

Santa Clarita Valley Soft-landing Toolkit

A User Guide that Facilitates Foreign Direct Investment

SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION



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Representing the united effort of regional industry and government leaders, the Santa Clarita Valley Economic Development Corporation (SCVEDC) works to provide an integrated approach to attracting, retaining and expanding a diversity of business and industry in the Santa Clarita Valley.

Our overarching goals are to support the creation of high-paying jobs for our trained workforce, stimulate economic activity that grows the regional tax base and strategically position the Santa Clarita Valley and its businesses to better compete in the global economy. To accomplish these goals, the SCVEDC is tasked with the following deliverables:

- Actively pursue business expansion opportunities within targeted industries
- Facilitate access to and assist businesses with, utilizing available incentive and training programs
- Develop partnerships with public and private sector resources to aid business retention efforts
- Market the region as a prime location for expanding and/or relocating a business
- Provide accurate economic information to business decision-makers and site selectors
- Foster positive relationships with city, county, state and federal agencies and officials essential to the economic development process

The SCVEDC business attraction and expansion efforts are focused on target industry clusters. To maximize our results, we continuously work to identify specific companies in target industry sectors that can thrive in the Santa Clarita Valley. Our efforts are focused on the following five clusters:

- Aerospace & Defense
- Medical Devices & Biotech
- Advanced Manufacturing
- Information Technology
- Digital Media & Entertainment

A very special thank you to the following SCVEDC Interns who co-authored this Soft-landing Toolkit!

- Nathan Black (College of the Canyons / University of California at Berkeley)
- Mark De la Cruz (College of the Canyons)
- Marc Liff (University of California at Riverside / San Diego State University)
- Jessie Warne (College of the Canyons / University of California at San Diego)

Please note that this toolkit is to be used for information purposes only. We recommend that you connect with us directly so we can answer any specific questions that you may have. Enjoy!

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SANTA CLARITA VALLEY

ECONOMIC DEVELOPMENT CORPORATION

Dear Business Leader,

It is my pleasure to introduce you to the Santa Clarita Valley.

Located just north of Los Angeles, the Santa Clarita Valley is a low cost destination for business and industry. From aerospace, advanced manufacturing and biomedical to digital media and entertainment, the region has attracted companies from some of the fastest-growing industry sectors.

The Santa Clarita Valley is a premier location for businesses and has one of the strongest economies in California. Superbly located, the Santa Clarita Valley has a highly-skilled workforce, a pro-business environment, master-planned communities, one of California's best Community Colleges that provides extensive free and low cost business support services, and business parks with new buildings under construction.

The Santa Clarita Valley also offers a great quality of life, with great housing, low crime, world-class recreational facilities and top performing schools.

The Santa Clarita Valley Economic Development Corporation is your one-stop resource to make the transition into the United States Market. This "Soft-Landing Toolkit" is just one tool to help inform and prepare you for your business growth. We know that choosing the Santa Clarita Valley as the location for your U.S.-based operation will help your business thrive.

Thank you very much for your time and we hope you will consider relocating to the Santa Clarita Valley in the near future.

Sincerely,

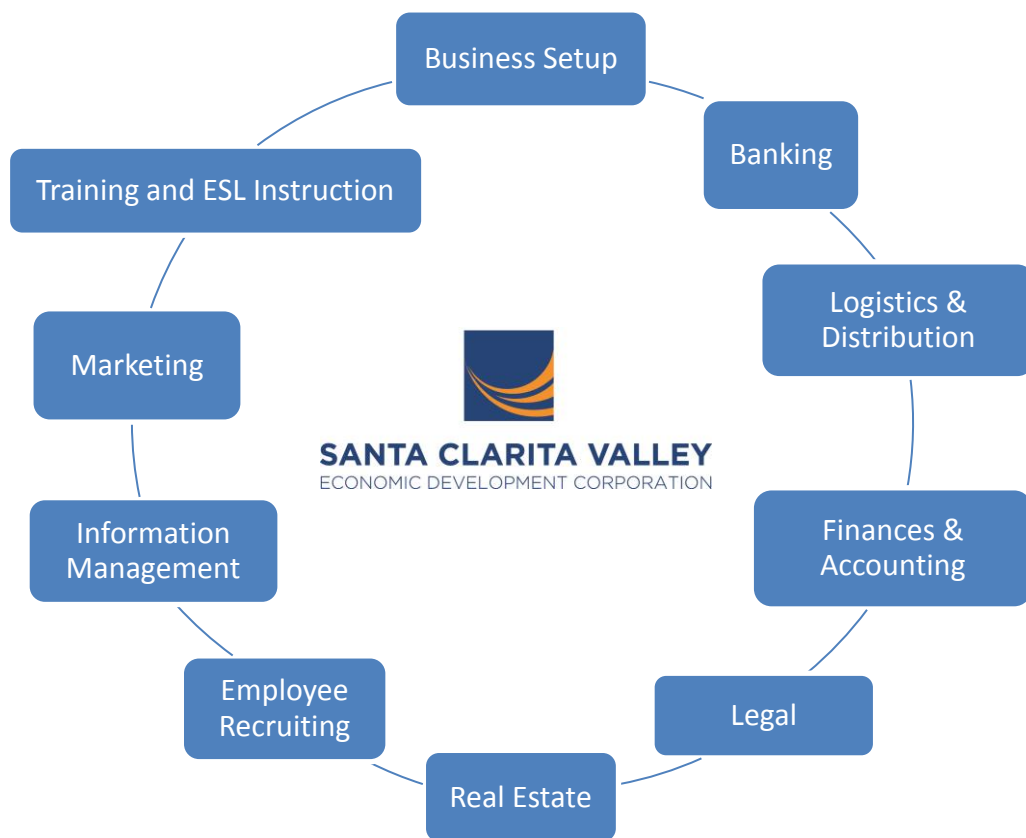
A handwritten signature in black ink, appearing to read 'Holly Schroeder', with a long horizontal flourish extending to the right.

