corporation.

6.5 Management Structure

The leaders of the investor organizations who commissioned this Strategic Action Platform should serve as an informal beginning board to suggest the leadership composition and structure of the "Common Ground" Northwest Louisiana Regional Development Corporation Board.

6.6 Financial Structure

It is important that this "Common Ground" Northwest Louisiana Regional Development Corporation Board be structured as financially self-sufficient. There are national best practices in support of appropriate techniques. These best practices for financial self-sufficiency will be constructed during the implementation phase, and are found in the various models in the appendices to Volume II.

6.7 Legal Structure

The "Common Ground" Northwest Louisiana Regional Development Corporation Board will be constructed as a 501(c)3 not-for-profit.

6.8 Benchmarks and Performance Measures

These draft performance measures are suggestive, rather than definitive. They are suggested as a guide to the Board and management of the "Common Ground" Northwest Louisiana Regional Development Corporation as they develop their own mission, goals and strategic actions to implement this Strategic Action Platform. They should be developed in partnership with which of the affiliated consortia proposed in the preceding sections, and with the technical support of the Center for Business and Economic Research (CBER).

These benchmarks and performance goals should then be measured annually by CBER and widely reported publicly by the "Common Ground" Northwest Louisiana Regional Development Corporation and each of the affiliated consortia to the media and to business, civic and governmental organizations throughout Northwest Louisiana.

The economic performance measures recommended are divided into five categories:

1) Economic growth and regeneration measures—indicators of the magnitude of economic activity (not necessarily the quality or benefit) and the economy's continued investment in new enterprises;
2) Economic performance measures—indicators of market performance that help identify increases in demand, constraints on supply, and the impacts of competition;
3) Economic welfare measures—indicators of the extent to which economic growth is leading to economic prosperity for all citizens;

4) Economic quality of life measures—social and environmental economic costs and benefits that contribute to overall quality-of-life;

5) Economic reinvestment measures—indicators of the extent to which economic benefits are ploughed back into communities to eliminate persisting pockets of blight and poverty.

While composite indices facilitate quick comparisons of progress over time, they are biased in the way they are weighted and can be misleading. It is better to monitor and analyze the various components of economic performance in order to develop more targeted programs and public policy, and analyze progress.

6.8.1 Economic Growth & Regeneration Measures

Measure 1: Employment by Industry

The client group can monitor changes in employment by sector and industry each year using State employment security data (ES202 data). State employment security data reports employment by industry and location, so it can be assembled for more refined sub-areas in either a tabular format or using Geographic Information Systems (GIS) software to map economic distribution and characteristics. Employment security data is also reported quarterly to analyze seasonal trends. As an electronic database, it can also be manipulated to analyze employment by firm size, the number of firms, and firm start-ups, expansion, and closures. Its limitation is that it does not include government or self-employed firms, which would have to be collected from other sources, such as government institutions directly and business licenses.

Changes over time, such as the absolute amount and rate of growth, should be monitored and compared to population growth (total and workforce-age population). These data should be evaluated at the 2-digit NCAIS level, and for each parish so that relative intra-regional comparisons can be established. The growth of targeted industries particularly important to the region, such as medical services, manufacturing, tourism, and wholesale-trade and distribution industries, should be monitored specifically.

Alternatively, the US Department of Commerce produces the County Business Patterns report. While these data are usually a couple of years old when published, also does not include government workers, and is only reported on the county level, it does allow for easy comparison to national trends for each sector and industry. The client group should monitor these trends every three years if it is able to use the ES202 data for more specific annual analysis, or every year if the ES202 data is not available.

Measure 2: Business Growth and Formation By Sector

Using the same two sources cited for Measure 1, the client group should monitor business growth and formation by sector and industry, and by firm size. The increase in firms compared to the increase in employment should be measured. Firm formation in the region versus the state, and, using County Business Patterns, versus the nation should be measured at least every two to three years.

Also, the client group, working with the commercial and industrial brokerage community, should monitor new commercial and industrial leases in the region's jurisdictions and whether these leases are to new start-up firms, relocations, or expansions. These statistics should be reported annually.

Finally, the client group should monitor business formation by disadvantaged groups in the community, consistent with equal opportunity objectives, utilizing an enhanced business license database.

Measure 3: Spatial Economic Growth

Utilizing ES-202 data and geographic information systems, the client group can monitor the spatial distribution of employment and firms, by industry, in the region. This analysis can help identify where employment opportunities and new business start-ups, by industry and firm size, are locating, and if there are any areas that companies are leaving. This information facilitates local and regional infrastructure and land use planning, including the planning of jobs/housing balance and transportation services. This analysis should be conducted every three years.

Measure 4: Total Occupied Industrial and Commercial Space

Total occupied industrial, office commercial, and retail commercial space should be measured annually and compared to firm and employment growth to better understand the regional relationship between employment growth and industrial/commercial space demand.

Measure 5: Building Development

Building permit valuation for commercial and industrial space, in real terms, and actual construction should be monitored annually for each major jurisdiction. Building permit activity should be compared to countywide activity.

Measure 6: Taxable Sales Activity

Taxable sales by selected major retail categories should be measured in real terms annually for each jurisdiction.

6.8.2 Economic Performance Measures

Economic performance measures monitor how well the market is performing and can help identify increases in demand, constraints on supply, and the impacts of competition.

Measure 1: Sales Per Capita

Retail sales per capita by jurisdiction can be measured quarterly. This measure should reflect constant and current values. Retail sales by retail category should be monitored annually to identify market trends for different types of retail activity, and should be monitored on a selected sub-area basis each year to identify if certain communities within the region are performing better or worse than others.

Measure 2: Real Estate Characteristics

Average rents (in current and constant dollars), in triple-net terms, and occupancy rates should be monitored annually for R&D industrial space, warehouse industrial space, office space, and retail space. This data may be collected from local commercial and industrial brokers or a real estate information service, and should be compared with the metropolitan areas with which Shreveport-Bossier competes.

Commercial and industrial land prices for finished lots should also be monitored in constant and current values, and should be compared to cities with which the Shreveport-Bossier market competes. This information is available from public records or on-line services.

Measure 3: Housing Affordability Index

The National Association of Home Builders has developed a housing affordability index, based on the percentage of households that can support median rents and home prices with 30 percent of their incomes. The client group should measure housing affordability in the region and compare the local measure with the national measure and the measure of metropolitan areas with which Shreveport-Bossier competes. Homeownership rates should also be tracked for the region and by selected communities.

Measure 4: Real Assessed Value By Land Use

Total assessed value by land use should be monitored. These data are available from the Assessor. These data should be measured in constant and current values to monitor trends and the real improvement in value over time.

Measure 5: Industry Productivity

The census' of manufacturing, services, retail trade, and wholesale trade provides data on a countywide level of total output by worker – a measure of changes in productivity. These data, although usually a few years old by the time it is published, can be compared to statewide and national performance. These data should be monitored every several years as the censuses are released.

Measure 6: Bankruptcy Filings

The bankruptcy filing rate per 1,000 businesses should be monitored.

Measure 7: Business Outlook and Workforce Survey

The client group should sponsor a survey every two-to-three years of businesses regarding their long-term outlook, their workforce needs relative to supply, their infrastructure investment requirements, and other economic issues.

6.8.3 Economic Welfare Measures

Economic welfare measures begin to monitor whether or not economic growth is leading to economic prosperity for all citizens.

Measure 1: Real Income Per Capita

Real income per capita is the single most important economic prosperity measure since it reflects the population's economic capacity. Two data sources should be utilized. The U.S. Census presents total income per capita, and is the most accurate, but is only measured every ten years. *Sales, Marketing & Management* presents its estimated Effective Buying Income measure per capita for the metro area, the state, and the nation annually. Other on-line database estimates are also available as interim measures. This measure can be converted into real terms, adjusted for inflation, to monitor real disposable income per capita growth.

Measure 2: Sources of Income

Based on the Census and a periodic five-year survey, the population's sources of income should be measured, regionally and within low- and moderate-income communities.

Measure 3: Average Wage Growth Per Worker By Industry

Using the employment security data, the average wage in real terms per worker can be monitored annually for the metropolitan area and selected sub-areas to identify those industries that are contributing most to increases in regional income.

Measure 4: Household Income Distribution

Although income per capita may be increasing, the growth may be skewed. Therefore, it is important to monitor income distribution. The census reports household income distribution. In the interim, income distribution must be monitored by surveys, which could be commissioned every five years. The distribution should be presented in terms of percentage of the median, or per decile, so that the distribution of different years can be compared.

Measure 5: Aggregate Buying Power

Based on census, Sales, Marketing & Management, on-line database services, and/or interim focused surveys, the aggregate income and buying power of the population within the metropolitan area, by parish, and for specific communities (such as low-moderate income communities), should be measured every three years. This data shows the retail and business potential in the region and for specific sub-areas, areas with emerging opportunities due to growth, areas that are potentially under-served, and areas with declining market power that need to be addressed.

Measure 6: Poverty Rate

The poverty rate for families and individuals should be measured at the same frequency that household income distribution is measured.

Measure 6: Unemployment Rate

The regional unemployment rate should be measured annually and compared to the state and nation.

Measure 7: Full-time vs. Part-time

The unemployment rate does not measure under-employment — people who want to work full-time, but can only find part-time work. The Census reports the proportion of workers by number of hours worked. An increase in the part-time ratio, particularly among those that are working age, could indicate emerging under-employment. Such a measure would have to be conducted as part of a survey during the years between the census. Labor force participation can also be measured as part of the survey. Youth employment and senior employment should also be tracked.

Measure 8: Real Fiscal Revenue Per Capita

Annual fiscal revenues by major category should be monitored on a per-capita basis, in real terms adjusted for inflation. The major jurisdictions can do this as a routine part of its annual budget process. This measures trends in the region's capacity for public services and facilities that enhance competitiveness and quality of life.

Measure 9: Affordability Index

The client group can monitor the cost of living in the metro area versus other cities with which it competes, the state and the nation using ACCRA methodology developed by the American Chamber of Commerce. This index should continue to be monitored. In addition, a housing affordability index, as mentioned earlier, should be developed and monitored annually, and compared to other cities.

6.8.4 Economic Quality of Life Measures

While the economic welfare measures above monitor economic benefits for individuals and the total population, other measures are needed to monitor social and environmental economic costs and benefits that contribute to overall quality-of-life, an increasingly important factor for economic decision-making. Although in theory economic values can be applied, the values cannot always be applied reliably, consistently, or cost effectively since social and environmental factors often are not bought and sold on the market. Also, the cost borne often is shared and caused regionally. Until value factors are developed, performance measures are more appropriate to monitor.

Measure 1: Commuting Time

An increase in commuting time is lost leisure or productive time, particularly if the extended commute does not really lead to higher wages, increased opportunities, or affordable housing. The region should monitor commuting time with periodic surveys, and especially focus on the commuting times of workers in low- and moderate-income communities to regional employment concentrations. These surveys should be standardized so that trends between years can be compared reliably. The commuting time of residents and workers in the region should continue to be measured every five years.

By combining the commuting time analysis (auto and public transportation) with the geographic distribution of jobs, by wage category, as mapped using GIS, the client group can estimate the aggregate number of jobs and rate of job growth that are within commuting distance to low and moderate income populations in the region.

Measure 2: Air Quality Index

The region monitors a composite air quality index each year. The region should continue monitoring the index. Important changes in state or national regulations should be noted so trends can be analyzed in light of new standards.

Measure 3: Public Safety Index

The crime rate per 1,000 population should be monitored annually by community and crime category, and the rate for the metropolitan area should be compared to state and national measures.

Measure 4: Housing Quality

The client group should measure the rate of code-violations, the rate of tax delinquent residential units, and that rate of absentee homeowners, by census tract, every two years.

Measure 5: Economic Quality-of-Life Survey

The client group should periodically monitor the public's satisfaction with community quality of life and public services, perhaps with a special survey every five years. The survey design and sample size should be sufficient to report of the region as well as for sub-areas, and to evaluate certain relationships with cross-tabulations. The survey may include questions that address the following attitudes:

- Residents' perceptions of job accessibility and quality
- Availability of adequate transportation for accessing jobs
- Accessibility of public services
- Quality of public facilities
- Awareness of services
- Level of volunteerism
- Level of public participation
- Areas for improvement
- Consumer confidence
- Job characteristics
- Household economic characteristics
- Overall quality-of-life ratings

Measure 6: Public Facilities Standards

The participating jurisdictions should monitor their ability to maintain the same standards of public facilities per capita as they grow, especially regarding those facilities that are particularly important to the region's residents, such as acres of parks and open space, libraries and library books, and fire and police workers per 1,000 population.

These measures should be combined into one annual report on the state of the local and regional economy and should be evaluated with other focused analysis of the region's quality-of-life.

Measure 7: Industry Productivity

The census' of manufacturing, services, retail trade, and wholesale trade provides data on a countywide level of total output by worker – a measure of changes in productivity. These data, although usually a few years old by the time it is published, can be compared to statewide and national performance. These data should be monitored every several years as the censuses are released.

Measure 8: Bankruptcy Filings

The bankruptcy filing rate per 1,000 businesses should be monitored.

