Class Time: Monday and Wednesday: 11:00 AM to 12:30 PM
Recitation: Friday: 1:30 to 2:30 PM
Meeting Place: Class sessions (Mon/Wed): Room 9-451
Recitation (Friday): Room 9-451
Stellar Site: 11.437 Class Website
Instructor: Karl Seidman (seidman@mit.edu)
Office: 9-511A Phone Number: (617) 253-3964
Office Hours: Monday: 12:30 to 2:00 PM
Wednesday: 2:00 to 4:00 PM, or by appointment.
Teaching Assistant: Louis Liss (lliss@mit.edu)

Course Description and Objective
Financing Economic Development focuses on the tools and programs available to economic development practitioners to address capital needs for businesses and economic development projects. The course content is divided into four sections:

1. The basics of how firms and development projects are financed and how to analyze business and real estate financial statements to understand capital needs and evaluate the ability to support financing.
2. An introduction to capital markets, market imperfections and perspectives on development finance systems.
3. Financial tools, policies and institutional models to address capital gaps, supply financing and stimulate private investment in community and economic development.
4. Management of development finance institutions and programs including program design, operations and capital management.

The course concludes by revisiting development finance systems and how the different tools, policies and models work together and relate to other components of the development ecosystem. Throughout the semester, we will use Boston and Massachusetts as an example of how different tools, policies and institutional models support individual projects and enterprise, as well as how they combine to create a development finance system that advances city and state community and economic development. We will also look at examples of how development finance tools and policies are being applied to address sustainable development goals, particularly around energy efficiency and renewable energy development.

The course objective is to provide students with a comprehensive overview of economic development finance practice in the United States and develop a knowledge base and skills to either be a development finance practitioner or apply economic development finance approaches to other...
fields of planning and community development. Students can expect to gain the following knowledge and skills from the course:

1. An understanding of the operation of private financial markets and their limitations in serving economic development finance needs.

2. How to think about the relationship of development finance interventions to the broader economic and community development system.

3. Familiarity with the public policies, program models and institutions that can be used to expand capital availability and address community development and business finance gaps.

4. An understanding of different business capital needs and the appropriate financial instruments and institutions used to address these needs.

5. An introduction to interpreting and analyzing business financial statements.

6. Tools to evaluate and structure financing plans for firms and real estate projects.

7. Knowledge of federal economic development financing programs.

8. An understanding of operational needs and best practices in managing economic development finance programs and institutions.

9. The ability to match feasible program approaches and models to address specific development financing gaps and business capital needs.

10. The capacity to identify institutional and program resources needed to implement different development finance programs and institutions.

11. An introduction to public finance tools and their economic development uses.

**Reading Materials and Assignments**

Reading assignments are specified for each class in the course syllabus. Optional readings and materials are listed for some classes and students are encouraged to read these materials as well. Reading assignments are from the course textbook and supplementary materials posted on the stellar course site. Additional resources and background readings on many topics are also included on the course Stellar site.

Many classes include a case study discussion that applies concepts and tools from the readings to help develop analytical thinking and problem solving from a development finance perspective. **When a case study is assigned, students need to read the case closely to determine key facts and circumstances, identify the critical issues raised by the case and prepare her or his views on these issues and how to address them.**

**Required Course Text:**

Karl F. Seidman, *Economic Development Finance* (Sage Publications, 2004) is the course textbook. Copies may be purchased at the MIT Coop. It is also on reserve at Rotch library.
Course Requirements
In addition to the completion of all reading assignments and participation in case study and other class discussions, students are required to complete the following assignments:

1. Three financial analysis worksheet exercises;
2. Five case study analyses and write-ups; and
3. A term project report or other deliverable.

Financial Analysis Worksheets
These worksheets are intended to extend and reinforce key financial analysis concepts and skills introduced in class. They summarize the purpose, interpretation and formulas for key calculations and require several calculations and brief comments on their interpretation and related issues. Completion of the worksheets is required but they will not be graded.

- September 20: Business Financial Statement Analysis Worksheet
- October 2: City Plaza Real Estate Financial Analysis Worksheet
- October 18: Orlando TIF Financial Analysis Worksheet

Submit worksheets electronically on the course stellar site under the Gradebook section and specific assignment. The deadline for posting worksheets is 11 AM on their due date.