Holly Schroeder
President & CEO
Santa Clarita Valley Economic Development Corp.

Chapter 1: The Santa Clarita Valley: *Still Golden™*

The Santa Clarita Valley is home to the third largest city in Los Angeles County, which consistently ranks as one of the safest cities of its size in the nation. It is also the most cost-effective location for growing businesses in Southern California. Our Valley is home to a highly educated workforce, high quality of life, as well as large-city amenities that you need to succeed. The Santa Clarita Valley is an opportunistic place for business to grow as well as an exceptional place to live, raise a family and enjoy the recreational areas. This unique community is adjacent to Interstate-5 highway corridor, and it is only 30 miles north of downtown Los Angeles. These are just a few of the many reasons why the Santa Clarita Valley is *Still Golden™*.

The Santa Clarita Valley Economic Development Corporation helps companies enter the United States market by providing the following portfolio of services to foreign companies.



The next few chapters will explain why major organizations such as Princess Cruises, Samsung, Sunkist, and Disney have chosen to reside in the Santa Clarita Valley—and will help you to discover your own golden opportunity. Thank you for considering the Santa Clarita Valley and please remember that we are here to serve as your one-stop-shop for business relocation and expansion services.

Chapter 2: Welcome to California



2.1 – Brief History

California's history is one of growth and unbridled new opportunities. In fact, in 1847, gold was first discovered in Santa Clarita! Hopeful prospectors flooded across the nation into California in the famous Gold Rush. In 1850, California gained its statehood into the United States of America.

In 1945, a mass immigration to California ensued, as thousands of Americans sought out sunshine and opportunity. Today, California is by far the most populated state in the United States, with a diverse and hard-working labor market. California also has the largest state economy in the United States and the 9th largest economy in the world.

The State's inland climate serves as a perfect place to grow fruits, nuts and vegetables. The California Coast is home to innovative aerospace, advanced manufacturing, medical device, digital media and entertainment firms and others that successfully import and export their products through California's large ports. It is this dynamic mix of talented people and natural resources that make California a place where entrepreneurs, both young and old, come to find a place to call home.

2.2 – Location and Geography

California offers a diversity of land and climate, unseen in any other state. As the third largest state in terms of land, California occupies 155,959 square miles (403,934 square kilometers). California exhibits every climate and land type imaginable. From the soaring evergreen forests in the north, to the snow-capped mountains of the Sierra Nevada, to over 840 miles (1350 kilometers) of coastline, to the Mediterranean climate of Southern California, to the vast deserts of the Mojave; not to mention the abundant farmland of the San Joaquin Valley. This makes California an agricultural leader in the nation.

California's long Pacific coastline makes it an ideal trading partner with Asia and Latin America. Additionally, California's international border with Mexico allows Californian businesses opportunities to utilize the advantages of the North American Free Trade Agreement (NAFTA).

2.3 – The California Advantage

California has the largest, most robust and resilient economy in the United States. According to the California Business Investment Guide 2014ⁱ, the state produced \$1.958 trillion in goods and services in 2011. If the state were considered a stand-alone country, its economy would be the ninth largest in the world. California's economy represents 13 percent of the total U.S. gross domestic product and is one of the top 10 fastest-growing economies in the United States. California's population exceeded 37.8 million in July 2012, and is growing dramatically in size and diversity. California represents 12 percent of the total U.S. population.

California is the number one state for attracting foreign direct investment. According to the Governor's Office of Business and Economic Development, California is slated to capture \$10 to \$60 billion in foreign direct investment in the next 5-7 years. California's outflow of skilled foreign-born residents is the lowest in the nation. The state retains many foreign-born residents with coveted degrees in science, technology, engineering and mathematics. The state is also ranked first nationwide in high-tech exports, which totaled \$48 billion in 2012.

There is sufficient capital for your business to access in California. Half of the nation's venture capital investment is received by California companies. In 2010, California ranked as the number one state for "Access to Capital" in CNBC's business ranking. Our thriving technology sector also makes our state a leader in federal research grants.