Measure 9: Business Outlook and Workforce Survey

The client group should sponsor a survey every two-to-three years of businesses regarding their long-term outlook, their workforce needs relative to supply, their infrastructure investment requirements, and other economic issues.

6.8.5 Economic Welfare Measures

Economic welfare measures begin to monitor whether or not economic growth is leading to economic prosperity for all citizens.

Measure 1: Real Income Per Capita

Real income per capita is the single most important economic prosperity measure since it reflects the population's economic capacity. Two data sources should be utilized. The U.S. Census presents total income per capita, and is the most accurate, but is only measured every ten years. *Sales, Marketing & Management* presents its estimated Effective Buying Income measure per capita for the metro area, the state, and the nation annually. Other on-line database estimates are also available as interim measures. This measure can be converted into real terms, adjusted for inflation, to monitor real disposable income per capita growth.

Measure 2: Sources of Income

Based on the Census and a periodic five-year survey, the population's sources of income should be measured, regionally and within low- and moderate-income communities.

Measure 3: Average Wage Growth Per Worker By Industry

Using the employment security data, the average wage in real terms per worker can be monitored annually for the metropolitan area and selected sub-areas to identify those industries that are contributing most to increases in regional income.

Measure 4: Household Income Distribution

Although income per capita may be increasing, the growth may be skewed. Therefore, it is important to monitor income distribution. The census reports household income distribution. In the interim, income distribution must be monitored by surveys, which could be commissioned every five years. The distribution should be presented in terms of percentage of the median, or per decile, so that the distribution of different years can be compared.

Measure 5: Aggregate Buying Power

Based on census, Sales, Marketing & Management, on-line database services, and/or interim focused surveys, the aggregate income and buying power of the population within the metropolitan area, by parish, and for specific communities (such as low-moderate income communities), should be measured every three years. This data shows the retail and business potential in the region and for specific sub-areas, areas with emerging opportunities due to growth, areas that are potentially under-served, and areas with declining market power that need to be addressed.

Measure 6: Poverty Rate

The poverty rate for families and individuals should be measured at the same frequency that household income distribution is measured.

Measure 7: Unemployment Rate

The regional unemployment rate should be measured annually and compared to the state and nation.

Measure 8: Full-time vs. Part-time

The unemployment rate does not measure under-employment — people who want to work full-time, but can only find part-time work. The Census reports the proportion of workers by number of hours worked. An increase in the part-time ratio, particularly among those that are working age, could indicate emerging under-employment. Such a measure would have to be conducted as part of a survey during the years between the census. Labor force participation can also be measured as part of the survey. Youth employment and senior employment should also be tracked.

Measure 9: Real Fiscal Revenue Per Capita

Annual fiscal revenues by major category should be monitored on a per-capita basis, in real terms adjusted for inflation. The major jurisdictions can do this as a routine part of its annual budget process. This measures trends in the region's capacity for public services and facilities that enhance competitiveness and quality of life.

Measure 10: Affordability Index

The client group can monitor the cost of living in the metro area versus other cities with which it competes, the state and the nation using ACCRA methodology developed by the American Chamber of Commerce. This index should continue to be monitored. In addition, a housing affordability index, as mentioned earlier, should be developed and monitored annually, and compared to other cities.

6.8.6 Economic Quality of Life Measures

While the economic welfare measures above monitor economic benefits for individuals and the total population, other measures are needed to monitor social and environmental economic costs and benefits that contribute to overall quality-of-life, an increasingly important factor for economic decision-making. Although in theory economic values can be applied, the values cannot always be applied reliably, consistently, or cost effectively since social and environmental factors often are not bought and sold on the market. Also, the cost borne often is shared and caused regionally. Until value factors are developed, performance measures are more appropriate to monitor.

Measure 1: Commuting Time

An increase in commuting time is lost leisure or productive time, particularly if the extended commute does not really lead to higher wages, increased opportunities, or affordable housing. The region should monitor commuting time with periodic surveys, and especially focus on the commuting times of workers in low- and moderate-income communities to regional employment concentrations. These surveys should be standardized so that trends between years can be compared reliably. The commuting time of residents and workers in the region should continue to be measured every five years.

By combining the commuting time analysis (auto and public transportation) with the geographic distribution of jobs, by wage category, as mapped using GIS, the client group can estimate the aggregate number of jobs and rate of job growth that are within commuting distance to low and moderate income populations in the region.

Measure 2: Air Quality Index

The region monitors a composite air quality index each year. The region should continue monitoring the index. Important changes in state or national regulations should be noted so trends can be analyzed in light of new standards.

Measure 3: Public Safety Index

The crime rate per 1,000 population should be monitored annually by community and crime category, and the rate for the metropolitan area should be compared to state and national measures.

Measure 4: Housing Quality

The client group should measure the rate of code-violations, the rate of tax delinquent residential units, and that rate of absentee homeowners, by census tract, every two years.

Measure 5: Economic Quality-of-Life Survey

The client group should periodically monitor the public's satisfaction with community quality of life and public services, perhaps with a special survey every five years. The survey design and sample size should be sufficient to report of the region as well as for sub-areas, and to evaluate certain relationships with cross-tabulations. The survey may include questions that address the following attitudes:

- Residents' perceptions of job accessibility and quality
- Availability of adequate transportation for accessing jobs
- Accessibility of public services
- Quality of public facilities
- Awareness of services
- Level of volunteerism
- Level of public participation
- Areas for improvement
- Consumer confidence
- Job characteristics
- Household economic characteristics
- Overall quality-of-life ratings

Measure 6: Public Facilities Standards

The participating jurisdictions should monitor their ability to maintain the same standards of public facilities per capita as they grow, especially regarding those facilities that are particularly important to the region's residents, such as acres of parks and open space, libraries and library books, and fire and police workers per 1,000 population.

These measures should be combined into one annual report on the state of the local and regional economy and should be evaluated with other focused analysis of the region's quality-of-life.

Appendix 1: Northwest Louisiana Strategic Action Key Investors

Greater Shreveport Chamber of Commerce

Harold Turner, Chairman 2002

Robert Hamm, Chairman 2003

Richard Bremer, President

Lindy Broderick, Senior Vice President Government & Transportation

Bossier Chamber of Commerce

Helen Black, 2002 President

Rick Osburne, 2003 President

Don Pierson, Executive Director

John Hubbard, Greater Bossier Economic Development Foundation 2003 Chairman

LSUS Foundation

Harry McInnis, 2002 Chairman

James "Jim" K Elrod, 2003 Chairman

Vincent Marsala, Chancellor LSUS

United Way of Northwest Louisiana

Andy Taft, 2002 Board President

Nancy Dugas, 2003 Board President

Joe Pierce, Executive Director

Minden-South Webster Chamber of Commerce

Sherburne Sentell, 2002 Chairman

Philip McInnis, 2003 Chairman

Sue Gruber, President

Committee of One Hundred

Robert Hamm, 2002 President

Vernon Chance, 2003 President

Cecil Ramey, Executive Director

Northwest Louisiana Partnership for Economic Development

Gard Wayt

Appendix 2: Contacts and Interviews

Reginald Abrams	Abrams & LaFargue, LLC
Arlena Acree	City of Shreveport
Jennifer Adams	Shreveport-Bossier Convention & Tourist Bureau
Susan Adams	Shreveport Bossier Service Connection
Martin E. Albritton	LSUS
David Alexander	Downtown Development Authority
Bill Altimus	Bossier Parish Police Jury
Ron Anderson	Lighthouse
Ken Antee	City of Shreveport
John Austin	LSUS
Lisa Babin	LSU Health sciences Foundation in Shreveport
Lindora Baker	Lifecare Hospitals of Shreveport
Carol Barnes	Cole, Evans & Peterson, CPAs
John Beaird	Softdisk Internet Services
Susan Beal	LSU in Shreveport
Ron Bean	LA State Senate
Dr. Ray Belton	Southern University
David Berzina	Greater Shreveport Chamber of Commerce
Rev. Harry Blake	Mt. Canaan Baptist Church
Willie Bradford	Willis-Knighton Medical Center
Ed Bradley	Channel 12 -- KSLA
Bishop Larry Brandon	Priase Temple Full Gospel Baptist Church
Patti Brannan, MD	
Dick Bremer	Greater Shreveport Chamber of Commerce

Kim Brice	Shreveport-Bossier Convention & Tourist Bureau
Major Brock	
Lindy Broderick	Greater Shreveport Chamber of Commerce
Stacey Brown	Shreveport-Bossier Convention & Tourism Bureau
Ray Brown	Alliance for Education
Beverly G. Bruce	LA House of Representatives
Morris Bruce	Representative Beverly G. Bruce's Office
Roy A. Burrell	Inner City Entrepreneur Institute
Robert Burton	Shreveport City Council Staff
Joe Callaway, Jr.	Risk Services, Inc.
Debbie Camus	Lea Hall Properties
Tom Carleton	Bossier Parish Community College
Thomas Carmody	Shreveport City Council
John D. Caruthers, Jr.	Private Investor
Witt Caruthers	Caruthers Producing Company, Inc.
Libby Cassibry	Bossier School Board
Joseph Chambers	CenterPoint Energy
Vernon Chance	Committee of 100
Sherri Cheek	Legislative Aide to Senator Ron Bean
Alvin Childs	Vintage Realty Company
Bob Church	DeSoto Parish Industrial District
Jimmy Cochran	Bossier Parish Police Jury
Linc Coleman	U.L.Properties Companies
Jim Conerly	Alliance for Education
James Cooper	Milam Street Development Project

Dewey Corley	Private Investor
Jay Covington	Forum News
Mike Craft	The Times
Tom Craig	North Webster Industrial District
George Dement	Mayor, City of Bossier City
David Dodd	
Jean Doerge	LA House of Representatives
Norman Dolch	LSUS
Severn Doughty	LSUS
Zazell Dudley	Dudley Enterprises/African American Chamber of Commerce
Nancy Dugas	CHRISTUS Schumpert Health System
Paige Ebner	United Way
Stephanie Edmiston	The Port of Shreveport-Bossier
Jim Elrod	Willis-Knighton Health System
Eric England	Port of Shreveport -Bossier
Glenda Erwin	LSUS
Rev. Dennis Everett	Lake Bethlehem Baptist Church
Rand Faulbaum	Sealy and Company
Larry Ferdinand	City of Shreveport
Don Floyd	CWA Local 3411
Arnie Frankel	AEP/SWEPCO
Rev. Carl Franklin	Fountain of Life Christian Center
John M. Frazier	Roos & Frazier, LLP
James N. Fritze	Red River Motor Company
J. Peter Gaffney	Heard, McElroy & Vestal

Rev. Joe Gant	Shreveport Airport Authority/Calvary Baptist Church
James C. Gardner	Former Mayor/Shreveport
Dave Gibbons	General Motors Corporation
Mike Gibson	Shreveport City Council
Pam Glorioso	City of Bossier City
John Good	Louisiana Riverwalk, LLC
Dr, Faye Green	Evergreen Baptist Church
Patsy Griffin	Pabst Creative
Nelva Griggs	Griggs Enterprises
Sue Gruber	Minden-South Webster Chamber of Commerce
Jessica Gudritz	Royal Limousine Service, Inc.
Dorothy Gwin, EdD	Comm. Foundation of Shreveport-Bossier
Robert B. Hamm	Berg, Inc.
Josh Hanson	Springhill/North Webster Chamber of Commerce
Rev. Richard Hardy	St. Mary Baptist Church
Dave Harmon	General Motors—Shreveport Assembly Plant
Jerome Hatcher	LSUS
Sarah Haynes	Minden Medical Center
Willie Henderson	Caddo Parish School Board
Brent Henley	Pyramid Group
Simone Hennessee	Providence House
Ray Hicks	Grambling State University
Keith Hightower	Mayor, City of Shreveport
Miles Hitchcock	CHRISTUS Schumpert Health System

John Hoffman	Economic Development for Bossier Parish Community College
Jeff Hogan	Shreveport City Council
Susan Holmes	United Way
John W. Holt	The Port of Shreveport-Bossier
Bishop Thomas Hoyt	Fourth Episcopal District CME Church
Roy Hopkins	LA House of Representatives
Herschel Horton	Louisiana Technical College--Natchitoches
Mike Howard	Isle of Capri Casino
John Hubbard	AEP/SWEPCO
Scott Hughes	Morgan, Hill Sutton, Mitchell
John Hussey	Former Mayor/Shreveport
Lydia Jackson	LA House of Representatives
Theron Jackson	Shreveport City Council
Don Jagot	Pierre Bossier Mall
Bobby E. Jelks	KPMG LLP
Kathy Jiles	United Way of Northwest Louisiana
Dorothy Johnson	Association for Community Training
Don Jones	Former Mayor/Bossier City
Mark Jusselin	NTB Associates Inc.
Joe Kane	The Lamar Companies
Pat Keel	CHRISTUS Schumpert Health Systems
George Khoury	George A Khoury Foundation, Inc
Pastor A. B. Kimble	New Covenant Baptist Church
Glenn Kinsey	Kinsey Interests, Inc.
Margaret W. Kinsey	

