

FALMOUTH ECONOMIC
DEVELOPMENT AND
INDUSTRIAL CORPORATION

SUMMARY OF
ACTIVITIES AND
ACCOUNTS 2006

Submitted to:

Massachusetts Department of Housing
and Community Development

APRIL 26, 2007

FALMOUTH ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION

OVERVIEW

The Falmouth Economic Development and Industrial Corporation (EDIC) was established on April 7, 1981, for the purpose of improving local economic conditions and to promote private employment opportunities for Falmouth residents. The EDIC Board is interested in expanding its role in economic development and views housing as a major component of the Town of Falmouth continued economic stability.

The EDIC Board of Directors consists of seven members including a Chairman of the Board and a Vice-Chairman. The EDIC retains the services of a Certified Public Accountant to oversee issuance of checks, making deposits, reconciliation with bank statements, and maintenance of financial records. The EDIC also retains consultant to provide project management/ technical assistance, a real estate consultant and a part-time secretary. An annual audit is conducted by Tucci & Roselli, Certified Public Accountants.

The EDIC is the developer and manager of the highly successful Falmouth Technology Park; a 106-acre park dedicated to technology related and light industrial development. The EDIC executed a Development Agreement with the Cape Cod Commission, which allows construction in Falmouth Technology Park to occur without review as individual Developments of Regional Impact. The Park as a whole has developed in a manner consistent with the Regional Policy Plan for Cape Cod. The EDIC is also the developer and manager of the new Raymond Business and Technology Park, a twenty-acre parcel located in North Falmouth. The EDIC has taken on an active interest in Affordable Housing including acting as facilitator on 704 Main Street, a 58-unit family housing development in downtown Falmouth and a 24-unit family development adjacent to Raymond Business and Technology Park on Edgerton Drive.

2006 SUMMARY OF ACTIVITIES

Falmouth Technology Park

All lots have been sold in the Falmouth Technology Park. Fourteen lots are home to operating businesses; the remaining three lots are under development with construction and operation expected within the next two years.

As a measure of the EDIC's success in its mission to create jobs, there were approximately 400 people working in the Technology Park. Another 200 to 250 jobs will be created in the next three to five years as the remaining three lots are developed and existing businesses complete planned expansions.

The Falmouth Technology Park Association has assumed responsibility for:

- Landscaping maintenance
- High speed and wireless internet services
- Setting policy within the park

Raymond Business and Technology Park

In the fall of 2003, the EDIC invested \$3,000,000 to acquire twenty acres (including a 10,000 square foot building) in North Falmouth. The EDIC acquired the site because it is one of the last Light-Industrial zoned properties in Falmouth. Also, a consideration was that the owner, Benthos Corporation, needed capital to restructure to avoid moving its operation or shutting its doors. The loss of Benthos Corporation operations in North Falmouth would have resulted in the loss of over 100 jobs in the area. Since the EDIC acquired the site, Benthos Corporation has been able to reverse its fortunes and was acquired last year by the Teledyne Corporation. Benthos Corporation is now expanding operations on its existing campus and plans to double employment over the next few years.

The Falmouth EDIC subdivided the aforementioned site, now known as Raymond Business and Technology Park, into ten lots and constructed a system of interior roadways and utilities. One of the ten lots is the site of the Benthos Corporation used for purposes described above. Six of the nine remaining nine lots have been sold and are being developed as described below. The EDIC has retained ownership of the final three lots, which are being reconfigured for maximum density prior to being marketed for sale.

- Medical and Professional Office – 50,000 square feet of which 20,000 square feet are occupied and 30,000 square feet are under construction. Medical offices include a three-suite day surgery center and a planned cancer treatment center.
- Research and Development - 2,000 square foot Research and Development facility and a separate workshop building with a second floor apartment.
- Affordable Housing - In keeping with the EDIC’s mission, one four-acre parcel was created for the express purpose of creating affordable housing. The parcel was sold to the Falmouth Housing Corporation. Twenty-four affordable, family housing units have been constructed and are occupied.

Regional Technology Development Center of Cape Cod, Inc. (RTDC)

Background

In December 2004, the Falmouth EDIC commissioned a Feasibility Study to assess the potential for a regional technology commercialization center on Cape Cod. The Study concluded that a regional “Center” is both “feasible and desirable.” Given the existence of two premier research institutions for biological and marine science research located in the Woods Hole section of Falmouth, Woods Hole Oceanographic Institution and Marine Biological Laboratory, the Study concluded that *“the Center could provide the institution(s) with commercialization services and intellectual property technology transfer advice to help create new companies, and, thus, more higher paying jobs”*.