Case Study Analyses
Five case study write-ups are listed in the syllabus. The background, financial data and assignment for each case is found in the corresponding chapter of the textbook or separate case study material. Four of the case study write-ups include financial analysis and a brief (no longer than 3 pages single-spaced) write-up that address the specific questions posed in the assignment. The written discussion should incorporate the results of the financial analysis required in the assignment with the financial analysis or projections attached as an appendix. One case study involves the analyzing a city’s development finance system and formulating recommendations to make it more effective. The five case assignments are:

- September 25: Working Capital Loan Request Analysis (Crystal Clear Window Company)
- October 4: Employee Buyout Loan Request Analysis (Phoenix Forge)
- October 25: Federal Programs and Real Estate Finance (Inner City Supermarket)
- November 15: Development Finance System and CDFIs (Cleveland)
- December 6: Raising Capital for a Development Finance Entity (Manufacturer’s Fund Recapitalization)

Submit electronically on the course stellar site under the Gradebook section and submit a hard copy in class on the due date. The deadline for posting worksheets is 11 AM on their due date.

Term Project
The term project, only required for graduate students, entails student teams working on a finance project for a client. This fall, four of the term projects are focused on financing issues related to economic development in Boston and Massachusetts. A brief description of each project and client is included in a separate attachment posted on the course web site and handed out on the first day of class. Only one team may work on each project. Students will indicate their project preferences by September 20th and then will be assigned to of project teams by September 22nd. A brief (1-2 page) project work plan is due on October 6th. The final written project and/or other deliverable are
due on Friday December 15th.

Grading
Grading will be based on each student’s demonstration of their knowledge of the course material and capacity to apply this knowledge to projects, programs and development finance needs. All course work will be considered in determining grades:

- Class participation in case study and other discussions accounts for one-third of the grade;
- The five written case study assignments account for one-third; and
- The term project accounts for the final third.

Academic Misconduct
Students are expected to act responsibly and honestly in completing all coursework. Cheating, plagiarism, deliberate interference with the integrity of the work of others, fabrication or falsification of data, and other forms of academic dishonesty are considered serious offenses with disciplinary penalties that may include a failing grade for the class, and possibly suspension from the institute. Never (1) turn in an assignment that you did not write yourself, (2) turn in an assignment for this class that you previously turned in for another class, (3) falsify or misrepresent information for a term project; or (4) present material from another source as your own writing or work in a term project report. Students may work together to complete analysis and discuss issues for the case studies, but each student must write-up their own case study analysis based on their personal interpretation and judgment of the case assignment. Term project deliverables are group projects based on collaborative work among the team members; students are encouraged to share ideas and to incorporate the work of other team members into their part of the project. Each student is expected to make a significant contribution to the project and not rely on the work of other team members to complete the project and obtain this portion of their grade. Please see me if you have any questions about what constitutes plagiarism or academic misconduct.

MIT Writing and Communications Center
The WCC at MIT (Writing and Communication Center) offers free one-on-one professional advice from communication experts. The WCC is staffed completely by MIT lecturers. All have advanced degrees. All are experienced college classroom teachers of communication. All are all are published scholars and writers. Not counting the WCC’s director’s years (he started the WCC in 1982), the WCC lecturers have a combined 133 years’ worth of teaching here at MIT (ranging from 4 to 24 years). The WCC works with undergraduate, graduate students, post-docs, faculty, staff, alums, and spouses. The WCC helps you strategize about all types of academic and professional writing as well as about all aspects of oral presentations (including practicing classroom presentations & conference talks as well as designing slides). No matter what department or discipline you are in, the WCC helps you think your way more deeply into your topic, helps you see new implications in your data, research, and ideas. The WCC also helps with all English as Second Language issues, from writing and grammar to pronunciation and conversation practice. The WCC is located in E18-233, 50 Ames Street). To guarantee yourself a time, make an appointment. To register with our online scheduler and to make appointments, go to https://mit.mywconline.com/. To access the WCC’s many pages of advice about writing and oral presentations go to http://cmsw.mit.edu/writing-and-communication-center/. Check the online scheduler for up-to-date hours and available appointments.
**CLASSES AND READING ASSIGNMENTS**

**Note on page numbers:** The page numbers listed for readings are based on the page numbers in the original document; these may be different than the PDF reader page numbers. Please also note that some PDFs include more pages than are assigned.