Sue Krebs	General Motors Plant
Horace R. Ladymon	Ladymon Company
Calvin Lester	Shreveport City Council
Arnold Lincove	Caddo Management, Inc.
Matt Locke	Locke Homes, Inc.
Karen Logan	Community Renewal
Dennis E. Lower	Biomedical Research Foundation of Northwest LA
Michael H. Madison	AEP SWEPCO
Michelle Mafuffie	Times
Dr. Vincent Marsala	Chancellor, LSUS
Brett Mattison	AEP-Southwestern Electric Power
Liz McCain	Greater Shreveport Chamber of Commerce
Mac McCarter	Community Renewal
Rev. Clifford McClain	Little Union Baptist Church
Darrin McClary	North Webster Industrial District
Percy McCraney	Louisiana Technical College—Shreveport
Dr. John McDonald	Chancellor, LSUHSC-S
Bill McFadden	Stirling Properties
Harry E. McInnis, Jr.	McInnis Brothers Construction, Inc.
Philip McInnis	McInnis Brothers Construction, Inc.
Brandy McNeill	Providence House
Emily Metzgar	FAME
Joe Miciotto	Hospital Administrator, LSUHSC-S
Roy Miller	Shreveport Airport Authority
Dr. Stuart Mills	LSUS

Kim Mitchell	Morgan, Hill, Sutton & Mitchell Architects
Liz Mitchell	United Way of Northwest Louisiana
Jessica Monk	Greater Bossier Economic Development Foundation
David Montgomery	City of Bossier City Montgomery Insurance
Bonnie Moore	Centerpoint
Malcolm S. Murchison	Lemle, Kelleher, Barlow and Hardtner
Carolyn Nelson	Querbes and Nelson
Rick Osburne	CenturyTel
Michael Pabst	Pabst Creative
Joe Pierce	United Way of Northwest Louisiana
Carl Pierson	President, Caddo Commission
Don Pierson	Greater Bossier Economic Development Foundation Bossier Chamber of Commerce
Linda Price	United Way
Cecil Ramey	Lemle, Kelleher, Barlow and Hardtner
Andrew Randall	Pleasant Hill Baptist Church
John Rankin	Goodwill Industries
John Richards	United Way
Elton Richey	LSUS Alumni President
Willie Roberson	Queensborough Neighborhood Association
Bill Robertson	Mayor, City of Minden
J. Kent Rogers	Northwest Louisiana Council of Governments
James Rogers	Bossier City Council
George Rolfe	Minden Main Street Public Works Director
Dr. Philip Rozeman	Alliance for Education
Larry Russo	Wiener, Weiss & Madison

Maxine Sarpy	Inner City Entrepreneur Institute
Charlotte Schaff	Willis-Knighton Medical Center
John Schmidt	KPMG LLP
Kenneth Schwab	Centenary College
Patricia Schwartz	Contracts with Work Commission
Mark Sealy	Sealy and Company
Aaron Selber, Jr.	Private Investor
Wayne Sensor	CHRISTUS Schumpert Health System
John F. "Jack" Sharp	Biomedical Research Foundation of Northwest LA
Virginia Shehee	Biomedical Research Foundation of Northwest LA Kilpatrick Life Insurance
Diana Simek	Ark-la-tex Regional Export & Technology Center, Inc.
Bruce Simon	Bruce Simon Construction
Paul Sisson	LSUS
C. Stewart Slack	Slack, Alost & McSwain
Bill Smith	DeSoto Parish Chamber of Commerce
Rev. Louis Smith	New Bethel Missionary Baptist Church
Ron Smith	Ron Smith Graphics
Ann Stokes	Louisiana Workforce Commission
Steve Tadlock	Century Tel Center
Andy Taft	Downtown Development Authority
Judy Talley	Minden Main Street Manager
Gregory Tarver	LA State Senate
Joe Taylor	Louisiana Dept of Economic Development
Don Terry	Entergy

Anita Thomas	Milam Street Development Project
Mary Ann Tice	Shreveport Sports Authority
Dian Tooke	Centenary College
Patti Trudell	CERT
Ronnie Tuminello	Up-In-Smoke
Harold Turner	Hibernia National Bank
Donald R. Updegraff	Northwestern Mutual Life Insurance Company/ Biomedical Research Foundation of Northwest LA
Al Vekovius	LSUS
Murray Viser	Viser Investments
Wayne Waddell	LA House of Representatives
Monty Walford	Shreveport City Council
Arthur L. Walker	Communications One
Lorenz Walker	City of Bossier City
Steve Walker	Bank One
Alton Warwick	Louisiana Hayride
Maggie Warwick	FAME
Markey Washington	Hollywood Casino & Hotel
Dr. Juan Watkins	Drs. Pou, Watkins, Thornton, Pou, Hollier & Watkins
Gard Wayt	Northwest Louisiana Partnership Wayt Insurance
Don P. Weiss	Wiener, Weiss & Madison
Kelly J. Wells	Shreveport-Bossier Convention & Tourist Bureau
Booker White	Greater Shreveport Chamber of Commerce
C. Cody White	Heard, McElroy & Vestal
Drew White	Northwest Louisiana Commerce Center

Judy O. Williams	Williams Creative Group, Inc.
Ernestine Williams Smith	E. Williams-Smith Associates, LLC
Charles Wilson	LSUS
Marcus Wren	South Webster Industrial District Minden
Donald Zadeck	LSU Health sciences Foundation Zadeck Energy Group

Appendix 3: Models for Regional Strategic Partnerships

St. Louis Regional Chamber and Growth Association (RCGA)

RCGA is one of the leading regional chambers of commerce in the United States. Over recent decades, its geographical scope has become truly regional, covering the entire St. Louis Metropolitan Region and several counties on both the Missouri and Illinois sides of the Mississippi River. Most importantly, RCGA has broadened its scope from traditional Chamber activities to be the dominant private sector economic development cooperation in the Greater St. Louis area. It has also updated its mission to operate according to the "new rules" of the emerging global economy. It's current vision and mission is summarized below.

In our planning work, we recognized that the RCGA needs to be a "catalyst for civic transformation"

This entails a set of additional activities that complement the typical chamber workload:

Activity	Usual Content	Additional Content Needed for the St. Louis Region
Public Policy	Expressing and ensuring implementation of the voice of business	Convening public and private sector leaders to create a shared regional agenda, and helping public officials to set standards for their accountability
Membership	Maintaining a large enough base of members to be politically credible, and to secure sufficient funding	Building a cohesive business community to solidify the voice of business, set a model for regional connectedness, and provide a support system for extraordinary business achievements

We saw that there were two key external forces shaping our intended actions

1. There is an increasing role of regional city-states in America and in the world, both economically and politically

Implication: St. Louis needs to be able to act as a virtual single regional entity – this takes the leadership to create linkages among our strong centers of local identity

2. The emerging global economy is characterized by “new rules”:

- Extensive horizontal communication technologies (“connected,” “wired”)
- Clustering of industries to ensure regional distinctiveness and competitiveness
- Quality of life attributes that nourish the highly educated brainpower of the knowledge industries of the future
- A dynamic, forward attitude (exploit opportunities, don’t just solve problems)
- Implication:St. Louis needs to shift its orientation and change the way it keeps score

We looked at three models of "Business Climate," from the recent past into the near future:

MODEL 1: 45 YEARS AGO	MODEL 2: TODAY	MODEL 3: 10 YEARS OUT
Focus On Cost Factors And A Region's "Comparative (Cost) Advantage" •Wage Rates •Labor Quality and Availability •Worker Education Level •Freight Rates •Cost of Industrial Land •Cost of Water •Cost of Power •Rail Transportation Capacity and Time •Air Transportation Capacity and Time •Corporate Tax Rates •Individual Income Tax Rates	*Build A Community's Assets To Create Its "Competitive Advantage"* •Education with closer ties between schools and work •Physical Infrastructure at a level of investment that assures competitiveness •Regulation that replaces bureacratic compliance with finding workable solutions •Taxation that includes revenue adequacy, balance, equity, efficiency, and accountability •Business Modernization and Entrepreneurship policies that address business' need to be competitive	*Create Social And Intellectual Capital To Compete In A Global Knowledge Economy And Society* •In a knowledge society, education is the one real access point for social and economic success. •Learning will change from a focus on educating the young to a lifelong activity for everybody at every stage of their lives. •Power will shift from protecting to broadly sharing, from exclusivity to broad distribution (e.g., the more people who have fax machines, the more power I have in owning a fax machine). •"Wealth creation" as a concept will begin to replace "making money." Since there are many kinds of wealth – physical, emotional, intellectual, spiritual – wealth creation cannot be done by business alone. As a result, the terminology "business climate" will yield to "community climate" or "regional wealth climate." •Regions will compete on the basis of their brainpower, their industrial clusters' distinctiveness, and their relationships

We looked at how St. Louis as a region might be rated according to each of these three models

Model 1: 45 years ago	Model 2: Today	Model 3: 10 years out
St. Louis is a middle-capacity region with many strengths and an outstanding collection of Fortune 500 corporate headquarters	St. Louis has fallen behind in the creation of social capital, modern public governance, an economy tuned to the future, and broad-based business modernization	St. Louis belongs to yesteryear OR St. Louis is "a place on its way up," combining a vibrant new economy with a unique historical heritage

The Bay Area Council

The Bay Area Council, like the St. Louis RCGA, is one of the oldest (more than 50 years) and most highly regarded regional business consortia.

The Bay Area Council is also the sponsor of the Bay Area Family of Funds, a $150 million, privately capitalized family of "Double Bottom Line" private equity funds designed to invest in the 46 poorest neighborhoods of the Bay Area. The Bay Area Family of Funds is a principal Model for the Shreveport-Bossier Comprehensive CDC, as described in Volume II, Appendix 4. The Bay Area Council has the same relationship to the Bay Area Family of Funds as the "Common Ground" Northwest Louisiana Regional Development Corporation (Volume II, Section 6.0) is proposed to have with regard to the Shreveport-Bossier Comprehensive CDC (Volume II, Section 2.0).

Founded in 1945, the Bay Area Council is a business-sponsored CEO-led public-policy organization representing employers dedicated to promoting economic prosperity and quality of life in the region. Bay Area employers face major challenges:

- ✓ Increased difficulty of employee recruitment and retention;
- ✓ Increased pressure on wages because of lack of affordable housing; and
- ✓ Employee productivity lost from escalating traffic congestion.

All of these have real costs associated with them that impact business operations.

The Bay Area Council mobilizes business leadership on key economic issues:

- ✓ Transportation
- ✓ Housing and Land Use
- ✓ Energy Policy
- ✓ Environmental Quality
- ✓ Sustainable Economic Development
- ✓ Education and Workforce Preparation
- ✓ Telecommunications and Information Technology
- ✓ Water Policy

No Company can easily or economically tackle these problems on its own.

The Bay Area Council is widely respected and listened to by elected officials, policy makers, and other civic leaders as the regional voice of business in the Bay Area. Partnering with economic development organizations, community groups, and government officials to collaboratively solve problems, the Bay Area Council leverages the investments and extends the impact of the business community.

MISSION—The Bay Area Council sustains business leadership that fosters excellence in public policy to promote economic prosperity and quality of life in the Bay Area.

21st CENTURY VISION OF THE BAY AREA—The Bay Area is

- ✓ a region distinguished by economic vitality and social fabric:

  - Innovative,
  - Creative,
  - Educated,
  - Diverse,
  - Hopeful,
  - Part of a larger world.
- ✓ A region where economic prosperity is shared and quality of life for all is fulfilling:
  - Unemployment and crime rates are low,
  - Housing is available and affordable,
  - Personal and business taxes are reasonably low,
  - Environmental quality is high,
  - Diversity is truly celebrated.
- ✓ A region that is a world-class leader in corporate citizenship:
  - Civic entrepreneurs think globally and act regionally.
- ✓ A region where governance is efficient and public policy is effective:
  - Public investments return economic dividends.
- ✓ A region where pepole are engaged in civic life.

Enterprise Florida

Enterprise Florida, one of the most comprehensive strategic partnerships in the United States, was formed jointly by the Governor, Legislature, and key private sector leaders to shift Florida from a low-wage, tourism-driven economy to a high-wage, technology-driven economy capable of competing in today's global, technological marketplace.

- ✓ Enterprise Florida's simple goal is to create 200,000 new, identifiable high-wage jobs by 2005 through three affiliates:
  - The Enterprise Florida Innovation Partnership to commercialize investment-grade technology.
  - The Enterprise Florida Capital Partnership's $50 Million Cypress Fund to finance emerging companies, and a Development Bank to expand small firms and suppliers.
  - The Florida Workforce, Inc. (see Volume II, Appendix 8) to shift Florida's $1.5 billion job training programs from results measured by government rules to performance based on market outcomes.
- ✓ Investor/owners include Pratt & Whitney and IVAX, the four Southeast superregional banks (Nationsbank, First Union, Sun Trust and Barnett Bank), major utilities, and the State of Florida, among others.

Kansas, Inc.

Kansas, Inc. is the first significant private-public strategic partnership in the United States, modeled after its namesake, Japan, Inc. Kansas in the mid 1980s was facing an agricultural and natural resource collapse. A broad, bipartisan coalition was engaged to rethink how Kansas organized itself to address today's global challenges.