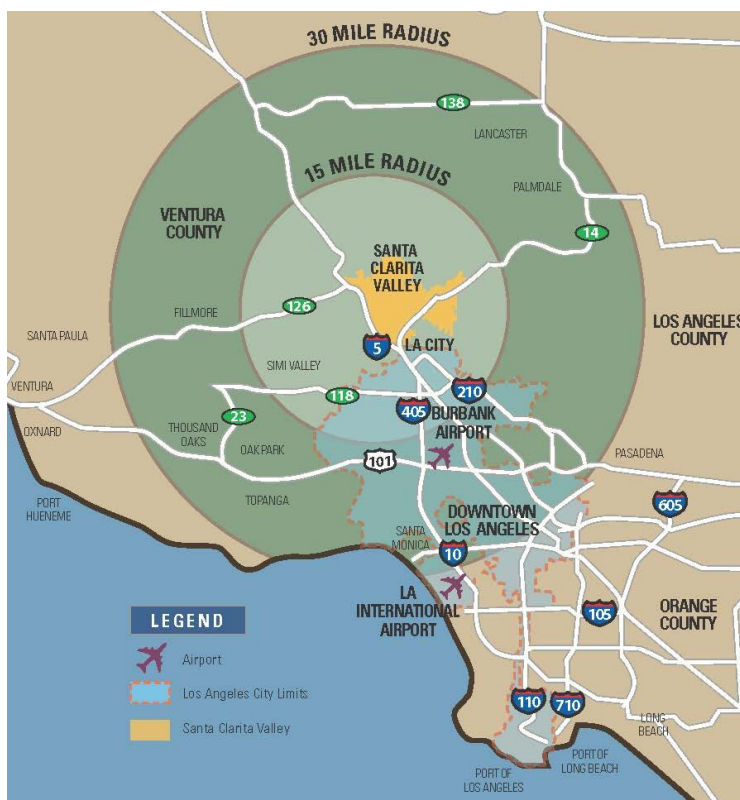


Chapter 3: Overview of Santa Clarita

Abundant sunshine, family-friendly communities, and the ability to travel from beach to mountains to desert are just some of the benefits enjoyed by many market leaders, scientists, service professionals and engineers who live a bountiful life in the Santa Clarita Valley (SCV).

Our residents enjoy the benefits of a master-planned community, low crime, thriving civic centers, world-class recreational facilities, top-performing schools and colleges, and impressive dining and shopping amenities.

3.1 – Location in California



Located just 30 miles north of downtown Los Angeles, the Santa Clarita Valley is Southern California's premier destination to do business. Businesses in Santa Clarita enjoy both new development and updated facilities, while also taking advantage of Santa Clarita's proximity to two international airports and the Los Angeles Port Complex, which is the largest in the United States. In addition, Santa Clarita offers a Mediterranean climate and sunshine year round, attracting families and businesses in droves.

3.2 – Population

The Santa Clarita Valley is proud to boast a diverse body of residents. Our population is renowned for its high levels of education, age diversity, and

remarkably high standards of living. You and your employees will find a welcoming, family-friendly atmosphere that is embraced by all of our residents.

According to recent U.S. Census data, the entire Santa Clarita Valley is home to 272,225 individuals. Our sizeable population is evenly distributed; avoiding the sense of overcrowding that comes with heavily urbanized areas.

The Santa Clarita Valley is a young community poised for growth. Nearly a third of the population is in their prime working years (35 - 54 years old), while over a quarter of the population is relatively young

(15 - 34 years old) as shown in Table (1) below. This indicates that as our esteemed workers of today retire, the workforce can expect replenishment from a highly educated group of young adults.

Table (1) Population by Age in Santa Clarita Valley		
Total Population	272,225	
Under Five Years	16,501	6.1%
5—9 Years	20,428	7.5%
10—14 Years	22,423	8.2%
15—19 Years	22,353	8.2%
20—24 Years	18,500	6.8%
25—34 Years	34,215	12.6%
35—44 Years	43,335	16%
45—54 Years	44,183	16.2%
55—59 Years	15,330	5.6%
60—64 Years	12,341	4.5%
65—74 Years	13,896	5.1%
75—84 Years	6,049	2.2%
85 Years and Over	2,671	1%
Median Age	26 Years	

2008-2012 American Community Survey 5-Year Estimates

As shown in Table (2) below, 70 percent of Santa Clarita Valley residents have some college experience, compared to 57 percent in the surrounding Los Angeles County. Since children tend to match (or even exceed) their parents' level of education, we can expect this number to grow in coming years.

Table (2) Educational Attainment in the Santa Clarita Valley		
Population 25 years and over	172,020	
Less than 9th grade	7,876	
9th to 12th grade, no diploma	11,888	11.5%
High school graduate (includes equivalency)	32,041	18.6%
Some college, no degree	45,123	26.2%

Associate's degree	16,636	9.7%
Bachelor's degree	39,968	23.2%
Graduate or professional degree	18,488	10.7%

2008-2012 American Community Survey 5-Year Estimates

As shown in Table (3), wealth is evenly distributed across all income brackets in the Santa Clarita Valley. However, the Santa Clarita Valley is composed of higher income per household in the higher brackets when compared to Los Angeles County.