Throughout 2005 and 2006, the Falmouth EDIC sponsored development of the Regional Technology Development Center of Cape Cod (RTDC). The purpose of this “virtual incubator” or “accelerator” is to foster development of knowledge-based commercial ventures in the Cape Cod and Islands region. The mission of the RTDC is to facilitate the formation and growth of new companies while assisting existing technology companies with market development, team building, equity capital raising and other business assistance services. The RTDC will serve as a catalyst for economic development and job development for the Cape and Islands region.

The project is designed to stimulate commercialization of important technologies while creating high paying, full-time, year-round jobs for the region. Technology areas of interest to the RTDC include, but are not limited to, Ocean Sciences, Environmental Sciences, Life Sciences, and Alternative Energy. The RTDC provides the following services:

- Assistance with the commercialization of technologies developed at institutions in the area and beyond or by individual scientists or engineers living on Cape Cod

- Assistance to management team members in evaluating target markets and potential for growth and identifying key customers to accelerate company expansion
- Assistance in recruiting management team members and other key employees, and members of Boards of Advisors and Directors, as well as legal counsel and accounting professionals
- Education and coaching of executives about the capital raising process, including development of business plans and investor presentations

The project received extensive regional support from area towns and organizations concerned with economic development and job creation including the Boards of Selectmen and Chambers of Commerce of Falmouth, Bourne, Mashpee, and Sandwich, Woods Hole Oceanographic Institute, Marine Biological Laboratories, and UMass Boston.

Following two organizational meetings in 2005, an RTDC Advisory Board to the Falmouth EDIC was formed and a Steering Committee was subsequently elected. In 2006, the RTDC formed an independent Massachusetts non-profit corporation, with a Board of Directors with strong ties to the Upper Cape community, the science and educational community and the investment community of upper Cape Cod.

Overview of the RTDC

- **Organizational Structure and Service Region** - The RTDC is an independent Massachusetts non-profit corporation, with a Board of Directors with strong ties to the Upper Cape community, the science and educational community and the investment community of upper Cape Cod, which includes the Towns of Falmouth, Bourne, Sandwich, and Mashpee.
- **Mission** - Assist emerging companies so that they can become sustainable economic entities. The RTDC will be a “virtual incubator,” or “accelerator.” There are currently no plans to develop a physical facility (other than rental of administrative office).
- **Goal** - Stimulate commercialization of emerging technologies while creating full-time, year-round jobs that pay a living wage

Services Provided by the RTDC

- **Purpose** - The RTDC is designed to facilitate technology transfer and to support the formation and growth of new/emerging and existing technology companies.

- **Technology Areas of Interest**
 - Ocean sciences
 - Environmental sciences
 - Life sciences
 - Alternative energy technologies

- **Types of Assistance Offered** - Numerous services to individual scientists and engineers, emerging companies, and partner institutions, including, but not limited to:
 - Assistance with the commercialization of technologies developed at regional institutions or by individual scientists or engineers in the region
 - Assistance to company founders and/or early-stage leaders in recruiting, orienting and training management team members and other key employees, and members of Boards of Advisors and Directors, as well as legal counsel and accounting professional.
 - Education and coaching for new executives about the process of raising capital, including development of business plans and investor presentations
 - Access to capital
 - Assistance to company management team members in identifying and evaluating target markets, in developing strategies to penetrate appropriate markets and in identifying key customers to accelerate company expansion.
 - Assistance to individual scientists and engineers and to institutions in creating appropriate technology-transfer strategies and policies, in protecting intellectual property rights, in negotiating relationships with funding agencies, and other technology-transfer requirements

RTDC Funding

The Falmouth EDIC sponsored the initial development of the RTDC and as such funded initial expenses during the creation of the RTDC including legal, management, and grant writing consultant costs.

- **2006 Economic Stimulus Bill**

In July 2006, the Falmouth EDIC received a \$200,000 earmark authorization under the Economic Stimulus Bill to fund the creation and operation of the RTDC. Also, during

2006, the Falmouth EDIC submitted a funding proposal for the John Adams Innovation Institute.