- ✓ Kansas, Inc. is the center of a thriving network of development institutions which include:
  - Kansas Technology Enterprise Corporation
  - Mid-America Manufacturing Technology Center
  - Kansas Venture Capital, Inc.
  - 14 Certified Kansas Venture Capital Companies and Local Seed Capital Funds
  - Kansas Development Finance Authority.
- ✓ The Kansas, Inc. system has broad, bipartisan private and public support, and has held a consistent strategic course through four Governors of both parties over more than a decade.

Oklahoma Futures

Oklahoma Futures is a broad based private-public partnership which has also held a consistent strategic course over four Governors of different parties. In the mid 1980s, Oklahoma experienced a simultaneous collapse in each sector of its resource-based economy: petroleum, natural gas, wheat, and beef. Oklahoma Futures was built by a bipartisan coalition of business, labor and educational leadership to create the conditions for growing, competitive, high-wage economy.

Oklahoma Futures oversees:

- ✓ The Oklahoma Center for the Advancement of Science and Technology (OCAST) which invests resources to commercialize technology crucial to Oklahoma's economic future.
- ✓ The Oklahoma Development Finance Authority (ODFA) which finances small Oklahoma firms on terms that are competitive with Fortune 500 companies.
- ✓ The Oklahoma Capital Investment Board (OCIB) which has attracted eleven national venture capital companies to locate in capital-poor Oklahoma:
    - These eleven nationally regarded venture firms now have $660 million capital under management.
    - More details about OCIB are found in Appendix 6: Models to Invest in Creating New Enterprise

Tennessee Tomorrow, Inc.

Tennessee Tomorrow, Inc. is a statewide strategic private-public partnership whose mission is to be Tennessee's voice for excellence in education.

- ✓ Tennessee Tomorrow's Goals:
  - Achieve per capita income for Tennesseans at 100% of the national average by 2005.
  - Maintain average annual growth in gross state product at 125% of the national average.
  - Maintain average annual employment growth at 120% of the national average.

- ✓ Investor/Owners include Saturn, Martin Marietta, CSX, Healthtrust, all the major banks and utilities, TVA, Vanderbilt University, the University of Tennessee, and the State of Tennessee, among others.

Appendix 4: Models for the Shreveport-Bossier Comprehensive CDC

Five major privately capitalized urban real estate investment funds and strategies in five inner city emerging low and moderate income target areas provide useful comparisons with the Shreveport Comprehensive CDC. These are the Genesis LA Real Estate Fund, the Bay Area Smart Growth Fund, the Nehemiah Sacramento Valley Fund, the San Diego Smart Growth Fund and the Massachusetts Community Economic Development System.

Genesis LA

Genesis LA is a private-public partnership between the City of Los Angeles and private investors to invest in rebuilding inner city neighborhoods. Genesis LA grew out of the failure of Rebuild LA, a loose consortium of private and public interests, set up after the 1992 Los Angeles riots, and the LA Community Development Bank, a public sector initiative.

Rebuild LA was created with great fanfare, but failed to meet high community expectations because it had no central, proven private sector management capable of making "blind pool" investment decisions with legally committed capital. It had a public and not-for-profit structure with no capacity to compel commitment of vague private sector promises. The federally funded $100 million LA Community Bank was no bank at all. Instead, it was a government bureaucracy with no painful financial penalties to a failed management for making bad, politically motivated, investment decisions. "Genesis LA" refers to three closely inter related entities that represent, respectively, the three sectors essential to create the full private sector, not-for-profit, public sector partnership: (1) the public sector "Genesis LA' located in the Los Angeles Mayor's Office of Economic Development; (2) the not-for-profit Genesis LA Economic Development Corporation which sponsored the formation of the (3) for-profit $85 million Genesis LA Real Estate Investment Fund I managed by Shamrock Partners, a Disney Family investment firm. Together, all three are known collectively as "Genesis LA".

Between the Fall of 1998 and Spring of 1999, the Mayor's Office of Economic Development of the City of Los Angeles analyzed more than 75 projects with a total estimated project value in excess of $2.5 billion.

By April 1999, this list was reduced to 15 Keystone Projects sponsored by Genesis LA, with a goal to generate $250 million of private sector investment and 5,000 jobs by May 2001.

By May 8, 2000, one full year ahead of schedule, five of these 15 Genesis LA Keystone Projects had already exceeded these goals, and generated $293.5 million in private capital investment and 5,324 jobs. As a result, six new Keystone Projects were added by Genesis LA. Total private sector capital investment in the 21 Keystone Projects is expected to exceed $1.5 billion.

To further catalyze these Keystone Projects, a group of leading private sector banks, private investors, foundations and pension funds created the first of its kind "blind pool" private equity real estate fund targeted to low and moderate-income neighborhoods. The

$85 million Genesis LA Real Estate Fund held its first closing in July 2000 and final closing in October 2000. The Genesis LA Fund invests in urban "Smart Growth" mixed-use, mixed-income projects comparable to those proposed for the Shreveport Comprehensive CDC. Investors include Bank of America, Wells Fargo, Washington Mutual, California Federal, Union Bank, Far East Bank, US Bank, Citibank, Shamrock Capital Advisors, Nehemiah Corporation, California Community Foundation, City National Bank, Sanwa Bank and Stewart Title of California.

Independent due diligence by these investors anticipated an investor return of at least 15%. Since its closing, the Genesis LA Real Estate Fund manager, Shamrock Capital Advisors, has made three investments in low and moderate income neighborhoods including North Hollywood and East LA. Investors have expressed a good deal of satisfaction in both the types of projects and their projected returns. Genesis LA exits to date have exceeded investors expectations by providing comfortable mid range double digit returns.

Bay Area Family of Funds

The Bay Area Family of Funds in Northern California builds on the lessons learned from Genesis LA experience. The Bay Area Family of Funds is private-public partnership to invest in inner city disadvantaged neighborhoods that grew out of the work of a number of groups in the Bay Area including: the Bay Area Alliance for Sustainable Development, the Bay Area Council, the Community Capital Investment Initiative, and the Alliance for Community Development of the San Francisco Bay Area.

The Bay Area Family of Funds consists of three investment funds: the Bay Area Community Equity Fund and the Bay Area Smart Growth Fund are regional blind pool private equity funds, while the California Environmental Redevelopment Fund (CERF) is a statewide "evergreen" fund. All three Funds of the Family of Funds focus its resources on the 46 most disadvantaged communities of the nine county Bay Area.

The Family of Funds is the first initiative in the nation to negotiate a portion of the management fee and carried interest of the investment funds for the not-for-profit umbrella management organization in exchange for value-added contributions to the synergy between funds, assistance in deal flow, and maximization of community support.

The Bay Area Smart Growth Fund had its first closing on September 28, 2001 at $50 million, 17 days after 9/11. The final closing of $65 million took place on December 24, 2002. Many of the investors in the Smart Growth Fund are also invested in the Genesis LA Real Estate Fund. A number of new corporate investors have emerged including such major insurance companies as Pacific Life, Mercury Insurance, the California State Automobile Association and PMI Insurance, and Heron Foundation. The Bay Area Smart Growth Fund will invest in mixed-use commercial, industrial, and mixed-income residential developments.

Pacific Coast Capital Partners were selected from a national RFQ process to manage the Fund. The Fund Management Team anticipates investor returns in the mid-to-high teens.

The Fund has now committed its first capital to two projects. CERF has also had its first closing at $40 million, and the Bay Area Equity Fund managed by JPMorgan H&Q had its first close on January 28, 2003, with over $45 million.

Total committed capital in the Bay Area Family of Funds now exceeds $150 million of private equity. These resources will leverage more than one half billion dollars of capital invested in the 46 disadvantaged neighborhoods in partnership with local residents and subject to "Double Bottom Line" measurement as to job and wealth creation as well as market rates of return.

It is striking to realize that all this capital was raised since September 11, 2001, since the collapse of the technology bubble and the Bay Area economy, since the precipitous decline in both publicly traded stock markets, private equity and venture capital markets and the national economy.

Nehemiah Sacramento Valley Fund

The Nehemiah Sacramento Valley Fund is the third "Double Bottom Line" group of funds to be built in California. The Nehemiah Community Reinvestment Fund has been the Sponsor and Champion of this Fund that will invest in mixed-use, mixed-income, commercial, retail, light industrial and housing projects in the six county Sacramento Valley.

The Nehemiah Sacramento Valley Fund makes use of the experience of both Los Angeles and the Bay Area, however it does not incorporate as stringent Social Investment Criteria as the Bay Area Smart Growth Fund. The Fund is focused on smart growth projects in low and moderate income neighborhoods, brownfield sites, and former military bases. As Nehemiah Corporation, the parent of the Nehemiah Community Reinvestment Fund, is focused on first-time homeowners, there is a special interest of the Sponsor in creating affordable home ownership opportunities in the Sacramento region for lower income and minority "first time" home buyers..

Nehemiah has chosen the same proven investment manager as the Bay Area, PCCP, because it has achieved substantial returns for investors, understands the California real estate market, and has demonstrated a special affinity for working in low income neighborhoods with community groups.

Due to the recent cooling off of the private equity markets since the bursting of the dotcom and telecommunications bubbles, Nehemiah and the prospective Fund Management Team have agreed that it is best to aim for a slightly smaller first fund. The Fund had its on December 31, 2002, and is targeting its second closing at $30. This strategy is designed to get the Fund up and operating to show some results, while giving the private equity markets more time to recover.

San Diego Capital Collaborative

The San Diego Capital Collaborative completed its Market Assessment and Fund Investment Strategy for the Capital Collaborative, as umbrella not-for-profit sponsor, and the San Diego Smart Growth Fund, as its first keystone fund, on November 1, 2002. The Capital Collaborative plans to commence building the San Diego Smart Growth Fund and the Smart Growth Fund Cluster in early 2003.

The San Diego Smart Growth Fund and Cluster

The San Diego Smart Growth Fund is the Keystone Fund of the Collaborative. The San Diego Smart Growth Fund I will invest equity in commercial, industrial and mixed-income housing and focus on mixed-use projects that can be made commercially viable, but are not yet sufficiently attractive to private developers and investors, to benefit low and moderate-income populations.

The San Diego Smart Growth Fund improves upon all of the previous California Smart Growth and Real Estate Investment Funds by both addressing all forms of housing and by developing a range of market and below market resources within the San Diego Smart Growth Fund Cluster. The for-profit San Diego Smart Growth Fund will be the first to put equal weight on mixed-use commercial and industrial development, and on mixed-income housing development, including workforce housing (from 60 to 120% and 120-150% of AMI) and affordable housing (60% or below AMI).

The affordable housing component can be financed as a part of the Smart Growth Fund Cluster either (1) within mixed-use and mixed-income projects, or (2) in stand-alone projects by the affiliated San Diego City $55 million tax increment affordable housing facility, or (3) by a similar potential facility which may be developed with the County, or (4) by other tax increment housing set-aside funds in other jurisdictions with redevelopment project areas, or (5) in a dedicated workforce and affordable housing blind pool which we will seek to develop as a part of the Smart Growth Fund Cluster in partnership with the American Community Fund of Fannie Mae and/or Freddie Mac.

This Smart Growth Fund Cluster will require an unusual Fund Management Team with combined experience and comfort in financing mixed-use projects that include a blend of housing covering mixed income housing, workforce housing and affordable housing, and comfort in partnering with the not-for-profit umbrella San Diego Capital Collaborative Management.

The Goodman Capital Fund

The Goodman Capital Fund is the first keystone fund in the Small Business Finance Cluster of the San Diego Capital Collaborative. The Goodman Capital Fund is being built by the CDC Small Business Finance and Neighborhood National Bank, with only limited good office support from Economic Innovation International.

Massachusetts Community Economic Development System

In contrast to Los Angeles and Bay Area, the Massachusetts Community Economic Development System has a 30 year track record of successful, market driven, urban economic development by local, place-based community development organizations. In 1999, 28 private-public community development financial institutions (CDFI's) invested more than $2 billion in local partnerships with 65 community development corporations (CDCs) and affordable housing organizations in low income neighborhoods across the State. One billion dollars were invested in commercial, industrial, and business finance. One billion dollars were invested in affordable housing and mixed-income projects.

In 1990, Massachusetts banks invested in the Massachusetts Housing Investment Corporation (MHIC) to make profitable urban investments in mixed-use, mixed-income affordable housing, commercial and industrial projects in partnership with CDCs and affordable housing organizations. In the last decade, MHIC has invested more than $400 million and generated a low to mid teen return. Over 60% of the jobs created by MHIC financed projects employ minorities, and over half of the contractors and suppliers on those projects are minority owned.

In 1998, the Massachusetts Life Insurance Industry created the $100 million Life Initiative to invest 50% of its assets in urban, community-based commercial, industrial and business ventures and 50% in affordable housing projects. The Massachusetts Life Insurance Industry was confident about its capacity to successfully invest this $100 million, based on its successful 22 year experience investing more than $500 million equity in rapidly growing small businesses, 60% of which are located in disadvantaged areas of the Commonwealth. These investments have returned in excess of 20% annually over the last two decades. In its first four years of operations, the Life Initiative has invested $85 million in projects comparable to those contemplated for the Shreveport Comprehensive CDC.

Other Emerging Smart Growth Funds

Similar efforts are now emerging in Portland Oregon; St. Louis, Missouri; Boston, Massachusetts and South Florida, and are under discussion in a number of other jurisdictions.