Table (3) Household Income	Santa Clarita Valley		Los Angeles County	
\$0 - \$49,999	21,577	25%	1,465,916	46%
\$50,000 - \$74,999	12,083	14%	557,238	18%
\$75,000 - \$99,999	13,809	16%	386,267	12%
\$100,000 - \$149,999	18,988	22%	411,596	13%
\$150,000 or more	19,850	23%	345,108	11%
Median Household Income	\$93,135		\$56,241	
Total Occupied Housing Units	86,307		3,166,126	

2008-2012 American Community Survey 5-Year Estimates

United States Census Bureau. (n.d.). Los Angeles County QuickFacts

Table (4) below indicates that children in the Santa Clarita Valley are about 20 percent more likely to live in a home owned by their parents or guardians than a child in Los Angeles County. Considering that those who pay a mortgage are investing into the property they call home, this indicates that residents of SCV are more likely to stay connected with the community and school system.

Table (4) Housing Tenure of Children Under 18 Years of Age	Santa Clarita Valley	Los Angeles County
Children Under 18 Years in Occupied Housing Units	54,491	2,495,136
Owner-Occupied Housing Units	65.6%	45.7%
Renter-Occupied Housing Units	34.4%	54.3%

2009 American Community Survey 1-Year Estimates

Please review a more in-depth analysis of the Santa Clarita Valley's economic indicators and demographics on our website here: www.scvedc.org.

3.3 – Government

The Santa Clarita Valley includes the City of Santa Clarita and the unincorporated areas of Los Angeles County that surround the city. The leaders of both portions of the Santa Clarita Valley meet regularly and work together to ensure a seamless living experience for all residents.

The City of Santa Clarita is managed by a city manager who is guided by a council of five elected members (known as the City Council). Each member of the City Council serves for one year as mayor. The unincorporated portions of the Santa Clarita Valley are governed by the Los Angeles County Board of Supervisors, one of which represents the Santa Clarita Valley.

Fortunately, businesses located within the City of Santa Clarita or in the unincorporated areas often receive similar services and representation by the several offices and organizations created for the purpose of making the Santa Clarita Valley one of the most business friendly areas in California.

3.4 – Economy

The Santa Clarita Valley is nestled in northern Los Angeles County, which is the largest manufacturing center in the United States.ⁱⁱ Specifically, Santa Clarita Valley employers and employees proved resilient and maintain a relatively low unemployment rate – thanks in part to a high quality of labor and a business friendly mentality. Table (5) below indicates unemployment rate for the City of Santa Clarita, Los Angeles County and the State of California.

Table (5) Unemployment Rate	April 2010	April 2011	April 2012	April 2013	April 2014
City of Santa Clarita	7.4%	7.2%	6.5%	5.8%	4.6%
Los Angeles County	12.0%	11.7%	10.5%	9.4%	7.6%
State of California	12.1%	11.5%	10.7%	8.7%	7.4%

U.S. Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics

The residents of the Santa Clarita Valley work in a variety of occupations and industries, but a majority of our residents work primarily in a professional occupation, described as the management, business, science, and arts. Table (6) below summarizes employment by occupation in the Santa Clarita Valley.

Table (6) Employed Population by Occupation in the Santa Clarita Valley		
Civilian Employed Population 16 Years and Over	129,948	
Management, Business, Science, and Arts	55,637	43%
Service Occupations	19,242	15%
Sales and Office Occupations	34,807	27%
Natural Resources Occupations	10,000	7%
Production, Transportation, and Material Moving Occupations	10,262	8%

2008-2012 American Community Survey 5-Year Estimates

As shown in Table (7) below, most Santa Clarita Valley residents (20 percent) are employed in educational services or healthcare and social assistance. Following this industry are the professional, scientific, or management, or administrative and waste management services, which 12 percent of residents are employed in. Slightly more than 11 percent of residents are employed in manufacturing.

Table (7) Employment by Industry in the Santa Clarita Valley		
Civilian employed population 16 years and over	129,948	
Agriculture, forestry, fishing and hunting, and mining	582	0.4%
Construction	8,115	6.2%
Manufacturing	14,667	11.3%
Wholesale trade	3,668	2.8%
Retail trade	13,023	10.0%
Transportation and warehousing, and utilities	6,213	4.8%
Information	7,519	5.8%
Finance and insurance, and real estate and rental and leasing	9,992	7.7%
Professional, scientific, and management, and administrative and waste management services	15,297	11.8%
Educational services, and health care and social assistance	26,475	20.4%
Arts, entertainment, and recreation, and accommodation and food services	11,248	8.7%
Other services, except public administration	6,428	4.9%
Public administration	6,721	5.2%

2008-2012 American Community Survey 5-Year Estimates

It is this unique blend of business and industry that creates a robust and resilient economy in the Santa Clarita Valley. The diverse economy is supported by a pragmatic local government that understands what it takes to establish a cost effective place to start and grow a business.