**COURSE INTRODUCTION**

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<tr>
<th>Class #</th>
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<th>Topics</th>
<th>Readings</th>
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<tbody>
<tr>
<td>1.</td>
<td>Sept. 6</td>
<td>Course Overview</td>
<td>1. <em>Economic Development Finance</em> (EDF), Chapter 1, pp. 3-7</td>
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<td>Role of Finance in Economic Development</td>
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This class provides an overview of the course content and objectives and discusses the definition of economic development and the role of financing in the economic development process.

**PART I: BUSINESS AND REAL ESTATE FINANCING**

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<tr>
<td>2.</td>
<td>Sept. 11</td>
<td>Business Finance Needs</td>
<td>1. EDF, chapter 2</td>
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This class looks at the many instruments used to finance business enterprises, emphasizing the difference between debt and equity, the varied forms of debt financing, and the advantages and disadvantages associated with different financing instruments. The appropriateness of different financing instruments for various stages of business development and capital needs is also discussed along with the distinct capital needs and issues faced by small firms. Empirical data on how small enterprises are financed will be compared to the expectations based on capital market and firm development stage theories. Finally, we will review the basic finance terms and calculations related to debt and equity instruments.
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<th>Class #</th>
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<td>3. <strong>Optional:</strong> Anthony, Hawkins &amp; Merchant, Accounting: Text and Cases, pp. 25 –44 and 51- 74</td>
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<td>4. <strong>Optional:</strong> Craig Pence videos 1, 2 and 17 on basic accounting</td>
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In this session, basic accounting principles are reviewed, and the three primary financial statements produced by accounting systems are explained: the balance sheet, the income statement, and the cash flow statement. The difference between cash and accrual accounting and the relationship of financial statements to business cash flow is a key theme for this class. For students who want additional information and presentation of basis accounting concepts and financial statements, optional readings in an accounting text book and several on-line video lectures are available.

**No Class September 18th**

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<th>Class #</th>
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<th>Topics</th>
<th>Readings</th>
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</table>
| 4.      | Sept. 20  | Analyzing Finance Needs II: Evaluating Firms | 1. EDF, Chapter 4
|         |           |                                             | 3. The Triple Bottom Line Collaborative, CDFIs and Triple Bottom Line Lending, pp. 3-15 |
|         |           |                                             | 5. **Resource:** Triple Bottom Line Tool, skim web site                                  |
|         |           |                                             | [http://www.tbltool.org/about.php](http://www.tbltool.org/about.php)                     |

This class expands on the understanding of financial statements to develop analytical tools used to evaluate the financial needs of companies and find appropriate financial instruments to meet these needs. A framework for evaluating a firm for economic development financing is discussed and key financial analysis tools are introduced: ratio analysis, common size financial statements and forecasting cash flow and debt service capacity. Two tools developed to help economic development organizations evaluate projects using community impact and triple bottom line approaches are presented in the readings and will be touched upon in class. We will also review the business financial analysis worksheet to discuss how ratio analysis and cash flow analysis is used to inform business lending decisions.

**ASSIGNMENT:** Complete the Business Financial Statement Analysis Worksheet

**TERM PROJECT PREFERENCES ARE DUE**
CRYSTAL CLEAR WINDOW COMPANY CASE ASSIGNMENT DUE

This class focuses on working capital financing needs to understand what working capital is and why it is important to a business. The difference between "cyclical" working capital needs and "long-term" working capital needs will be discussed along with the issues involved in evaluating a firm's need for working capital debt and extending working capital financing. A written analysis of the Crystal Clear Window Company financing request is due today and will provide a case example for exploring these topics. The range of financial instruments and institutional sources for working capital will also be reviewed.

Fixed asset financing is essential for the growth and expansion of businesses. The greater uncertainty and longer repayment terms make it more difficult for firms to secure such financing. We will look at the role of fixed asset financing in business growth, the unique issues in financing longer term capital needs and the evaluation of a firm to extend fixed asset financing, using the Cambridge Biotech Case study to gain insight into these issues.

This class provides an overview of the real estate development process and financing issues, including key needs for economic development oriented real estate projects, the financial statements used for real estate projects, analyzing a project’s capacity to support debt and equity, and the different financial instruments and sources used for real estate projects.

ASSIGNMENT: Complete the City Plaza Financial Analysis Worksheet
PHOENIX FORGE CASE ASSIGNMENT DUE

To strengthen skills in evaluating a firm's financial needs and capacity to support financing, this class is devoted to an analysis of the Phoenix Forge case, using a role play enactment of a Community Loan Fund Board meeting to consider the Phoenix Forge loan request.