Potential Significance for Northwest Louisiana

These California and Massachusetts models successfully create for-profit funds that achieve and measure double bottom line returns—market rate financial returns, measurable job and wealth creation, and contributions to healthy environments that are attractive to people and create measurable job and wealth creation in low income neighborhoods and market returns for investors.

These four previous California and Massachusetts efforts have created for-profit funds that wholesale private capital to for-profit and not-for-profit community developers to drive the development process. In turn, these Funds have created a body of valuable learning for Northwest Louisiana. This includes learning how to develop: (1) effective private/community/public partnerships, (2) effective policy oversight that allows fund manager to make investment decisions behind a secure firewall while remaining accountable for double bottom line returns, (3) effective monitoring and evaluation systems for both forms of return, (4) and efficiency in creating a scale of equity resources to invest in collaboration with participating bank lenders.

The proposed Shreveport-Bossier Comprehensive CDC, described in Volume I, Section 5.2, will mobilize a broad range of market and below market housing resources to wholesale mixed-use and mixed income, workforce and affordable housing as an integrated group under a properly structured and closely connected not-for-profit and for-profit fund management team.

As we noted earlier, this Shreveport Comprehensive CDC will require an unusual Fund Management Team with combined experience and comfort in financing mixed-use projects that include a blend of housing covering mixed income housing, workforce housing and affordable housing, and comfort in partnering with the not-for-profit umbrella CDC management. The team will have to be equally effective in working in the neighborhoods and with banks, investing and the private sector.

The experience in building LMI investment funds like those models described in this section has demonstrated that one can not presume that the synergy perceived to exist between investment funds within the not-for-profit and for-profitwill emerge naturally. The umbrella not-for-profit Shreveport Comprehensive CDC is designed first, to promote the synergy between the funds; second, to ensure that these resources remain focused on the low and moderate-income communities to which they are targeted while simultaneously protecting the fund manager from any interference on investment decisions behind a secure fire wall; and third, to measure and report publicly on the success of Funds in producing returns for the “Double Bottom Line”.

Previous fund building efforts in the Bay Area and Sacramento have produced a strong not-for-profit umbrella organization which is largely self-sufficient by means of income generated from fund closing, management fees and shared profits (carried interest) in the Funds. The Bay Area and Sacramento Valley Funds have successfully negotiated recovery of most the fund building costs at closing, and a sufficient cash flow from management fees and shared profits (carried interest) to cover most of the annual operating costs of an umbrella oversight organization like the Shreveport Comprehensive CDC.

Our goal is to create similar financial independence for the Shreveport Comprehensive CDC. It is important to recognize that such a funding structure as that negotiated in the Bay Area Family of Funds requires a clear meeting of the minds of the Fund sponsors, investors, investment managers, and community stakeholders.

Appendix 5: A Model for Monitoring Community Reinvestment

The San Diego City/County Reinvestment Task Force

The San Diego RTF is a quasi-public, trilateral (banks, community not-for-profits, and government) entity established by joint resolution of the City Council and the County Board of Supervisors. Its purpose is to monitor lending practices and to develop strategies for reinvestment. It is Co chaired by a member of the City Council appointed annually by the Mayor and a member of the County Board, appointed annually by the Board. The RTF is funded half ($50,000 by the City (CDBG funds) and half by the County (CDBG funds).

Appointments to the RTF are made by the Co Chairs for three year terms and include five banks, five not-for-profit groups involved in housing and economic development and representatives from three other cities in the County. It meets monthly and has one standing sub-committee of fifteen not-for-profits with the responsibility of negotiating and monitoring lending agreements with major banks.

The RTF is staffed by a Director and a Program Analyst. They are both under contract to the RTF with an annual renewal term.

In addition to the resolution which established the RTF, one additional policy has been approved by the City Council and County Board. that policy empowers the RTF to provide comment to federal regulators (Federal Reserve Bank, F.D.I.C., Office of Thrift Supervision and Office of the Comptroller of the Currency) on the lending performance of banks in the San Diego area either in the merger process or annually. The RTF annually undertakes a review of Home Mortgage Disclosure Data and provides a report on lender performance to the City Council and Board of Supervisors. The policy requests that lenders develop San Diego specific reinvestment plans and provide annual reports regarding the nature and volume of all Community Reinvestment Act lending done in the County. The RTF has developed ten agreements with the ten largest banks which generated $1.6 billion in reinvestment in low income communities in SD County in 2001. An annual summary of lender performance in the region is also made to the City Council and County Board.

Appendix 6: Models to Invest in Creating New Enterprise

Alliance Technology Ventures of Georgia

Origin, Sponsorship, Mission and Goals

The Georgia Research Alliance, a coalition of Georgia's top six research institutions, the local business community, and the state government, was founded in 1990 with the charge of fostering economic development within Georgia by leveraging the research which existed within the universities. Its technology commercialization goals are very similar to those of the Biomedical Research Foundation of Northwest Louisiana.

The Alliance developed the idea to create an early stage focused venture capital fund in the fall of 1992 under the leadership of Bill Dahlberg, CEO of Georgia Power Co. As business recruiting changed from 1970s "smokestack chasing" to 1990s technology commercialization and information industries, Georgia business leadership realized the state needed to market its increasingly research-oriented university system to high tech companies. This technology orientation was needed both to (1) recruit high tech firms to relocate to Georgia, as well as to (2) grow companies already located in the state.

The Alliance was particularly interested in ensuring that a source of capital existed to finance emerging opportunities in two areas of technological strength in Georgia: the life sciences and information sciences (especially biotechnology, communications and computer software). Although the state already had a number of venture capital partnerships, none focused on early stage, technology-based investment opportunities. Alliance Technology Ventures would not be restricted to investing exclusively in seed stage financings, but could also do follow-on investments in early and expansion stage companies.

Bill Dahlberg, as CEO of Georgia Power, is one of the most highly regarded CEOs in the State of Georgia. Many of the most successful state-sponsored seed and venture capital funds have had such a champion to rally other investors to a first time fund. In the absence of a proven 10 year track record of high performance, or special tax or other investment incentive, such leadership is often essential to attract investors.

Alliance Technology Ventures (ATV) was created in 1995. Although strong civic and corporate leadership, such as the CEO of the largest utility, can be very helpful in gaining the interest of other corporate leaders to consider investing, management matters most. After recruiting a highly respected venture capitalist, Michael Henos, as its General Partner, ATV was able to close the fund with $35 million at the end of December 1995. The quality of management insured the successful closing of the fund. In all, close to 20 investors committed funds to the Partnership, the largest of which are: Georgia Power, NationsBank, BellSouth, the United Parcel Service Retirement Plan, and First Financial Management from the private sector, as well as Georgia Technical Institute and Emory University. All investors committed funds on equal terms with no subsidy offered to any investor. (Georgia Power did have to invest funds in a separate side-by-side legal structure to ensure that its capital was used only for Georgia based companies.)

Market Analysis and Investment Criteria

Alliance Technology Ventures focuses its capital on young start-ups in the fields of life sciences and information technology. In choosing these two fields, ATV was looking to build its future success in the areas which the universities of Georgia had a competitive advantage. Though ATV is not limited to investing in seed and early stage companies, it favors early stage investments as the greatest opportunity to leverage the value its general partners can add to companies.

Alliance Technology Ventures pools risk across a broad range of technology from Georgia universities. Its focus, however, is mainly on biotechnology & life sciences and communications & software. Investment size is between $250,000 and $2 million dollars.

Like most of the funds in this study, Alliance Technology Ventures is not restricted to investments in Georgia. Rather, the Fund is encouraged to make investments that strengthen Georgia's position within biotechnology and telecommunications nationally, and ensure profitable returns to the partnership. ATV will often act as the local lead investor for venture capital firms outside of the region. In this way it is acting as a catalyst for the continued development of the venture capital industry within Georgia. In contrast, when investing out of the region, ATV will co-invest in a promising enterprise, but usually not as the lead investor. Of the investments which ATV has made, 70% have been in the State of Georgia and 30% outside the state. The thirty percent represents four deals; three in the southeastern US and one in California.

Management Team, Compensation and Management Oversight

The Georgia Research Alliance as sponsor developed the basic details of Alliance Technology Ventures, pre-marketed the Fund to investors, and then recruited an experienced venture capitalist to manage the Fund through an aggressive search process.

Proven management talent, as we have noted, is the key to any venture fund's success. Both Managing Directors have significant experience in their respective fields.

Michael Henos has over twenty years experience in the area of Life Sciences. Mr. Henos had previously founded and co-managed Aspen Ventures in California. 3i/Aspen Ventures is a $150 million venture capital fund with offices in California and New England. His successful track record with 3i/Aspen Ventures made Mr. Henos the keystone around which the Georgia Research Alliance could build ATV in 1995. Mr. Henos is still a partner in 3i/Aspen Ventures but his commitment is winding down as the fund matures. Mr. Henos is with ATV full time. Mr. Henos is responsible for all aspects of investment in life sciences companies.

Stephen Fleming brings with him an extremely successful track record in the field of Information Technology. Mr. Fleming, a native Georgian and Honors graduate of Georgia Tech, has held senior positions with some of the giants of the industry including, AT&T Bell Laboratories and Northern Telecom. Mr. Fleming was brought in as a Managing Director of ATV in 1995. Mr. Fleming is responsible for all aspects of investment in information technology companies.

Both Mr. Henos and Mr. Fleming are active participants in stimulating demand for venture capital within Georgia and the Southeastern United States. This is achieved through their own efforts and in partnership with the Georgia Research Alliance. For example, they have jointly organized highly targeted investor conferences designed to help ensure co-investments by the national venture capital industry in Georgia-based venture-backed companies. Both Mr. Henos and Mr. Fleming are widely published and often speak on the topic of entrepreneurism at regional conferences.

Alliance Technology Ventures operates under the standard 80-20% split. ATV has a 2.5% management fee.

As a classic venture capital partnership, Alliance Technology Ventures has an Advisory Committee which is written into the partnership agreement. This committee is made up of six members who represent corporations among ATV's limited partners.

Financial Structure

Alliance Technology Ventures had its first closing at $32 million in late 1993, and a final closing in December 1995 at $35 million. The first closing was particularly noteworthy as 1993 was a year in which few first time funds succeeded in raising capital nationally. As we noted, 20 of the most important corporate investors in Georgia participated as a result of the Fund's leadership and management.

A $35 million fund is an ideal size for a newly formed partnership and does not constrain Alliance Technology Ventures in its choice of investments. $30 million is today generally considered to be the threshold in the United States today for a seed and early stage venture capital fund to be successful. Anything fund below that is hindered by high information and transaction costs. Smaller funds can only succeed with a subsidy from a sponsoring parent. Funds larger than $30 million are faced with additional pressures to make larger deals. The transaction costs for a large deal will be the same as a small one, so it is in the fund's interest to do more larger deals and increase returns. This may be good for investors, but inconsistent with the reason the fund was created in the first place.

Alliance Technology Ventures recently announced plans to market their second fund. The General Partner anticipates that the close working relationship they have enjoyed with both Emory University and Georgia Tech will continue with significant investments in the new fund.

There are no angel investors in Alliance Technology Ventures. ATV does however often syndicate with angel investors. There is no formal network of angels in the Atlanta area. It is estimated that between 35% - 50% of the time ATV will introduce an angel for follow-on investments in its portfolio companies.

Legal Structure

Alliance Technology Ventures is a Side-by-Side Limited Partnership. This structure was created to meet the needs of one of the major investors in the Fund; Georgia Power. The Side-by-Side Limited Partnership allowed the Fund to restrict the use of Georgia Power money to within the State of Georgia while capital received from other limited partners can be invested either in Georgia or elsewhere, generally in the Southeastern United States.

These latter funds could also be used to enter into syndications with other venture capitalists in other regions of the United States.

Operations

Alliance Technology Ventures benefits greatly from its origins with the Georgia Research Alliance. Occasionally, the Georgia Research Alliance will recommend a company for ATV to evaluate. However, ATV spends more time directly making the rounds to the universities making up the Alliance. An ATV representative estimates that 70% of its portfolio is made up of situations where ATV developed a company around a technology originating in a university. The other 30% of the portfolio is made up of investments in existing companies. Additionally, both Mr. Henos and Mr. Fleming are quite active with both the local community and the national venture capital community.

Like most of the funds presented in this report, Alliance Technology Ventures has a fairly standard due diligence routine. The general partners will evaluate the risk with respect to four areas: (1) technology and market potential, (2) financing needs and projections, (3) patents or proprietary ownership of technology, and most importantly (4) management of the potential investment. Should Alliance Technology Ventures go forward with an investment, it always takes a seat on the Board of its portfolio company to ensure that it has some influence on the strategic decisions of the company.

The exit strategies which Alliance Technology Ventures are also fairly standard. Two out of eleven investments have gone public with the remaining exits made through acquisitions. To date, none of ATV's exits have been through a management or employee buyback of equity.

Accountability and Oversight

Alliance Technology Ventures has no public money invested in its first fund and the one currently being raised. Georgia State Law prohibits the state pension funds from investing any portion of its portfolio in alternative investments such as venture capital. An ATV representative noted that this is something that the Fund would like to discuss with the new Governor.