3.5 – Technology and Innovation

The Santa Clarita Valley is a center for technology and innovation, as seen in the expansion in five main industry clusters: Aerospace & Defense, Medical Devices & Biotech, Advanced Manufacturing, Digital

Media & Entertainment and Information Technology. The local aerospace industry's economic impact alone is estimated at \$1.2 billion. Businesses in each cluster in the Santa Clarita Valley have demonstrated forward thinking and technological advances, which has helped catapult the region into national recognition for its technology and innovation. Other highlights of SCV include:

- Named a "City of the Future" by fDi magazine.
- Named "Best City for Industrial Development" by the Los Angeles Business Journal.
- In 2011, Inc. magazine counted six Santa Clarita Valley firms on its annual list of fastest growing companies.
- With the Santa Clarita Valley Aerospace Defense Coalition's assistance, the College of the Canyons' Center for Applied Competitive Technologies was able to secure a \$370,000 grant to provide training opportunities for manufacturing firms in the college's service area.

The Mann Biomedical Park is just one example of how entrepreneurship and innovation has spurred the growth of thousands of high-quality jobs. The biomedical field has been shaped by many people, technologies and ideas. The best of all three have come out of Alfred Mann's biomedical dynasty – 17 companies anchored by MannKind Corp. and the Alfred Mann Foundation.

Alfred Mann has founded and heavily funded many of the world's leading biomedical companies including Advanced Bionics, which develops cochlear implant technology; Second Sight, which is developing a retinal prosthesis to restore sight to the blind; and Quallion, which constructs batteries for medical devices and military applications. For a decade, Alfred Mann, the physicist, businessman and philanthropist has made the Santa Clarita Valley the headquarters of his companies, housing most of them in the 167-acre Mann Biomedical Park in the heart of town.



New Business Incubator

The Santa Clarita Business Incubator opened in 2014 to create synergy and partnerships among local entrepreneurs and professional business organizations that will equip start-up businesses with tools and skills to launch a successful business. Entrepreneurs will receive assistance to establish a successful business within the Santa Clarita Valley.

The mission of the Santa Clarita Business Incubator is to stimulate economic growth through entrepreneurship and enterprise development. In order to achieve this mission, the Santa Clarita Business Incubator will recruit, train, and nurture our community's entrepreneurial talent to fuel growth and create wealth. The Santa Clarita Business Incubator will provide a sustainable environment in which new and emerging companies in the creative and technology industry sectors can develop and achieve growth, with the end result being profitable businesses, job creation, capital generation, and a positive impact on the Santa Clarita community.

3.6 – Anchor Institutions: Education and Hospitals

Education

The Santa Clarita Valley maintains a commitment to preparing the skilled workforce and leaders of tomorrow. No matter the level, each student can expect a high quality education. Notably, each school district in the Santa Clarita Valley surpasses the 800 mark in the Academic Performance Index, where 800 is the goal for California school districts.ⁱⁱⁱ

K-6 Education

With nearly two-thirds of our elementary schools having been named a California Distinguished School at least once and several being National Blue Ribbon Schools, it is easy to see why companies choose the Santa Clarita Valley as their home. Additionally, elementary schools are known for their high Academic Performance Index scores, passionate teachers and high level of interaction with the community. Here is a brief look at the Elementary School Districts that serve the Santa Clarita Valley.



Comprised of ten elementary schools, the Newhall School District serves preschool and kindergarten through sixth grade children who reside in the Newhall, Valencia, Stevenson Ranch, and Westridge areas of the Santa Clarita Valley.



With fifteen K-6 campuses, the Saugus Union School District serves the needs of approximately 11,000 students in the West Hills, Bridgeport and Canyon Country areas of the Santa Clarita Valley. Fourteen schools within the district have been recognized as California Distinguished Schools, some of them more than once. In addition, five schools have been recognized as National Blue Ribbon Schools.



The Sulphur Springs School District serves elementary school students on nine campuses in the Canyon Country and Newhall areas of the Santa Clarita Valley. Eight schools within the district have been recognized as California Distinguished Schools.

Junior High & High School



Encompassing six junior high schools and ten high schools, the William S. Hart High School District serves nearly 23,000 Santa Clarita Valley students in grades 7-12. It includes six comprehensive high schools, two continuation schools, a middle college high school, an independent study school and a home school support program. The Hart School District has a commitment to providing students with the necessary training and skills to be successful as a working adult.

Importantly, more than 90 percent of Hart District graduates go on to post-secondary education, enrolling in a four-year college or university or a two-year community college, including career technical programs. Notably, the district's dropout rate is less than 3 percent. Students receive more than \$25 million in academic scholarships each year from colleges and universities throughout the country.



The Academy of the Canyons is a public middle-college high school, and is part of the William S. Hart Union School District, just like the other public high schools in Santa Clarita. The educators are Hart District high school teachers, and College of the Canyons professors. Academy of the Canyons offers 9-12 grade school students a unique educational experience that fosters academic and personal success in a high school and college environment.

All students are required to concurrently attend college; therefore, all college courses are included on the high school transcript to show a complete academic history. Academy of the Canyons students use transferable college courses to meet and exceed freshman admission requirements especially in foreign language, science, mathematics, and fine arts.