TERM PROJECT WORK PLAN DUE Friday October 6th

No Class October 9 (Columbus Day holiday)

PART II: CAPITAL MARKETS AND DEVELOPMENT FINANCE SYSTEMS

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<th>Class #</th>
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<td>4. Seidman, <em>Summary of Boston Regional Community Development System for the Built Environment</em></td>
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</table>

This class covers the institutional structure and operations of private capital markets, including the direct "public" markets and the "private" markets of financial intermediaries. Discussion of these markets will emphasize their economic development role, which institutions are most important for community-based economic development and the capital market failures and imperfections that occur in private capital markets. These market failures define the financing gaps that economic development finance programs and institutions are designed to address. A two-part framework for interventions to address capital market failures and financing gaps will be discussed. This class also introduces approaches to thinking about how capital markets and development finance relate to larger systems that influence how capital is deployed to advance economic development goals. A mapping of the development finance in Boston region is provided to provide a context to consider the application of these concepts to a city.
PART III: FINANCE TOOLS, FEDERAL RESOURCES AND PROGRAM MODELS

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<tr>
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<td></td>
<td>Industrial Development Bonds</td>
<td>2. Kozak and Hunt, <em>Structuring and Sizing Bond Issues</em></td>
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<td>Introduction to Tax Increment Financing</td>
<td>4. Milford, Saha, Muro, Sanders and Rittner, <em>Clean Energy Finance Through the Bond Market</em></td>
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<td>5. Lester Krone, <em>Financing Renewable Energy Projects</em></td>
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<td>8. <strong>Optional:</strong> MassDevelopment, Wilber School Apartments Project, Series 2008A Preliminary Official Statement</td>
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<td>9. <strong>Resource:</strong> Council of Development Finance Agencies (CDFA), Bond Finance Resource Center (browse here)</td>
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Multiple instruments are used to finance government capital expenditures, infrastructure improvements and projects. This class will provide an overview of how the municipal bond market operates and discuss the major types of municipal bond structures, their relative advantages and potential use for financing business and economic development projects. We will also review the increasing interest in and potential for municipal and other bond financing for alternative energy and energy efficiency projects. Tax increment financing will be introduced in preparation for a fuller discussion of its use the next class.
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<tr>
<th>Class #</th>
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</table>
2. *A Guidebook to Massachusetts Public Financing Programs for Infrastructure*, pp. 6-32  
3. Strategic Economics, *Expanding the Use of Value Capture for Transportation and TOD in Massachusetts Executive Summary*  
4. Genesee County Land Bank Initiative  
5. Institute for Building Efficiency, *Setting the PACE 2.0: Financing Commercial Retrofits*  
6. PaceNation, *C-PACE Market Overview*  
8. **Resource:** DSIRE Website on Massachusetts PACE Financing ([here](#))  
9. **Resource:** CDFA, Tax Increment Finance Resource Center ([here](#)) |

Tax increment financing and assessment districts are effective ways to finance projects or investments where the benefits are fairly localized and revenues to support these investments can be generated from new tax revenues or fees from this local area. This class covers the issues associated with TIF and assessment district financing and explores their application to economic development projects and plans. Several readings summarize how these tools can be used in Massachusetts. The Orlando downtown TIF case will be used to highlight financing and debt structure issues associated with TIF-supported municipal debt. The growing use of assessment financing for energy efficiency and solar energy (PACE) will also be covered.

**ASSIGNMENT:** Complete the Orlando TIF Financial Analysis Worksheet
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<tr>
<td></td>
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<td>New Market Tax Credits</td>
<td>3. Andrea Daskalakis, <em>Case Study: Revitalizing A Former Massachusetts Industrial Hub</em></td>
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<td>State Tax Credits</td>
<td>4. Scan Massachusetts Housing Investment Corporation web site (<a href="#">here</a>)</td>
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<td>6. <strong>Optional:</strong> Urban Institute, <em>New Market Tax Credits Program Evaluation</em>, Executive Summary (pp. i to xx)</td>
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<td>7. <strong>Resource:</strong> CDFA Economic Development Finance Course, Investment Tools—Tax Credits</td>
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Tax credit financing has become increasingly important in economic development finance, especially the New Markets Tax Credit (NMTC) program, one of the most important federal programs to stimulate investment in low-income areas. With over ten years of implementation, the processes and uses for this program are well established, albeit somewhat complex and byzantine. This session is devoted to providing an overview of tax credit financing and a deeper dive to understand the NMTC program and its use to advance economic and community development goals.