ATV does compile annual and quarterly reports for it investors on the performance of the portfolio as a whole and each individual company.

Unlike many of the state sponsored and funded investment funds, ATV does not have a board of directors. ATV does have an Advisory Committee made up of representatives of Fund investors. As a 100% privately capitalized fund, the issue of conflict of interest is not major, however, the Fund does have a standard conflict of interest policy which ensures that all conflicts or potential conflicts are disclosed in advance so that they may be addressed.

Heartland Capital Fund, Ltd. of Nebraska

Origin, Sponsorship, Mission and Goals

Heartland Capital Fund of Nebraska (1992) is a successful, privately capitalized seed and early stage venture capital fund which has emerged Phoenix-like from a failed state capitalized technology commercialization institution, the Nebraska Research and Development Authority (NRDA). After NRDA had lost two-thirds of its value (or $6 million) in 18 months, the Governor and the Department of Economic Development a management initiated restructuring which attracted such major private sector investors as Mutual of Omaha, First Commerce Bankshares, leading local regional investment banks and high net worth individuals. Working in the difficult investment environment of Nebraska, Heartland has produced an incremental IRR of 30%, and is now raising a new fund.

Market Analysis and Investment Criteria

Heartland invests $500,000 to $2 million in early stage companies with a focus on telecommunications, information technology and electronic components. No more than 10% of capital may be invested in a single company without approval of the Advisory Committee. Heartland is not restricted to investment within the State of Nebraska as NRDA was in the past.

It is currently raising a new fund capitalized in the area of $100 million. This fund, raised in conjunction with the Sunwestern Investment Group of Dallas, will have a regional focus which will encompass more of the Central and Southwestern United States. The new fund will focus on transition stage financings.

Management Team and Structure

As Heartland was being put together from the remains of the NRDA board, Brad Edwards emerged as the new president of NRDA to take charge of the transitional operations. Edwards asked Pat Rivelli, a general partner of Sunwestern Investment Group in Dallas, to join him as a general partner in the Heartland Capital Fund. The additional experience of a second investment manager ensured investor confidence in the new fund.

The Heartland management team includes the two managing partners, Edwards and Rivelli. They receive a 2.5% management fee, and the partnership is structured with the standard 80/20% split on the carried interest beginning after return of committed capital to investors. A third investment professional, John *Gustafson*, was brought into Heartland's operations as its portfolio grew.

Brad Edwards has been the driving force behind Heartland Capital Fund. Mr. Edwards played a vital role in the creation of Heartland Capital from the Nebraska Research and Development Authority. Before the creation of Heartland, Mr. Edwards served as the president of NRDA and was a principal of Performance Criterion Corp, a venture-oriented subsidiary of a regional health care organization.

Patrick Rivelli was an experienced venture capitalist with the Sunwestern Investment Group out of Dallas when he joined Mr. Edwards in the capitalization and management of Heartland Capital. Mr. Rivelli has over 30 years of experience in the computer and electronics industries. He demonstrated his entrepreneurial nature in 1969 when he founded National Micronetics, Inc., a manufacturer of technical ceramics.

John Gustafson is the third member of the Heartland's investment management team. Mr. Gustafson joined Heartland Capital in 1994 upon completion of his studies at the

University of Nebraska. Mr. Gustafson is a Level III Chartered Financial Analyst (CFA) candidate.

Financial Structure

In 1991, Governor Nelson vetoed funding for the Nebraska Research and Development Authority (NRDA) because the Governor had concluded that the agency took an unsuccessful public sector “grants” approach to technology commercialization seed capital investment. Until that time, the State of Nebraska had invested $9.5 million in NRDA over a five year period, but, by June 30, 1991 the portfolio of NRDA was valued at just $3.5 million including $2 million in cash.

The changes undertaken had three specific goals:

1) to shift management to performance-based compensation;

2) to establish an organizational structure familiar to the venture capital industry; and

3) to leverage state funds with investments from other investors.

The result was the Heartland Capital Fund, Nebraska’s first formal venture capital partnership. To bring it into formation, NRDA created a corporate general partner capitalized with $200,000 from NRDA. The management of NRDA was significantly reduced, and remaining staff moved to Heartland.

Heartland Capital Fund then acquired the NRDA portfolio consisting of 8 companies. By the end of 1995 Heartland had closed on $11 million, including $4.32 million contributed by NRDA as well as funds from additional private sector investors. These investors included Mutual of Omaha, Security Mutual Insurance, First Commerce Bancshares, United Nebraska Financial Co, World Investments, Inc., and some high net worth individuals.

Legal Structure

Heartland is now a conventional 10 year Limited Partnership with an Advisory Committee composed of four representatives of the limited partners. All investments are reviewed by the general partners before an investment decision is made.

Operations

Heartland continues to play an active role in its local community. The Fund has good relationships with both the University of Nebraska and the University of Nebraska Medical Center. Heartland will often do presentations to the emerging pool of entrepreneurs at the University of Nebraska’s Center for Entrepreneurship. Heartland will also review business plans coming out of both the university and the medical center.

Heartland reviews between 200 and 300 business plans a year, and will typically invest in one to three of these. Heartland notes that the majority of the deals they have entered into are referred to them through a cultivated network of attorneys, business professionals and other venture funds.

Heartland operates under an extensive due diligence practice that includes analysis of the business, management team, market, financial plan and compensation. Heartland prepares its own weighted average projections to determine the appropriate terms, structure and pricing for each deal.

In addition to conventional venture capital due diligence and valuation techniques, Heartland has developed a proprietary software to value its portfolio at any moment in time, and to run alternative scenarios for exiting investments. Other state-sponsored funds have found this particularly useful software to adapt to their purposes.

Due to its limited capital base, Heartland nearly always syndicates with other investment funds or angel investors. The new fund is being formed with sufficient capital to avoid this situation going forward.

Heartland will typically take a seat on the Board of its portfolio companies and work with the company to complete its professional management team.

Heartland has exited from one of its investment through a successful acquisition. A second of Heartland's investments had a successful IPO at the beginning of this year. Heartland will continue to be a shareholder until it is appropriate to exit the investment.

Accountability and Oversight

Heartland's policies on confidentiality and conflict of interest, reflect the strict venture capital industry standards.

Heartland will not violate the confidentiality between itself and its portfolio companies or potential portfolio companies. The Heartland Capital partnership agreement states that all business plans and anything considered to be trade secrets will be held in complete confidentiality.

Heartland's conflict of interest policy is similarly strict. Any conflict or potential conflict which any of the staff or managing directors have must be disclosed in advance to the Fund's Advisory Committee. Additionally, that person would then recuse him/herself from the investment decision making process.

Mid-Atlantic Venture Funds of Pennsylvania

Origin, Sponsorship, Mission and Goals

The Pennsylvania Ben Franklin Partnership, a private public partnership created in the early 1980s to shift Pennsylvania from a "rustbelt state" to a technology-driven economy, is a state technology development and commercialization private-public partnership very similar to KTEC. The Ben Franklin Partnership sponsored legislation in 1984 to establish five seed venture capital funds to help commercialize technology stimulated by the Partnership.

Each seed fund was affiliated with one of four regional Advanced Technology Centers established by the Ben Franklin Partnership. Each center was in turn sponsored by a leading research university. The Advanced Technology Centers are independently operated by a local industry/university board, hire their own staff, and are subjected to performance-based competition with the other three centers for state funding. Through these four Advanced Technology Centers, the Partnership administers: (1) the Challenge Grant Program for Technological Innovation (95% of the Partnership budget); (2) US Small Business Investment Research(SBIR) seed grants; (3) PENNTAP, a technology assistance service; (4) PrepNet, a telecommunications initiative; (5) JobLink; (6) Small Business Incubators; and (8) the Engineering School Equipment Grant Program.

Because of constitutional limitations on the state's ability to place state revenues directly in a private, for-profit seed capital fund, each of the five seed venture funds created by the Ben Franklin Partnership was affiliated with one of the technology centers. The ownership rights created by the state's investment were then given to the respective Center. Thus, the Centers serve as limited partners to each fund, but assume no operational responsibility for their respective funds other than making potential investment opportunities known to the fund manager.

The NEPA Venture Fund was created in 1984. NEPA (NorthEast PA), as the name implies, services the Northeast corner of Pennsylvania (PA); an area known more for its coal mines, cement plants, and heavy industry than for cutting edge technology. From the beginning NEPA was associated with The Ben Franklin Technology Center at Lehigh University. The founding CEO of NEPA's general partner, Fred Beste, developed a close relationship with the university but did not limit the Fund to investments only in the local area. Mr. Beste, an experienced venture capitalist and realist, sought out the best deals throughout Pennsylvania. It was this strategy which enabled him to succeed where the other Ben Franklin Funds failed. The most important reason for the failure of the other funds, however, was that none of the other fund managers had any prior venture capital experience. As a result, the NEPA Fund is the only one of the five original seed capital funds sponsored by the Pennsylvania Ben Franklin Partnership and the state's leading universities to have achieved long term investment success. This is particularly noteworthy in light of the high visibility and apparent success of the Pennsylvania Ben Franklin Partnership.

NEPA Venture Funds became Mid-Atlantic Venture Funds in 1997 as it began marketing its third and largest Fund. The new name reflects the reality that the number of viable deals in Pennsylvania is still limited, and Mid-Atlantic needs a broader area to seek out profitable investment opportunities. With the opening of Mid-Atlantic's Virginia Office, the fund managers have the ability to look at young companies from New York south to Virginia. This will enable Mid-Atlantic to continue to make the returns which have kept its investors coming back.

Market Analysis and Investment Criteria

Originally the Ben Franklin Partnership seed capital funds had strict investment guidelines to determine eligible investments. A firm looking for investment from a Partnership Seed Fund originally had to:

1) have fewer than 50 employees, including employees in affiliate firms;

2) be independently owned and operated in Pennsylvania

In its 20 years of continuously meeting both internal and economic return goals under dramatically different economic and financial market conditions, MCRC has become a paradigm for maintaining a long term, high quality, consistent management team, sound due diligence practices, monitoring and exit strategies, and the capability to adapt its forms of non-traditional finance to rapidly changing conventional financing practices. As a result, the need for MCRC capital continues to grow with changing market conditions.

MCRC operates on due diligence practices which are standard for all investment funds including venture capital. It requires all potential portfolio companies to present a detailed business plan, five years of historical financial data (if available), and five years of financial projects. Based on this information and its own research, MCRC will determine whether or not to make an investment.

For many of MCRC's is for the portfolio company to repay the debt instrument which it was issued. Of the 220 companies about two-thirds, or 150, have had some equity potential. MCRC has exited from 25% of these companies through IPOs; 40% through an acquisition by another company; and 10-15% had the warrants repurchased by the portfolio company.

Because of these successful operations, MCRC has become the principal model for the design of small business expansion capital funds throughout the US.

Accountability and Oversight

MCRC, like all of the other companies presented in this report, has a strict confidentiality policy. In know way will MCRC violate the bond of trust between itself and its portfolio clients.

MCRC prepares an annual report and audited financial statements of its portfolio for its partners and the State of Massachusetts. In addition, there are certain reports which it must make to state regulators, however these reports do not disclose any proprietary data or trade secrets of its portfolio clients.

MCRC's policy on conflict of interest is simple. No member of MCRC's investment team or staff may have any personal involvement with any company in which MCRC makes an investment. This is to avoid even the appearance of a conflict of interest.

Oklahoma Capital Investment Board

Origin, Sponsorship, Mission and Goals

The Oklahoma Capital Investment Board (OCIB,) was designed to be part of a broad effort to move the Oklahoma economy from low wage jobs dependent on natural resources, to high value-added jobs created by the application of technology to those resources.

Oklahoma developed a tax credit in 1987 with the goal of developing a venture capital industry within the state. However, the legislation necessary to begin operations of OCIB was not passed until July 1994. At that time, the state implemented a $50 million tax credit which was transferred to the control of OCIB. OCIB has used these tax credits as a guarantee authority to access commercial bank loans. Originally, OCIB was to use the $50 million to back a bond issue, however, the management of OCIB decided that it was more practical for the new organization to limit the amount of cash on which it was paying interest. OCIB decided it was more efficient to use the $50 million as a guarantee to lines of credit at commercial banks.

The money borrowed from the commercial banks is then invested in venture capital companies. OCIB had originally issued a Request For Proposal (RFP) to venture capital companies wishing to apply for investment by OCIB. However, this proved inefficient as it was hard to match the fund raising cycles of the venture capital industry. OCIB now has an open RFP which potential portfolio partnerships may respond to at any time.

Though not named, OCIB acts basically as a Fund of Funds. It is similar to the Grupo Guayacàn Fund of Funds which invests in various venture capital partnerships in the US and UK. OCIB adds one condition. Any fund receiving investment from OCIB must invest 55% of its capitalization in Oklahoma Business Ventures.

By the end of 1996, OCIB had attracted five nationally regarded venture capital companies to invest in capital-poor Oklahoma, and has begun to build a resident venture capital industry. A $14 million investment by OCIB in these five partnerships has leveraged $125 million of venture capital in Oklahoma.