Higher Education



Part of the Santa Clarita Valley Community College District, College of the Canyons has distinguished itself as one of the leading community colleges in California. The College now serves over 24,000 students in nearly 150 degree and certificate programs on campuses in Valencia and Canyon Country.

The college participates in several innovative partnerships that have redefined the traditional role of community colleges. Chief among them is the Dr. Dianne G. Van Hook University Center. Here, a collection of public and private universities offer Bachelor's and Master's degrees, along with teaching credentials and certificates on the Valencia Campus.

College of the Canyons plays a key leadership role in the economic development of the region. The WorkSource Center, the Center for Applied Competitive Technologies (CACT) and the Employee Training Institute (ETI) help local businesses recruit, hire and train employees in multiple industries. Additionally, the Small Business Development Center (SBDC) and Santa Clarita Business Incubator provide assistance to start-ups, entrepreneurs, and small business owners.

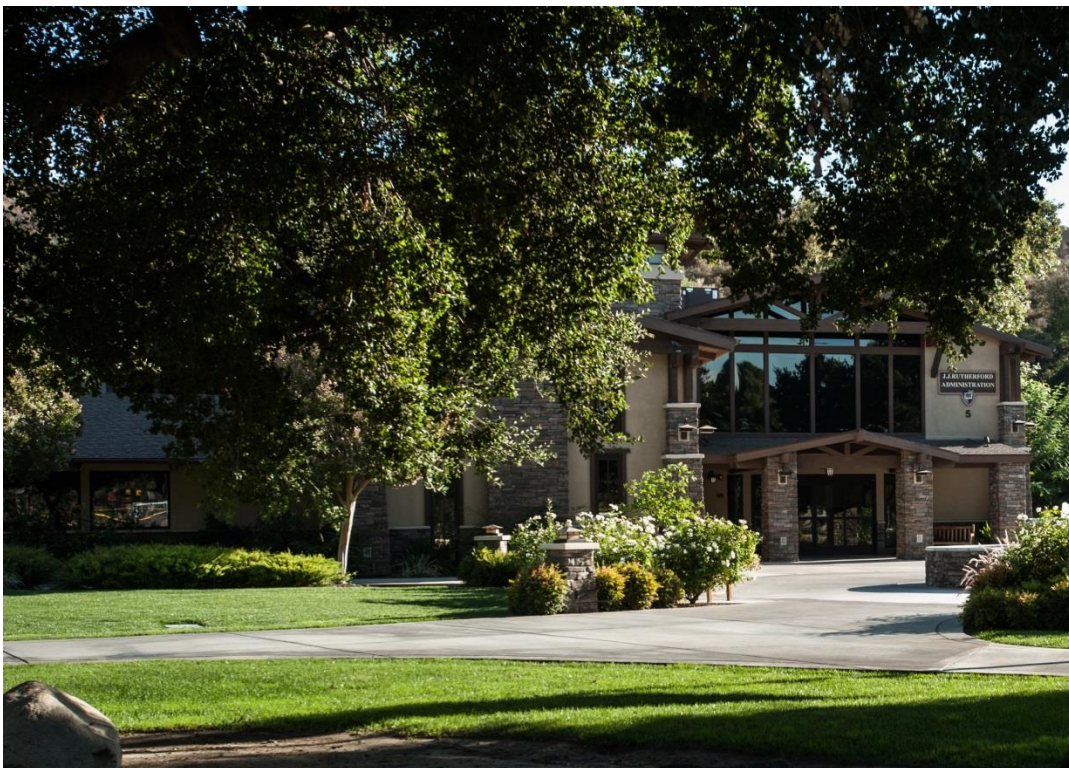
CalArts

The California Institute of the Arts or “CalArts” is internationally-renowned as one of the leading and most innovative centers for undergraduate and graduate study in the performing and visual arts. CalArts offers degree programs in dance, music, art, film, video, animation, theater, puppetry and writing. CalArts was the nation’s first degree-granting institution of higher education created specifically for students of the visual and performing arts. In 2011, CalArts was named the nation’s “Most Artistic School” by Newsweek.

Several graduates have succeeded in the entertainment industry, such as filmmaker Tim Burton, director Gary Trousdale (Disney’s Beauty & the Beast and The Hunchback of Notre Dame), writer Pete Docter (Monsters Inc. and Toy Story), former Universal Studios President of Production Sean Daniel and writer/director Andrew Stanton (Academy Award Winner for both Finding Nemo and Wall*E).