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<tr>
<td></td>
<td></td>
<td>SBA Programs</td>
<td>2. Urban Institute, <em>Key Findings from the Evaluation on SBA Programs, Executive Summary</em> (<a href="#">here</a>), pp. 1-5, 1-29, 36-41, 36-41, 36-41, 36-41</td>
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<td></td>
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<td>CDFI Fund</td>
<td>3. Review CDFI Fund “What We Do” Web Site (<a href="#">here</a>) and <em>Investing for our Future: One Community at a Time (CDFI 2013 Annual Report)</em></td>
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</table>

This session provides an overview of key federal economic development programs administered by the Economic Development Administration, the Small Business Administration, HUD, the Office of Community Services (in the Department of Health and Human Services) and the US Treasury CDFI Fund and State Small Business Credit Initiative. The Inner City Supermarket Case provides an
example of the advantages and issues related to using different programs and issues posed by utilizing federal programs within an overall project financing plan.

INNER CITY SUPERMARKET FINANCING CASE STUDY WRITE-UP DUE

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<tr>
<td>14.</td>
<td>Oct. 30</td>
<td>Private Market Interventions I:</td>
<td>1. EDF, Chapter 8</td>
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<td>3. Chart of SBA Loan Guarantees</td>
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<td>4. SBA Massachusetts 2016 Annual Report</td>
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<td>5. Massachusetts Capital Access Program web site</td>
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<td>7. US DOE Loan Guarantee Program web site (here).</td>
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<td>Browse programs overview and July 2014 solicitation materials (here)</td>
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<td>8. <strong>Optional:</strong> Dilger and Gonzales, <em>Small Business: Access to Capital and Job Creation</em></td>
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Loan guarantee programs are one of the most common tools used to expanded capital availability to businesses through private capital markets. This class reviews the different guarantee forms, the major guarantee programs and what research indicates about their impact and best practices. Special attention is paid to the SBA 7(a) program, including the program’s use in Massachusetts and associated challenges in serving the low-income communities. We will also look at recent developments in federal funding of state loan guarantee programs under the State Small Business Credit Initiative created under the Small Business Jobs Act of 2010. A case study of the Emerging Technology Fund is used to explore design issues for loan guarantee programs.
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<tr>
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<td>15. Nov. 1</td>
<td>Private Market Interventions II:</td>
<td>1. EDF, Chapter 9</td>
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<td>7. Massachusetts Secretary of State, <em>Massachusetts Crowdfunding Exemption: Summary and Highlights</em></td>
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<td><strong>9. Optional:</strong> Carpentier and Suret, <em>Entrepreneurial Equity Financing and Securities Regulations: An Empirical Analysis</em></td>
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<td><strong>10. Resource:</strong> List of state crowd funding laws <a href="http://www.investopedia.com/terms/c/crowdfundinglist.asp">here</a></td>
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Capital markets are heavily regulated and these regulations influence capital availability and how development finance practice can expand access to capital. This class provides a high level overview of equity market and bank regulations and their relevance to economic development finance. Special attention is given to the emerging issue of crowdfunding and its emerging regulations and the history of the Community Reinvestment Act, its impacts on bank capital availability, and questions about its current impact and limitations.
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<tr>
<td>16.</td>
<td>Nov. 6</td>
<td>Program Models I: Revolving Loan Funds</td>
<td>1. EDF, Chapter 10 and Chapter 17, pp. 406 to 410</td>
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<td></td>
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<td>3. CDFA Spotlight: Revolving Loan Funds web site (<a href="#">here</a>)</td>
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<td>5. Scan City of Boston web site on access to capital especially BLDC and Additional City Resources (<a href="#">here</a>)</td>
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<td>6. Milford et. al. <em>Leveraging State Clean Energy Funds for Economic Development</em></td>
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<td>7. <strong>Optional</strong>: Link, <em>Building Pittsburgh with URA</em> (slides on RLF example)</td>
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<td>8. <strong>Optional</strong>: Indvik, Roley and Orlowski, <em>Green Revolving Funds: An Introductory Guide to Implementation and Management</em></td>
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<td>9. <strong>Resource</strong>: State Energy Loan Fund Database (<a href="#">here</a>)</td>
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Revolving loan funds (RLFs) are the most common alternative development finance models with the longest history and track record. This class will review some of the key strategies and approaches employed by RLFs and discuss important principles, issues and best practices. It will also look at the recent growth of revolving loans funds to finance energy efficient and clean energy deployment, including the creation of internal “Green Revolving Funds” within organizations. The Portland Industrial Site Loan Fund, Boston’s Local Development Corporation and the Mass Capital Growth Corporation provide cases to explore the effective of RLF design and management.
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<th>Class #\Date</th>
<th>Topics</th>
<th>Readings</th>
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| 17. Nov. 8  | Program Models II: Venture Capital Angel Investment | 1. EDF, Chapter 11  
3. National Governor’s Association: *State Strategies to Promote Angel Investment for Economic Growth*, pp. 5-10  
4. *Money Tree Q2/ 2017 Annual Report*  
5. Scan MassVentures web site  
6. Gaddy et. al., *Venture Capital and Cleantech: The Wrong Model for Cleantech Innovation*, pp. 2-12  
9. **Resource**: Community Development Venture Capital Alliance  
10. **Resource**: National Venture Capital Alliance |