Market Analysis and Investment Criteria

OCIB looks to operate a balanced portfolio made up of venture capital funds which are actively investing within the State of Oklahoma. OCIB seeks to have seed and early stage venture capital funds, alongside mezzanine and later-stage funds. The allocations were slated to be 20% seed & early stage, 33% later stage, and 47% mezzanine.

With the assistance of its investment advisor, Sovereign, OCIB selects which funds in which it will make an investment. OCIB has closed on seven funds to date. The investments in a partnership range from $2-4 million dollars; averaging closer to four million.

Management Team, Compensation and Management Oversight

Michael Tharpe has been with OCIB since its formation. Mr. Tharpe became president in 1994 when the founding president, Robert Heard, left OCIB to begin his own company.

The management of OCIB are considered state employees and have a set salary capped by state legislation. OCIB operates with a small incentive bonus which the president allocates to his staff annually. The president does not share in this bonus.

All of the funds which OCIB invests in as a limited partner are traditional 10 year venture capital partnerships. They operate on an 80-20% split, and have a management fee that is set forth in the partnership agreement. Typically, this would be in the area of 2-3% for a $30 million fund.

OCIB is allowed to charge each of the funds in which it invests a fee. This fee, however, comes out of the final returns for the fund.

The OCIB Board of Directors consists of five members who are appointed by the Governor. The members of the Board of Directors all come from a financial background.

Financial Structure: Uses and Sources of Capital

OCIB is backed by a pool of $50 million in tax credits which the state authorized in 1991. As noted earlier, OCIB uses these funds as a guarantee for lines of credit which it uses to make investments in new venture capital partnerships.

OCIB has invested in: Ventures Medical II ($2 million), Richland Ventures ($4 million), Intersouth Partners III ($4 million), Davis Venture Partners II ($4 million), and Chisholm Private Capital Partners ($2 million).

Legal Structure

OCIB is a trust of the State with a Board of Directors appointed by the Governor.

Operations

OCIB has a standing RFP to any venture capital partnership which wants to apply for review. OCIB works closely with its investment advisor, Sovereign. Together they review approximately 100 partnerships a year and invest in maybe one or two.

Each of the funds of which OCIB invests is responsible for exiting their individual portfolio companies. As a fund of funds, OCIB does not have exit strategies. OCIB will get disbursements as the funds exit their portfolio companies.

Accountability and Oversight

OCIB works from a strict policy of confidentiality. OCIB's governing legislation states, "Any information submitted to or compiled by the Oklahoma Capital Investment Board with respect to the marketing plans, financial statements, trade secrets, research concepts, methods or products, or any other proprietary information of persons, firms, associations, partnerships, agencies, corporations or other entities shall be confidential, except to the extent that the person or entity that provided such information or that is the subject of such information consents to disclosure."

OCIB's legislation also goes on to spell out its strict conflict of interest policy. If a director, officer or agent has a conflict or potential conflict of interest he or she must fully and publicly disclose it and "he or she shall refrain from any further official involvement in regard to such contract or agreement, from voting on any matter pertaining to such contract or agreement, and from communicating with other Board members, officers, agents or employees concerning said contract or agreement." Failure to disclose such a conflict of interest will result in termination.

Through the use of the most innovative tax credit thus far devised by a state, OCIB has attracted more than eleven nationally regarded venture capital companies to invest in capital-poor Oklahoma, and has begun to build a resident venture capital industry that has generated more than $660 million in capital under management.

Appendix 7: Models to Invest in Expanding Enterprise

Massachusetts Capital Resource Company

Origin, Sponsorship, Mission and Goals

Massachusetts Capital Resource Company (MCRC, 1977) is, as we have noted, the pioneer geographically targeted growth capital fund upon which all other models have been designed. MCRC was initiated by the Commonwealth of Massachusetts, and is capitalized, owned and managed by the four largest Massachusetts life insurance companies.

When MCRC was created in 1977, the insurance industry was deeply concerned that this was a high risk investment with little prospect of return. They were induced to consider the investment in exchange for a five year tax credit. At the end of five years, if they were unhappy with the investment and its returns, they could close down the Fund and receive back their principal.

At the end of five years, in 1981, they were so pleased with their investment that they opted to continue the Fund for a full 25-year partnership term. That commitment has now been rolled over five times, and now extends to 2023.

MCRC's superior returns in the high teens - low twenties has led the insurance industry to continually reinvest their initial $100 million principal for a total investment of nearly one half billion dollars. For more than 20 years, MCRC has financed nearly $500 million of small business expansion capital and generated more than 14,000 jobs in Massachusetts.

Finally, the success of MCRC has led the Massachusetts Insurance Industry to invest an estimated $3 billion in the creation of a number of risk capital funds based on the Mass Capital model.

Because of these successful operations, MCRC has become the principal model for the design of small business expansion capital funds throughout the US.

The life insurance industry and the property and casualty insurance industry have recently concluded negotiations with the Commonwealth to invest another $100 million each in a second fund which will target investments in the inner city areas of the state. MCRC has been selected to manage this fund as well.

Market Analysis and Investment Criteria

MCRC was founded in 1977 by the Massachusetts Life Insurance Industry in response to an identified need by the Massachusetts' Task Force on Economic Development for long term growth capital for expanding small and medium size businesses. Although the economic conditions and available sources of capital have varied greatly during this 20 year period, the essential need for risk capital for small expanding companies throughout the state has remained constant and high.

Not only has MCRC invested more than $400 million in more than 220 companies in 98 cities and towns across the state over 20 years, but half of this total has been invested in state-designated economic target areas.

Most importantly, from a policy standpoint, the Massachusetts Capital Resource Company has profitably financed the technological restructuring of more than 100 century-old shoe, leather, textile, paper, jewelry and fish processing firms into innovative, high-growth Intelligence Age firms capable of competing in global markets. More than half of all firms invested in by MCRC are manufacturing companies – most in older, more traditional industries.

The principal instrument for financing their growing or restructuring small and medium sized companies is with mezzanine capital – fixed rate subordinated expansion capital loans from five to ten years, with some form of equity component. These flexible instruments may involve warrants, coupon rates, exercise price, and other means of convertibility.

Financings range from $250,000 to $5 million, averaging less than $2 million per company. Fifty percent of these companies have under $10 million in sales at the time of financing, and fifty percent have above $10 million sales. A company must have less than a Baa rating from Moody's to be considered for financing. Financings range from helping a young, rapidly growing company to increase its growth, to helping a mature company restructure itself to grow again.

Although MCRC's unique niche is in providing subordinated debt and mezzanine capital to help small firms expand and grow, MCRC will provide senior debt and later stage venture capital where appropriate.

Management Team, Compensation and Management Oversight

William (Bill) Torpey, President of MCRC, has been a part of senior management since MCRC was closed as a Fund more than 20 years ago. He has served as President since 1982. Prior to the creation of MCRC, Mr. Torpey was a senior investment professional from the life insurance industry. Mr. Torpey's investment management team all have a history as bank lending officers.

One of the strengths of MCRC is the continuity of the management team over their twenty years. The combined management experience of MCRC's management team today exceeds 125 years. Of that, 64% or a combined 80 years the management team has been together.

Unlike a typical venture capital partnership, MCRC does not operate under a standard 80/20 split between the small limited partner life insurance companies and the four large general partner companies. There is no standard allocation to management. Instead, MCRC resembles an investment subsidiary for each of the companies involved.

Profits are distributed annually to partners, and have been since the first year. 100% of profits are distributed each year based on the percentage each partner originally put into the partnership. Principal is retained for future investments. MCRC has recycled its capital over four times since the original investments were made.

Because the Managers are salaried, there is really no standard "Management Fee". Operations are paid for through the annual bonus which MCRC puts together and submits for approval to its Executive Committee, which is made up of the four largest partners.

Managers receive an incentive in the form of an annual bonus. Each year after closing the books the Executive Committee, made up of the General Partners, decide on the bonus to be awarded to the managers of the fund. The bonus involves net IRR as well as a variety of economic external measures including geographic coverage and job creation. Not only has MCRC exceeded its risk adjusted rate of return to its partners, but it has had broad economic and job creation impact within the state.

Financial Structure: Uses and Sources of Capital

The life insurance companies invested $100 million over five years beginning in 1977, in exchange for a permanent tax reform. MCRC's superior returns, estimated to be in the high teens - low twenties, have led the insurance industry to continue the Fund and reinvest its earnings.

The life insurance industry and the property and casualty insurance industry have recently concluded negotiations with the Commonwealth to invest another $100 million each in a second fund which will target investments in the inner-city areas of the state. MCRC has been selected to manage this fund as well.

Legal Structure

MCRC is structured as a 25 year Limited Partnership in which the four largest life insurance companies in the state are General Partners, and the smaller life insurance companies are Limited Partners.

The CEOs of the four General Partner insurance companies form the four person Executive Committee of the partnership.

The four senior investment officers from the General Partner insurance companies, plus one highly respected outside member appointed by the Governor, and the President of MCRC, Bill Torpey, form the six person Investment Committee.

Operations

In its 20 years of continuously meeting both internal and economic return goals under dramatically different economic and financial market conditions, MCRC has become a paradigm for maintaining a long term, high quality, consistent management team, sound due diligence practices, monitoring and exit strategies, and the capability to adapt its forms of non-traditional finance to rapidly changing conventional financing practices. As a result, the need for MCRC capital continues to grow with changing market conditions.

MCRC operates on due diligence practices which are standard for all investment funds including venture capital. It requires all potential portfolio companies to present a detailed business plan, five years of historical financial data (if available), and five years of financial projects. Based on this information and its own research, MCRC will determine whether or not to make an investment.

For many of MCRC's is for the portfolio company to repay the debt instrument which it was issued. Of the 220 companies about two-thirds, or 150, have had some equity potential. MCRC has exited from 25% of these companies through IPOs; 40% through an acquisition by another company; and 10-15% had the warrants repurchased by the portfolio company.

Because of these successful operations, MCRC has become the principal model for the design of small business expansion capital funds throughout the US.

Accountability and Oversight

MCRC, like all of the other companies presented in this report, has a strict confidentiality policy. In know way will MCRC violate the bond of trust between itself and its portfolio clients.

MCRC prepares an annual report and audited financial statements of its portfolio for its partners and the State of Massachusetts. In addition, there are certain reports which it must make to state regulators, however these reports do not disclose any proprietary data or trade secrets of its portfolio clients.

MCRC's policy on conflict of interest is simple. No member of MCRC's investment team or staff may have any personal involvement with any company in which MCRC makes an investment. This is to avoid even the appearance of a conflict of interest.

Perhaps most important, in June, 1998 MCRC teamed with Massachusetts Business Development Corporation (MBDC) in establishing a small business Mezzanine Capital Fund to provide higher-risk, equity-type capital to local businesses that are unable to access Mezzanine Capital from MCRC due to size considerations. MBDC was established in 1953 and has grown to become one of the leading business development corporations in the country. MBDC's shareholders include virtually all of the commercial banks in Massachusetts as well as lending investors, corporations and the Red Sox.

MBDC provides the sourcing, due diligence, and monitoring of the portfolio investments which range between \$100,000 and \$500,000. MCRC participates with the Mezzanine Capital Fund in the form of a one third participation. MCRC reviews and approves each investment to insure credit worthiness and compliance with MCRC's "qualified investment" requirement. As part of the "teaming arrangement" all prospective investments greater than \$500,000 would be referred directly to MCRC.

A six million-dollar fund was established consisting of \$2mm from MCRC, \$1mm from MBDC and \$3mm from 5 local banks (Bank Boston, Fleet, State Street, Citizens and US Trust). MCRC's investments direct investments on a participation basis.

Indiana Community Business Credit Corporation

Origin, Sponsorship, Mission and Goals

The Indiana Community Business Credit Corporation (ICBCC, 1986) is a result of a comprehensive capital markets analysis undertaken for the Governor in the mid 1980s. This analysis led to inter- and intra-state banking legislation reform in Indiana, and the creation of the ICBCC, a Small Cap Mezzanine Fund managed by Cambridge Capital Management Corporation.

In the mid-1980s, Indiana banks had a powerful incentive to invest in ICBCC. New Indiana intra-state banking legislation encouraged commercial banks to become investors in ICBCC in order to win the right to do business outside of their own county. As a result, 33 Indiana financial institutions initially invested in ICBCC to finance the capital needs of small and medium-size Indiana companies which otherwise would be unable to obtain financing from these same banks. ICBCC's capitalization of $19 million allows it considerable flexibility, risk pooling and spreading with respect to the companies it makes loans and investments.

Market Analysis and Investment Criteria

In the mid 1980's the State of Indiana underwent an in-depth review of its economic development alternatives. At that time, there was a clear need for established Indiana companies to access expansion capital. These companies were not growing fast enough to produce venture capital returns, and yet were too risky to qualify for loans from conventional lenders.

Management Team and Structure

The Indiana Community Business Credit Corporation is managed by Cambridge Capital Management Corporation. The latter is a well established financial management corporation which manages a spectrum of financial institutions that offer various products from US Federal SBA 504 loans, and mezzanine capital, through to venture capital.

Financing Structure

The Indiana Community Business Credit Corporation was created to fill this need. It offers mezzanine financing for working capital or fixed assets to any company located in the State of Indiana.