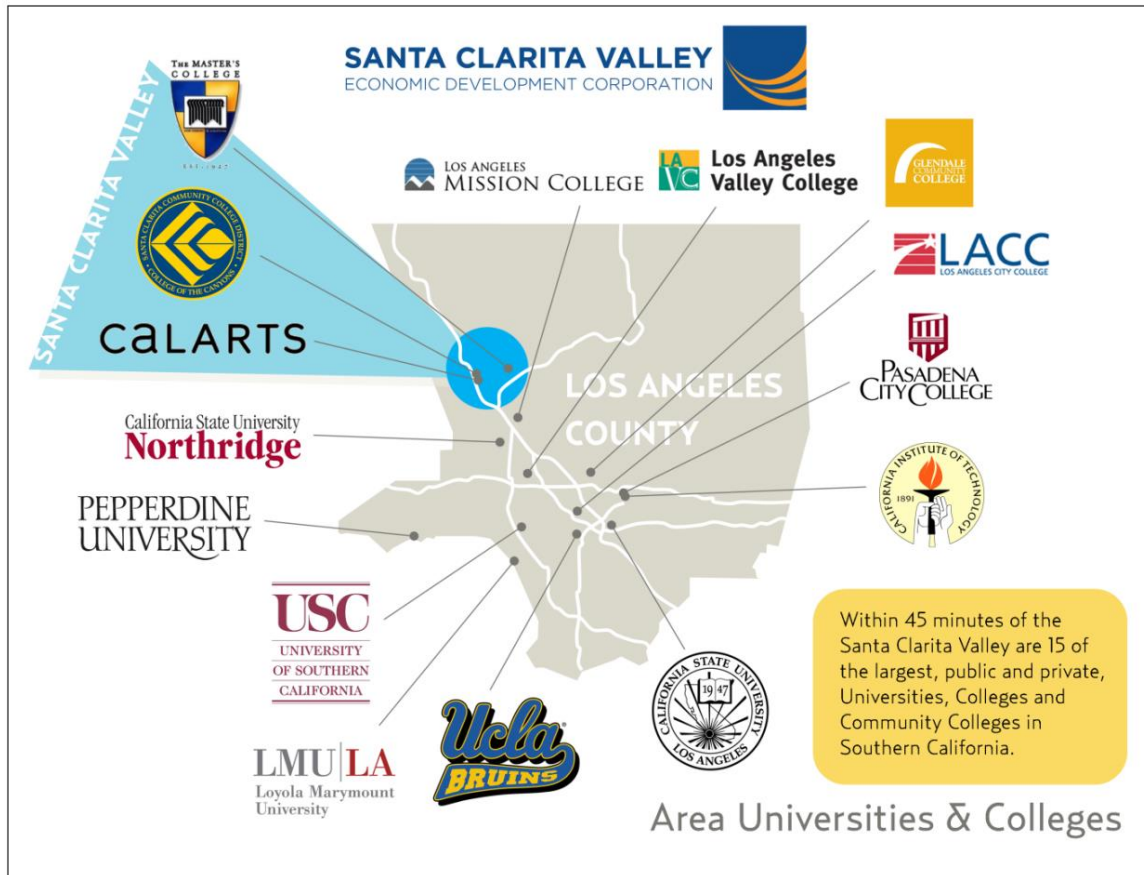


Focused on education with a spiritual foundation, The Master's College offers students a premier inter-denominational Christian education, and over fifty-five academic programs in undergraduate, graduate and adult professional training programs. The Master's College is accredited by Western Association of Schools & Colleges. It is ranked No. 2 among the 40 colleges in the western region of the United States.



Regional Colleges & Universities

Within 45 minutes of the Santa Clarita Valley are 15 of the largest, both public and private, Universities, Colleges and Community Colleges in Southern California.



Hospitals



Henry Mayo Newhall Hospital is a 238-bed not-for-profit acute care hospital serving the Santa Clarita Valley since 1975. The hospital is ranked in the top 30 out of 5,000 hospitals nationwide. Henry Mayo is an Advanced Primary Stroke Center and a STEMI (Heart Attack) Receiving Center. Recent expansion include a training and education center for nurses and medical practitioners.

The hospital features state-of-the-art Inpatient facilities, a Neonatal Intensive Care Unit, Catheterization Lab, Infusion Center, Breast Imaging Center, an Outpatient Surgery Center and a helipad. Additional services include cardiovascular, trauma, emergency, intensive care, neonatal intensive care, maternity,

surgery, nursing, wound care, spine and joint, behavioral health, and acute rehab, as well as cancer, imaging, lab, digestive, respiratory services and physical and occupational therapies.



The Providence Holy Cross Santa Clarita Valley Health Center gives valley residents access to Providence Holy Cross' renowned physicians and high quality medical care locally through their Cancer Center, Imaging Center, Surgery Center and their Laboratory Services. Providence Holy Cross Santa Clarita Valley Health Center is located at the Santa Clarita Valley Medical Plaza along with the Facey Urgent Care Center and the Physical Therapy Town Center Pharmacy.

3.7 – Infrastructure

The Santa Clarita Valley is an ideal location for foreign direct investment because it provides easy access to the expanding Los Angeles market. The Santa Clarita Valley is situated just 30 miles north of downtown Los Angeles. It is close to two international airports –Burbank Airport (BUR) and the Los Angeles International Airport (LAX).

The Santa Clarita Valley is also located less than an hour and a half drive from the Los Angeles Port Complex, one of the largest and busiest ports in the world. This makes it an ideal location for any international firm looking to expand in the United States.

Additionally, the Santa Clarita Valley is bordered by the Interstate-5, the major freeway of the United States west coast. This interstate freeway provides quick access to dozens of freeways to easily and reliably transport products and people across town, across the state, across the country or across the Mexican and Canadian borders.