The John Adams Innovation Institute Proposal is summarized below:

- **John Adams Innovation Institute Proposal Summary**

Also, in 2006, the Falmouth EDIC submitted a \$150,000 funding request to the John Adams Innovation Institute. As of the close of 2006, the EDIC is awaiting a funding decision.

Focus - Develop an “Innovation Accelerator for Marine Sciences” (IAMS) will be the first in a series of potential “accelerators” for development of technology-based companies on Cape Cod by the RTDC. This model, once developed with John Adams Innovation Institute seed funding, will be expanded to include the other areas including environmental, aquaculture, alternative energy and life sciences.

These accelerators will be differentiated from others by having the dual focus of defining market needs, with the assistance of technology-specific advisory groups, and matching “technology fragments” with other technologies to meet those market needs.

Public Benefit - Stimulate company formation by leveraging local expertise and natural assets that this will assist in diversifying the Cape Cod workforce and provide a wide range of employment opportunities.

The specific economic benefits to the Cape Cod & Islands Region include:

- Job creation and job training opportunities in
- Increased local and regional tax base
- Maximize regional and institutional cooperation supported by
 - Marine Biological Laboratory
 - Woods Hole Oceanographic Institution
 - UMass Boston
 - Towns of Bourne, Falmouth, Mashpee, and Sandwich
 - Cape Cod Canal Regional Chamber of Commerce (Bourne, Sandwich, and Wareham)
 - Falmouth Chamber of Commerce
 - Sandwich Chamber of Commerce
 - Bourne Financial Development Corporation
 - Falmouth Economic and Industrial Corporation

- Consistent with the Regional Competitiveness Council of Cape Cod recommendations by promoting development of clean industries, synergy with regional strength in the technology cluster, and technology transfer to all area businesses
- Consistent with Cape Cod Development Council mission and long-term goals by promoting the growth of knowledge-based industries, stability of business startups, a competitive private sector, broad-based regional community development, the creation of sustainable businesses and jobs, a healthy year-round economy compatible with the Cape's culture and environment, better linkages between nonprofits, for-profits and government, and innovative institutional collaborations
- Consistent with Massachusetts Sustainable Development Principles by focusing public investment on projects that increase job opportunities, foster sustainable businesses, and plan regionally

SUMMARY OF ACCOUNTS 2006

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Accrual Basis

Falmouth Economic Development & Industrial Corporation
Balance Sheet Prev Year Comparison
As of December 31, 2006

	Dec 31, 06	Dec 31, 05
ASSETS		
Current Assets		
Checking/Savings		
1001 · TCB Checking (6758)	183,705.62	15,768.06
1003 · TCB Savings (2148)	194,976.31	226,329.01
1303 · TCB Escrow Reserve (2114)	50,000.00	102,017.85
1304 · TCB Interest Reserve (2130)	24,037.95	58,051.77
Total Checking/Savings	452,719.88	402,166.69
Other Current Assets		
1203 · Grants Receivable (unbilled)	179,104.22	0.00
1204 · Grant Reimb Receivable (billed)	20,895.78	0.00
1205 · Prepaid Insurance	1,928.00	1,891.00
1350 · Deposits paid		
1352 · Walsh Deposit	10,000.00	10,000.00
1370 · Deposit-Rd Taking (Schilling)	3,000.00	3,000.00
1378 · Road Escrow	4,112.00	23,462.00
1379 · Traffic Mitigation Escrow	31,232.21	31,232.21
Total 1350 · Deposits paid	48,344.21	67,694.21
1500 · Deposits due from Harding		
1504 · Deposit - Lots 3,4,19C	2,000.00	2,000.00
Total 1500 · Deposits due from Harding	2,000.00	2,000.00
Total Other Current Assets	252,272.21	71,585.21
Total Current Assets	704,992.09	473,751.90
Other Assets		
1400 · Mortgages receivable		
1402 · RAC Nominee Trust	0.00	204,968.67
Total 1400 · Mortgages receivable	0.00	204,968.67
1800 · Real Estate Holdings		
1801 · RTP - Lot 19C (Amerigas)	277,039.84	277,039.84
1802 · FTP - Lot 21	250,000.00	250,000.00
1804 · RTP - Lots 3 and 4	1,029,689.00	1,029,689.00
1805 · RTP - lot 5	400,000.00	400,000.00
1890 · Unrealized valuation adjustment	-207,728.64	-207,728.64
Total 1800 · Real Estate Holdings	1,749,000.00	1,749,000.00
Total Other Assets	1,749,000.00	1,953,968.67
TOTAL ASSETS	2,453,992.09	2,427,720.57
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	16,295.05	17,415.93
2005 · Accrued payables	0.00	10,830.31
Total Accounts Payable	16,295.05	28,246.24
Other Current Liabilities		
2008 · Accrued Expense	4,000.00	0.00
2010 · Water mitigation payable	20,000.00	70,000.00
2401 · Deferred Revenue - RTDC Grant	176,584.26	0.00
2500 · Deposits received		
2504 · Deposit - Lots 3,4,19C	2,000.00	2,000.00
Total 2500 · Deposits received	2,000.00	2,000.00
Total Other Current Liabilities	202,584.26	72,000.00
Total Current Liabilities	218,879.31	100,246.24