Venture capital and equity-like investments are a more recent and growing model of economic development financing, especially to support technology-based businesses and commercial development of new technologies and products. Our discussion will include the unique nature of these financing sources, how angel and venture capital financing differ and are related, issues involved in managing venture capital funds, the experience of state policy and newer community development venture capital funds.
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<th>Class #\Date</th>
<th>Topics</th>
<th>Readings</th>
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</table>
| 18. Nov. 13 | Program Models III: Community Development Financial Institutions (CDFIs)  
- Community Development Credit Unions  
- Community Development Loan Funds | 1. EDF, Chapter 12  
3. Theodos, Fazsili and Seidman, *Scaling Impact for Community Development Financial Institutions*  
4. Review Materials on CDFI Examples:  
   a. Self-Help Credit Union web site (here) and 2016 Annual Report (here)  
   b. Boston Community Capital web site (here) and 2016 Annual Report (here)  
   c. Common Capital web site (here)  
   d. Capital Impact Partners web site (here) and 2015 annual report (here)  
5. Cleveland Finance System Case Study  
6. Background Materials for Cleveland Case Study:  
9. Resource: National Federation of Community Development Credit Unions (here) |
### Program Models IV: Microenterprise Development

1. **EDF, Chapter 13**
3. **US Microenterprise Census Highlights** ([here](#))
4. Explore ECDI ([here](#)) and MCE ([here](#)) web sites as examples of state-level microenterprise development entities
5. Scan Holyoke SPARK web site ([here](#))
7. **Optional:** Burrus, *Innovations in Microenterprise Development in the US*
8. **Resource:** FIELD at the Aspen Institute ([here](#))
9. **Resource:** Association for Enterprise Opportunity ([here](#))

**CLEVELAND CDFI SYSTEM CASE WRITE-UP DUE**

The capital and technical assistance needs of very small businesses pose special challenges. Over the past two decades, numerous programs have been developed to support the creation and financing of "micro-enterprises" as strategies to alleviate poverty, assist the unemployed and stimulate local job and income generation. In this class, we will examine the microenterprise development and lending program models and practice. Lisa Servon’s article, an assessment of microenterprise development in Michigan and the Lawrence Working Capital Program, will provide the basis for class discussion on ways to heighten the impact of microenterprise programs.

### PART IV: MANAGEMENT OF DEVELOPMENT FINANCE INSTITUTIONS

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<thead>
<tr>
<th>Class #/Date</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
</table>

The first step in developing successful economic development finance programs is defining clear goals and designing a program to sustainably achieve them. In this session on program planning and design, we consider how finance programs relate to an organization's mission and strategy and how market analysis can be conducted to inform institutional strategy and new program or product
development. We will use the term projects to explore the challenges, issues and approaches to program planning and design. Continuing the theme of development finance as a system, we will consider approaches to analysis and planning for the overall finance system.

<table>
<thead>
<tr>
<th>Class #</th>
<th>Date</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.</td>
<td>Nov. 22</td>
<td>Project Team Meetings</td>
<td>None</td>
</tr>
</tbody>
</table>

Project teams will use this class to meet, review their analysis and findings, initial thinking about recommendations and tasks to complete project and work on in class presentations for the following week.