The Indiana Community Business Credit Corporation markets its tailored financial products throughout the state by way of a network of seventy participating lenders. These lenders will typically introduce a potential portfolio company to the ICBCC and be willing to cover 50 percent of the total capital needed by the applicant.

The firms which receive financing from the Indiana Community Business Credit Corporation are generally small. The Fund's guidelines are similar to those it operates for its US Federal Small Business Association (SBA) loan operations. Companies applying for financing must have a net worth of less than $6 million and a net profit of less than $2 million. All firms must be geographically within the State of Indiana.

Legal Structure

Indiana Community Business Credit Corporation's headquarters are in Cambridge Capital's offices in Indianapolis. However, its network of 47 member financial institutions encompasses the entire State of Indiana. As ICBCC has a sixteen-year track record of success, the number of member institutions has increased, as has its reputation.

Operations

ICBCC's due diligence practices are extensive. Along with its application for financing, a company must present a signed letter of commitment for 50% of the financing from a member bank; a history detailing the past three years of operations; financial projections for the next two years; description of its accounts receivable, accounts payable, and inventories; and the personal financial statements of the owners and principals.

Indiana Community Business Credit Corporation closely monitors all its portfolio companies. ICBCC, as a convertible debt financier like Mass Capital, does not usually take a seat on the portfolio company's Board of Directors. This is so that it does not compromise its position as a creditor of the company. Instead, portfolio companies must submit financial documents on a monthly basis and be open to unannounced visits by the ICBCC investment team. These documents are closely monitored for any signs that the portfolio company is having financial difficulty.

Indiana Community Business Credit Corporation uses two basic means of exit depending on how the financing has been structured. For those funds that are structured as a debt instrument, the investment is exited as the debt is paid off. The near-equity mezzanine products are structured with warrants, which ICBCC typically refers to as exit fees. These exit fees provide the equivalent of a mezzanine return in the high teens-low twenties.

The Goodman Capital Fund

Neighborhood National Bank and CDC Small Business Finance designing and building the Goodman Capital Fund, provides an appropriate form of high risk, quasi-mezzanine finance or subordinated debt with near-equity features to growing small firms that need access to higher risk capital than commercial banks can provide, but are not yet growing fast enough to be able to employ venture capital profitably.

The great unserved market in Northwest Louisiana, as is true of other growing regions of the nation, is expansion capital to grow manufacturing and export service companies. These companies have significant capacity to grow, thereby creating jobs and wealth for residents in the target neighborhoods and throughout the region. Currently, these companies are caught in a "Catch 22:" they are growing too fast to receive additional financing from their banks, but too slowly to attract venture capital. These companies are exactly the more traditional food processing, apparel, metal fabrication, and wood product companies currently served by 504 certified development companies.

504 CDC's now take the risk with these companies through its subordinated debt, but do not have the means for being rewarded for that risk on the upside. These subordinated debt investments with fee based upside returns will likely range from $100,000 to $1 Million lent or invested in growing companies.

To produce risk-adjusted returns in the mid to high teens, potential portfolio companies will generally have an established management, proven products, and a pattern of growth or demonstrated potential for sufficient growth to support these higher future returns to investors and job growth benefiting the target neighborhoods and beyond.

The Goodman Capital Fund can not achieve these higher returns by investing in micro business or small retail and service companies. The Goodman Capital Fund can, however, achieve adequate returns by investing in growing manufacturing, export service firms and health care companies, among others.

The Goodman Fund can achieve these rates of returns with a balanced portfolio, which will:

1) help young, growing companies to increase their growth rate, and

2) help mature companies position themselves to increase productivity, competitiveness, future growth and profitability.

The Fund will target small businesses located in low and moderate-income census tracts, owned by women and minority entrepreneurs, or which create significant jobs for residents of low and moderate-income neighborhoods. However it would violate wise portfolio practice if the Goodman Capital Fund covered any smaller market area than that currently served by CDC Small Business Finance, one of the best small business finance companies of its kind in the country.

We are also well aware of Cambridge Capital Management, headquartered in Indianapolis, Indiana, who are the premiere builders and managers of these higher risk, subordinated debt, near equity funds, and who are assisting Neighborhood National Bank and CDC Small Business Finance in building the Goodman Fund. We are pleased to have played a role in creating the enabling legislation for the first fund which became the Cambridge Capital Management Cluster of Funds in Indiana, and can recommend a no more successful team to participate in the First Keystone Fund in the San Diego Capital Collaborative Small Business Finance Cluster.

Potential Significance of Models for Northwest Louisiana

Most privately capitalized mezzanine capital funds do not invest less than $5 million in a growing small firm, far above the amounts needed by growing small firms important for their job and wealth creation in low and moderate income neighborhoods.

This is why the creation in 1977 of the privately capitalized, public purpose $100 million Massachusetts Capital Resource Company (MCRC) was such an important policy breakthrough. Since its inception 25 years ago, MCRC has provided near equity finance to growing, job creating small firms with capital commitments averaging $2-3 million, while consistently producing low 20s returns to investors, investing $500 million of capital in growing companies, generating 15,000 new jobs, and investing 60% or $300 million in disadvantaged areas of Massachusetts.

Cambridge Capital Management's experience in Indiana is even more striking, as their investments are in much smaller companies with capital needs of $100,000 to $1 million. Nevertheless, Cambridge Management consistently produced high teen returns from these investments.

Cambridge Capital Management has advised Neighborhood National Bank and CDC Small Business Finance in designing the Goodman Capital Fund to provide similar high risk, quasi-mezzanine finance or subordinated debt with near-equity features to growing small firms that need access to higher risk capital than commercial banks can provide, but are not yet growing fast enough to be able to employ venture capital profitably.

This is the great unserved market in expansion capital to finance manufacturing and export service companies that have a significant capacity to grow, thereby creating jobs and wealth for residents in the target neighborhoods and throughout the region. Currently, these companies are caught in a "Catch 22:" they are growing too fast to receive additional financing from their banks, but too slowly to attract venture capital.

Finally, in 1998 MCRC partnered with Mass Business Finance (MBDC) to create a similar small business mezzanine pool financing between $250,000 and $2,000,000. This comparable experience is now also available to the Capital Collaborative and the Goodman Capital Fund.

Of all the models in the United States, these three in Indiana, Massachusetts and California are the most important to the Northwest Louisiana Strategic Action Platform.

Appendix 8: A Model for Matching Employer Needs to Worker Skills

Volume I, Section 4.4.2 describes the importance of Workforce Education and Training to support the continued growth and development of Northwest Louisiana's economic base and to prepare its workers for a knowledge based economy. A strategic investment in Workforce Education and Training is essential to that task.

The most pressing need is for a single, concerted effort that will bring three groups together around a simple idea—*train workers for jobs businesses need to fill*. The new Workforce Consortium proposed in Volume II, Section 5.2, could represent the three key groups necessary to success:

- ✓ employers large and small with jobs to fill and training needs to be met,
- ✓ workforce education/training suppliers, including the two separate Workforce Investment Boards (WIB #70, serving the ten-parish region of Northwest Louisiana and WIB #71 serving the City of Shreveport), the community and technical colleges, and the two separate Tech Prep consortia serving the Northwest Louisiana, and
- ✓ representatives of workers who need jobs and skills.

This new Workforce Consortium could be based on the most comprehensive current operating model, Enterprise Florida's Workforce Florida, Inc. Workforce Florida, Inc.'s Board is composed of all of these leadership groups and, in turn, oversees three Workforce Councils. One of these Councils—"High Skills/High Wages" —aligns Florida's education and training programs with higher-paying, high demand jobs that rewards educator/trainers who graduate workers to these jobs.

The three key components of this model: Enterprise Florida, Inc., Workforce Florida, Inc., and its "High Skills/High Wages" Council, are described below:

Enterprise Florida, Inc.

Enterprise Florida, Inc. (EFI) is the public-private partnership responsible for leading Florida's statewide economic development efforts. Enterprise Florida was formed in July 1996, when Florida became the first state in the nation to replace its Commerce Department with a public-private organization that is responsible for economic development, international trade and statewide business marketing.

Enterprise Florida's mission is to diversify Florida's economy and create better paying jobs for its citizens by supporting, attracting and helping to create businesses in innovative, high-growth industries. Enterprise Florida focuses on high-value sectors such as: international commerce, information technology, life sciences, aviation/aerospace, homeland security/defense, modeling/simulation/training (part of IT), and financial/professional services.

Enterprise Florida also works collaboratively with a statewide network of regional and local economic development organizations ("Partners") to continually improve Florida's business climate and ensure its global competitiveness.

A Board of Directors—including leaders from Florida's business, economic development, educational and government communities—provides broad based policy direction. The Governor of Florida serves as the chair of the Board.

Workforce Florida, Inc.

Workforce Florida, Inc. (WFI) is the state's chief workforce policy organization. Created by the Workforce Innovation Act of 2000, the public-private partnership supports and promotes economic growth through workforce development.

Workforce Florida is the principal architect in the state's efforts to develop and retain a highly competitive workforce responsive to the needs of employers. To improve performance and accountability, the landmark legislation establishing Workforce Florida consolidated various workforce programs and funding streams -- including Florida's pacesetting welfare reform initiative -- under a single umbrella.

The Workforce Florida Board includes representatives from business and industry, the state community college system and the Florida Board of Education, as well as leaders of state agencies such as the Agency for Workforce Innovation, the departments of Children and Families, Education, and Community Affairs.

Many programs of Workforce Florida are the same as all states, including Quick Response and Incumbent Worker programs.

Workforce Florida is composed of three standing Councils tasked with developing strategies to target the needs of job seekers and employers across the employment spectrum-from entry into the workforce to cultivating workers to fill coveted high skill/high demand jobs. These three Councils are: the "First Jobs/First Wages" Council, the "Better Jobs/Better Wages" Council, and the "High Skills/High Wages" Council. Of these three, the "High Skills/High Wages" Council is the model most important to Northwest Louisiana.

The "High Skills/High Wages" Council

The "High Skills/High Wages" Council aligns Florida's education and training programs with higher-paying, high-demand jobs that advance careers, build a more skilled workforce and enhance the state's efforts to attract, grow and expand job-creating businesses. The "High Skills/High Wages" strategy includes several initiatives such as:

- identifying high-demand, good paying occupations,
- targeting industry sectors,
- establishing regional "High Skills/High Wages" committees that bring economic developers, businesses and educators together,

- providing customized training programs, such as Quick Response and Incumbent Worker Training for the state's existing and new-to-Florida businesses, and, *most importantly*,
- *linking* <u>*performance-based compensation*</u> *to educators who graduate workers for these jobs*..

"High Skills/High Wages" programs serve as a catalyst between industry, economic development organizations and training providers to identify skills needed to fill critical jobs necessary for business retention, expansion and recruitment activities.

The Targeted Industry Sectors program was created to help ensure that training programs are coordinated with the needs of industry sectors that have the greatest potential for growth, high-paying job opportunities, and overall economic impact. The following sectors have been identified by Enterprise Florida:

- Aviation / Aerospace
- Health Technology
- Information Technology
- Application Specific Integrated Circuits (ASIC) Design
- Digital Media
- Optoelectronics
- Silicon Technology
- Plastics
- Simulation

Florida's Workforce Estimating Conference

A key consideration in Florida's workforce development strategy is linking training and education programs with the needs of business. Employers and workers both benefit when high-paying, high-demand jobs are filled.

Needs of businesses are identified through a *state-mandated occupational forecasting conference* which ranks occupations by their projected number of openings (business-demand) and growth rate, as well as the anticipated entry-level and average wage rates. (It is important to note that Louisiana does manage a similar Louisiana Occupational Forecasting Conference staffed by the Louisiana Workforce Commission and the Louisiana Department of Labor. The Conference has recently issued its preliminary draft of its next ten-year forecast of jobs for top demand occupations, both statewide and by region, including Northwest Louisiana. This forecast is updated every other year. The Occupational Forecasting Conference is now scheduling a round of regional forums for input by local chambers of commerce, economic developers, Workforce Investment Boards [WIBs], trade associations and educational institutions before completing the forecast. The final draft forecast is expected to be available in October 2003. More information can be found on w.w.w.laworkforce.net/ofc.)

The resulting *State List* is then used to target training programs through the *state's performance-based incentive system*. From this *State List*, local areas develop a regional list that reflects the needs in their communities, with an opportunity twice annually to modify the local list.

Regional "High Skills/High Wages" Committees also plays a key role in the state strategy. *Business-dominated committees at the local level* encourage collaboration among their members--business, economic development representatives, and training providers--to focus on creating *a more business-responsive workforce development system* and to ensure that the region's economic development strategy and workforce development strategy are mutually supportive.

Local committees make annual recommendations to Workforce Florida on:

- ✓ Improving the responsiveness of training in the region to business and economic development opportunities;
- ✓ Integrating Federal and state workforce funding to improve training and job placements with local businesses.
- ✓ Identifying occupations in the region that are critical to business retention, expansion and recruitment activities. Once evaluated and approved by the Workforce Florida Board, these occupations can be added to the region's targeted occupational list;

These committees develop these recommendations by, among other things, evaluating existing labor market conditions at the local level; identifying skill gaps between what a business needs and what a worker has to offer, and developing ways to close those gaps; and identifying best practices that coordinate curriculum improvements with changing employer needs.