



SOLUTIONS MASSDEVELOPMENT

FALL 2005

MassDevelopment's Emerging Technology Fund (ETF)

Administered by MassDevelopment, the Commonwealth's \$25 million Emerging Technology Fund (ETF) provides loans and guarantees to technology-based companies for facilities and specialized equipment. To date, the fund has supported seven projects across Massachusetts totaling \$8.9 million.

Spherics

MassDevelopment, Spherics, Inc., the Massachusetts Biotechnology Council (MBC), the Massachusetts Office of Business Development, and the Massachusetts Alliance for Economic Development together announced that Rhode Island-based Spherics would relocate to Massachusetts. The company will move its headquarters and research operations to the Cabot Industrial Park in Mansfield and build a clinical scale manufacturing facility.

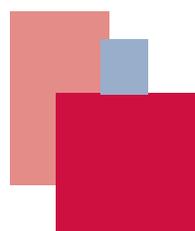
In connection with the move, Spherics will receive a \$2.5 million loan from MassDevelopment's ETF to purchase new equipment and renovate the company's leased facility. Spherics currently has approximately 25 employees and is expected to add another 25 new jobs over the next three years.

"Creating and fostering a business-friendly environment attracts companies like Spherics," said Ranch C. Kimball, Governor Mitt Romney's secretary of economic development and chair of MassDevelopment. "Spherics' move is a tangible result of the combined and coordinated efforts of the public and private sectors to highlight the benefits of locating in Massachusetts."

Spherics is an emerging pharmaceutical company that develops oral pharmaceutical products with improved therapeutic profiles by applying its proprietary drug delivery platform technologies. The company's novel delivery technologies improve drug performance by increasing absorption and residence time in specific regions of the gastrointestinal tract.

MicroTest Laboratories

MicroTest Laboratories, Inc. of Agawam provides laboratory and environmental testing services to the medical device, pharmaceutical and biotechnology industries. With the help of an \$800,000 Emerging Technology Fund loan and a \$370,000 mortgage insurance guarantee from MassDevelopment, MicroTest Laboratories is expanding its facility, upgrading utilities, and purchasing new equipment to accommodate its new growth in the fill-finish business. Fill-finish is a manufacturing process that involves taking large volumes of purified bulk drugs and then filling small vials with the purified drugs. MicroTest anticipates creating 49 new jobs.



Higher Education Institutions Growing

Since January 2005, MassDevelopment has issued more than \$552 million in tax-exempt bonds on behalf of Babson College, Boston University, College of the Holy Cross, Curry College, Massachusetts College of Pharmacy and Health Services, Smith College, Suffolk University, Tufts New England Medical Center and Worcester Polytechnic Institute.

Boston University used a \$167 million bond to finance the construction of a sports and recreation center, life science building, university medical campus garage and new residence hall along with other campus renovations. This is Boston University's fourth bond issuance through MassDevelopment. Founded in 1839, Boston University has an enrollment of more than 30,000 students from 50 states and 135 countries. It is one of the largest independent universities in the United States.

MassDevelopment also issued a \$39,975,000 bond on behalf of **Worcester Polytechnic Institute** and Newgate Properties, LLC. Bond proceeds will be used to purchase 1.39 acres of land and construct a 124,000 square foot bioengineering building in the Gateway Park district of Worcester. Founded in 1865, WPI is one of the nation's earliest technological universities. The university's 18 academic departments offer more than 50 undergraduate and graduate degree programs.



Tsoi/Kobus & Associates rendering of WPI's new bioengineering building.

New Financing for Exporters

MassDevelopment announced a new loan program for exporters and domestic firms that plan to begin exporting. In the past, the Export Development Fund offered exporters loan guarantees on working capital lines of credit. The new program will allow exporters to access loans including 100% financing for new equipment with up to seven-year terms directly from MassDevelopment. The new program will make up to \$20 million in loans, supporting business investment and job creation statewide.

"Export sales have grown rapidly in Massachusetts during the past two years," said Eric Hunter, vice president credit officer, MassDevelopment. "We've designed this new program to provide the kind of flexible financing companies need to succeed in highly competitive global markets. We're pleased

to offer 100% financing for new equipment purchases, which will free up capital for borrowers to reinvest in their businesses."