<table>
<thead>
<tr>
<th>Class #</th>
<th>Date</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.</td>
<td>Nov. 27</td>
<td>Term Project Presentations</td>
<td>None</td>
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</tbody>
</table>

This class will be used to review and discuss term projects. Each team will make a 15 minute presentation on their project, analysis and preliminary recommendations. The presentation will be followed by questions and class discussion.

<table>
<thead>
<tr>
<th>Class #</th>
<th>Date</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.</td>
<td>Nov. 29</td>
<td>Term Project Presentations</td>
<td>None</td>
</tr>
</tbody>
</table>

This class will be used to review and discuss term projects. Each team will make a 15 minute presentation on their term project, analysis and preliminary recommendations. The presentation will be followed by questions and class discussion.

<table>
<thead>
<tr>
<th>Class #</th>
<th>Date</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
</table>
| 24.     | Dec. 4   | Issues in Program Management: Marketing and Origination, Underwriting & Structuring Investments, Servicing & Portfolio Management | 1. EDF, Chapter 17  
2. Rural Enterprises Finance Case Study  
3. Optional: A. Berger, M. Barrera L. Parsons and J. Klein *Credit Scoring for Microenterprise Lenders*  
4. Resource: CDFI Assessment and Rating System (CARS)–now Aeris (here) |

The core competency in operating loan funds is making good decisions on which loans or investments to make and effective oversight of these deals to help keep them on track and resolve problems. This class will focus on these activities, including the options for organizing and managing these functions, best practices in the field and approaches to incorporating more comprehensive “triple bottom line” metrics into investment decisions. Effective program management with limited resources–typical of public sector and community organizations–is a prominent concern, along with linking financing programs to other economic development resources. The Rural Enterprises case will be used to explore challenges and effective practices in managing development finance operations.
<table>
<thead>
<tr>
<th>Class #/Date</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
</table>
| 25. Dec. 6  | Issues in Program Management: Capital management and recapitalization | 1. EDF, Chapter 18  
2. K. Robinson, “Structured finance for economic development loan funds”  
4. PV Magazine, “Solar City completes its fourth securitization” ([here](#))  
5. Summary of CDFI Bond Guarantee Program Interim Rule and review CDFI Fund Bond Guarantee Program [web site](#)  
6. **Optional:** Tansey, Swack, Tansey and Stein, Capital markets, CDFIs, and organizational credit risk, pp. 1-15 |

With limited resources and capital needs that far exceed available funds, economic development finance programs are constantly challenged to manage financial assets to maximize capital for new investments and to expand their capitalization. This session will discuss the policies and tools to enhance the use of assets and expand institutional capital resources and discuss how to manage assets and liabilities for maximum effectiveness. The Manufacturing Fund case will look at different approaches to capitalization and use of financial models to assess recapitalization options.

**MANUFACTURER’S FUND RECAPITALIZATION ANALYSIS DUE**
This class will revisit how economic development finance operates as a system and the role of practitioners in strengthening and improving system effectiveness, using Boston and Massachusetts as the focus and drawing on what we have learned from the readings and term projects.

The final session will look back over the semester's work to identify key themes and conclusions related to economic development finance. Possible areas of discussion include: How have your views evolved on the role of financing in economic development? What principles should guide economic development finance activities? What can we say about best practices in designing and managing programs and institutions? Can development finance institutions survive as an alternative to conventional capital markets? What key challenges do they face?