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Accrual Basis

Falmouth Economic Development & Industrial Corporation
Balance Sheet Prev Year Comparison
As of December 31, 2006

	Dec 31, 06	Dec 31, 05
Long Term Liabilities		
2800 · TCB Mortgage 1 (Benthos) (9504)	239,999.63	239,999.63
2802 · TCB mortgage 2 (Amerigas prop.)	265,000.00	265,000.00
Total Long Term Liabilities	504,999.63	504,999.63
Total Liabilities	723,878.94	605,245.87
Equity		
3100 · Retained Earnings	1,822,474.70	2,158,180.03
Net Income	-92,361.55	-335,705.33
Total Equity	1,730,113.15	1,822,474.70
TOTAL LIABILITIES & EQUITY	2,453,992.09	2,427,720.57

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Accrual Basis

Falmouth Economic Development & Industrial Corporation
Profit & Loss Prev Year Comparison
January through December 2006

	Jan - Dec 06	Jan - Dec 05
Income		
4010 · Sale of property	0.00	100,773.00
4701 · RTDC Grant Income	23,415.74	0.00
4881 · Bank interest	14,032.07	10,300.73
4882 · Mortgage interest income	10,436.95	12,431.77
4990 · Unrealized Gain (Loss) RE Val	0.00	-207,728.84
Total Income	47,884.76	-84,223.34
Expense		
5000 · Program Costs		
5010 · Property sale costs		
5011 · Realtor commissions	0.00	68,700.00
5012 · Attorney fees	0.00	2,283.64
5015 · Transfer charges	0.00	7,429.00
5016 · Bank charges	0.00	1,488.63
5019 · Other charges	0.00	110.50
Total 5010 · Property sale costs	0.00	80,011.77
5030 · Mortgage costs		
5033 · Bank charges	0.00	123.09
5034 · Legal fees	0.00	151.00
Total 5030 · Mortgage costs	0.00	274.09
5040 · Feasibility Study - grant	0.00	10,000.00
5050 · Interest Expense	35,728.62	41,149.35
5000 · Program Costs - Other	0.00	0.00
Total 5000 · Program Costs	35,728.62	131,435.21
5100 · RTDC Expenses		
5105 · RTDC organizational costs	5,863.37	476.66
5265 · Secretarial expense	450.00	0.00
5270 · Advertising	2,797.60	0.00
5273 · Project Management Fees	7,462.50	0.00
5275 · Treasury service fees	1,365.00	0.00
5280 · Legal fees	5,507.27	0.00
Total 5100 · RTDC Expenses	23,415.74	476.66
5500 · Development Costs		
5511 · Edgerton Drive engineering	1,319.38	5,268.42
5512 · Edgerton Drive Expenses	4,927.50	9,527.32
5513 · Road Reconstruction	0.00	0.00
Total 5500 · Development Costs	6,246.88	14,795.74
6000 · General & Administrative Costs		
6180 · Insurance	3,820.00	3,283.00
6265 · Secretarial Expense	2,365.00	3,355.00
6270 · Professional Fees		
6272 · Treasury service fees	10,509.50	8,207.85
6273 · Project management fees	15,688.74	34,895.74
6274 · Accounting and audit fees	4,000.00	4,000.00
6275 · Real estate consulting fees	24,000.00	24,000.00
6278 · Legal Fees	14,153.37	26,773.70
Total 6270 · Professional Fees	68,351.61	97,877.29
6990 · Board expenses	318.46	259.09
Total 6000 · General & Administrative Costs	74,855.07	104,774.38
Total Expense	140,246.31	251,481.99
Net Income	-92,361.55	-335,705.33