"This new financing program will support Bay State businesses looking to add jobs and expand into global markets, just like earlier versions of the program supported our business," said Charlie Creeden, treasurer, Advanced Vacuum Systems, Inc.

AVS Inc., a manufacturer of high-tech vacuum and pressure furnace solutions for domestic and international firms, was the first MassDevelopment client to take advantage of the Export Development Fund's 70% loan guarantee in 1994.



New Markets Loan Fund Update

MassDevelopment recently provided financing to two northeastern Massachusetts businesses under the agency's New Markets Loan Fund.

Owl Stamp Company, Inc. of Lowell will use a \$138,000 New Markets equipment loan to purchase new machinery and refinance past equipment loans. Owl Stamp specializes in printed wide vinyl banners, laser engraved magnetic nametags, nameplates, awards and custom stamps. The loan will enable the company to produce and market laser engraved custom self-inking stamps.

The Gloucester Maritime Heritage Center will use a \$560,000 New Markets mortgage loan to refinance debt associated with the museum's reconstruction of a Gloucester fish pier. Gloucester Maritime Heritage Center is a working museum and aquarium that focuses on the maritime industry and its impact on the Gloucester area.

"MassDevelopment's New Markets Loan Fund is a novel approach to getting more capital into Massachusetts neighborhoods that need an economic helping hand," said Bob Culver, MassDevelopment president/CEO. "These loans are attractive in comparison to conventional financing, offering low fixed rates and longer terms to small business owners and nonprofits located in certain federally mandated census tracts."

The New Markets Loan Fund draws on funds allocated to MassDevelopment in 2004 under the U.S. Department of the Treasury's New Markets Tax Credit (NMTC) program. Launched in 2002, the NMTC program seeks to stimulate economic and community development and job creation in low-income communities by attracting capital from the private sector through tax credits offered by conduit organizations like MassDevelopment.

A Message from the President



At MassDevelopment, our finance and development experts are always looking for innovative ways to support economic growth. From the beaches of the Cape and Islands to the mountains of Berkshire County, our regional teams have been hard at work introducing new loan programs and helping communities with development initiatives.

We closed out FY05 with robust investment totals and have already logged in a strong start in FY06. Watch for our FY05 annual report in November.

This issue of Solutions features updates on three recently introduced products: the New Markets Loan Fund, Emerging Technology Fund and a retooled Export Development Fund, launched over the summer.

We also introduced an Emergency Red Tide Recovery Loan Fund for aquaculturists in July. Considered to be farmers, the seafood growers were not eligible for Small Business Administration loans. By partnering with Centerville-based Coastal Community Capital, we were able to make \$250,000 available when it was needed most.

We hope you find Solutions informative and encourage you to call us at 800.445.8030 or visit www.massdevelopment.com for more information on MassDevelopment's finance and development services.



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Dunkin Donuts to Open Centralized Baking Facility in Devens

MassDevelopment issued a \$4,260,000 tax-exempt industrial development bond on behalf of Barnum Realty, LLC and Devens CPL, Inc. Barnum Realty is a limited liability company created by a consortium of Dunkin Donuts franchise owners to own a centralized baking facility which will then be leased to Devens CPL. Bond proceeds were used to purchase land in Devens and for construction of a 22,000 square foot centralized baking facility. Sovereign Bank New England purchased the 20-year term bond.

Barnum Realty recently broke ground for the new facility and expects to be in full operation by early 2006. The facility will support a network of approximately 50 Dunkin Donuts stores in central and northern Massachusetts and expects to create 75 new jobs.

“This is great news for the north central region,” said Bob Culver, MassDevelopment president/CEO. “This project demonstrates the power of partnership, and the positive impact cooperation can have in terms of job growth and business development. We’re very pleased Barnum Realty has decided to do business in Devens.”

“Devens’ central location, fast-track permitting process and proximity to major rail and transit lines convinced us that it was the best location,” said Steven Catalano, managing member, Barnum Realty, LLC. “We look forward to opening our new kitchen and taking advantage of the many amenities Devens has to offer.”