**TERM PROJECT REPORTS DUE DECEMBER 15th.**
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignments</th>
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<tbody>
<tr>
<td>Wednesday, September 6</td>
<td>Course Overview</td>
<td>Readings</td>
</tr>
<tr>
<td>Monday, September 11</td>
<td>Business Finance Needs &amp; Products</td>
<td>Readings</td>
</tr>
<tr>
<td>Wednesday, September 13</td>
<td>Intro to Accounting and Finance Statements</td>
<td>Readings</td>
</tr>
<tr>
<td>Monday September 18</td>
<td>No Class</td>
<td>Readings</td>
</tr>
<tr>
<td>Wednesday, September 20</td>
<td>Financial Statement Analysis, Evaluating Firms for Financing</td>
<td>Readings Business Financial Analysis Worksheet (Pine Tree Lumber)</td>
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<tr>
<td>Friday, September 22</td>
<td>Recitation</td>
<td>Review of financial statement analysis and Pine Tree Lumber, Crystal Clear Window Company Assignment</td>
</tr>
<tr>
<td>Monday, September 25</td>
<td>Working Capital Finance</td>
<td>Crystal Clear Case Due</td>
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<tr>
<td>Wednesday, September 27</td>
<td>Fixed Asset Financing</td>
<td>Readings Cambridge Biotech Case</td>
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<tr>
<td>Friday September 29</td>
<td>Recitation</td>
<td>Review of Crystal Clear Case Phoenix Forge Assignment Project Team Meetings</td>
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<tr>
<td>Monday October 2</td>
<td>Real Estate Financing</td>
<td>City Plaza Financial Analysis Worksheet</td>
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<tr>
<td>Wednesday, October 4</td>
<td>Analyzing Business Financing Needs III</td>
<td>Phoenix Forge Case Assignment Phoenix Forge Role Play</td>
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<td>Friday October 6</td>
<td>Recitation</td>
<td>Review of City Plaza Review of Phoenix Forge Term Project Work Plans Due</td>
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<td>October 9 – no class</td>
<td>Columbus Day Holiday</td>
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<tr>
<td>Wednesday, October 11</td>
<td>Capital Markets, Market Imperfections and Finance Gaps Development Finance Systems</td>
<td>Readings</td>
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<td>Friday, October 13</td>
<td>Recitation</td>
<td>Project Team Meetings</td>
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<td>Monday, October 16</td>
<td>Municipal Finance I :Debt and TIF Financing</td>
<td>Readings</td>
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<tr>
<td>Wednesday, October 18</td>
<td>Municipal Finance II :Assessment Districts, PACE and Business Improvement Districts</td>
<td>Readings Orlando TIF Financial Analysis Worksheet</td>
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<tr>
<td>Friday, October 20</td>
<td>Recitation</td>
<td>Review of Municipal Finance and Orlando TIF case Inner City Financing Case</td>
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<tr>
<td>Monday, October 23</td>
<td>Tax Credit Financing</td>
<td>Readings</td>
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<tr>
<td>Wednesday, October 25</td>
<td>Federal Economic Development Programs; HUD</td>
<td>Inner City Supermarket Case Write-up</td>
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## 108 Financing

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<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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<tr>
<td>Friday, October 27</td>
<td>Recitation</td>
<td>Review of Inner City Supermarket Case</td>
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<td>Project Team Meetings</td>
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<tr>
<td>Monday, October 30</td>
<td>Loan Guarantee and Credit</td>
<td>Readings</td>
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<td>Enhancement: SBA, CAP, State</td>
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<td>Small Business Credit Initiative</td>
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<td>Wednesday, November 1</td>
<td>Financial Market Regulation,</td>
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<td>Community Reinvestment Act,</td>
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<td>Crowdfunding</td>
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<td>Friday, November 3</td>
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<td>Monday, November 6</td>
<td>Revolving Loan Funds</td>
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<td>Wednesday, November 8</td>
<td>Angel and Venture Capital</td>
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<td>Friday, November 10</td>
<td>Recitation</td>
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<td>Monday, November 13</td>
<td>CDFIs</td>
<td>Readings</td>
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<td>Wednesday, November 15</td>
<td>Microenterprise Financing and</td>
<td>Readings</td>
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<td></td>
<td>Business Development</td>
<td><strong>Cleveland CDFI Case Due</strong></td>
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<td>Friday, November 17</td>
<td>Recitation</td>
<td>Project Team Meetings</td>
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<td>Monday, November 20</td>
<td>Market Research, Program</td>
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<td>Planning and Design, Financial</td>
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<td>Models and Projections</td>
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<td>Monday, November 27</td>
<td>Term Project Presentations</td>
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<td>Wednesday, November 29</td>
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<td>Friday, December 1</td>
<td>Recitation</td>
<td>Financial Projections &amp; Manufacturers Fund Case</td>
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<td>Monday, December 4</td>
<td>Finance Program Operations</td>
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<td>Finance Program Capital</td>
<td>Readings</td>
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<td>Management</td>
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<td>Friday, December 8</td>
<td>Recitation</td>
<td>Project Team Meetings</td>
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<td>Monday, December 11</td>
<td>Revisiting Development Finance</td>
<td>Readings</td>
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<td>Systems/ Boston and Massachusetts System</td>
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<td>Wednesday, December 13</td>
<td>Course Conclusion</td>
<td>Readings</td>
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<tr>
<td>Friday, December 15</td>
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<td><strong>Final Project Reports Due</strong></td>
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