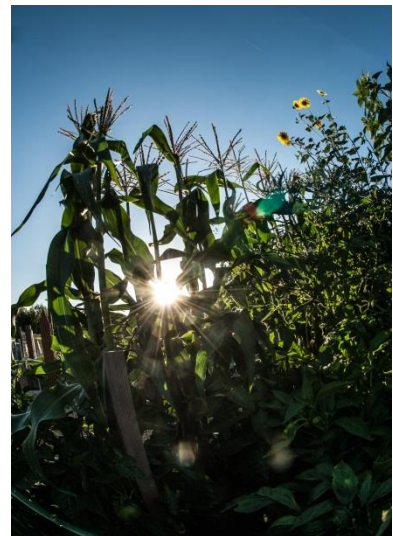
Metrolink, a service of the Southern California Regional Rail Authority, is a regional railroad system providing commuter and passenger service between the Valley and employment centers in the San Fernando Valley, Los Angeles, and other areas in Southern California. There are three Metrolink stations in the Santa Clarita Valley, which are also served by a public bus system.

Freight rail service is provided by Union Pacific, using the same tracks as Metrolink. Freight rail spurs service some of the industrial areas of the community.

The Santa Clarita Valley also offers several local bus routes, which connect the industrial and commercial portions of the community, as well as commuter buses into Los Angeles. Communities, like Valencia, offer miles of trails and paseos that provide safe travel to the commuter walking or biking to work.

3.8 – Sustainability

The Santa Clarita Valley is committed to providing a sustainable economy which works in tandem with the environment. The region utilizes its own water source – the Castaic Lake Water Agency - which is independent of Los Angeles County. It is also maintains a dedicated waste management facility, the Chiquita Canyon landfill. The landfill adheres to vigilant regulation from the city and state, keeping Santa Clarita Valley clean and pristine. The facility also utilizes methane gas capture, providing power for 7,000 homes in Santa Clarita. Residents can take pride in the fact that even their waste goes towards a green energy production.



The Santa Clarita Valley is also home to numerous green buildings and green projects. The City of Santa Clarita provides several incentives to encourage businesses to cut energy use or use renewable energy sources, particularly solar energy, which is on the rise in the sunny Santa Clarita Valley. For more information on what is being done to keep Santa Clarita environmentally friendly, visit www.greensantaclarita.com.

3.9 – Quality of Life

In addition to being a great place to conduct business, the Santa Clarita Valley has been recognized by CNN Money Magazine as “the best place to live in California.” Our residents enjoy the benefits of a master-planned community, low crime, thriving civic centers, world-class recreational facilities, top-performing schools and colleges, and impressive dining and shopping amenities. Perhaps no other city or region offers such a uniquely favorable combination of factors that allow you to live, work and play, right outside your doorstep.

Shopping

Residents of the Santa Clarita Valley can shop at one of the top 25 retail markets in California. The Westfield Valencia Town Center is home to 187 stores, including three major department stores, 27 specialty stores, 8 beauty service facilities, and many others. Westfield Town Center is renowned for its family oriented design, with multiple play areas for children, nursing stations that include complimentary diapers, and a family lounge. Additionally, with 40 different dining options available, Westfield Valencia is sure to make any new resident of the Santa Clarita Valley feel at home. Beyond Westfield Valencia, the region also offers several farmer’s markets and hundreds of independent retailers.



Entertainment and Recreation

Santa Clarita Valley is also home to numerous entertainment options. Home of the “Rollercoaster Capital of the World” at Six Flags Magic Mountain, thrill seekers will surely be satisfied by the park which holds numerous world records. The region also offers three of the top ten gold golf courses in Los Angeles. Hikers, bikers, and adventure seekers can explore over 90 miles of trails and paseos, 578 acres of parks, and over 15,000 acres of open space.

The Santa Clarita Valley residents are only a short drive from a variety of beautiful outdoor escapes, from scenic Castaic Lake to the dramatic Vasquez Rocks, to the famous beaches of Los Angeles. Finally, residents can enjoy various cultural events, from performances at the Santa Clarita Performing Arts Center to the annual Cowboy Festival.



Safety and Public Services

Most importantly, the City of Santa Clarita is consistently recognized as a prime city to raise a family. Noted as the 11th safest city for its size in the United States by the FBI, residents can have peace of mind going about their daily activities.

The Santa Clarita Valley, including the City of Santa Clarita, utilizes the extensive resources of the Los Angeles County Sheriff's Department and the Los Angeles County Fire Department to meet the area's public safety needs. Regional leaders also work closely with safety officials to implement proactive crime prevention and emergency response workshops to improve community awareness.

Chapter 4: Investing in the United States

4.1 – Process Overview and Considerations

Due to the sheer size of and diversity within the United States, someone cannot choose a city or region at random. To make the most of an investment in the United States, you must consider several factors and how these may affect your business, including real estate, the labor market, the regulatory environment, and local taxation.

The Santa Clarita Valley Economic Development Corporation's overarching goals are to support the creation of high-paying jobs for our trained workforce, stimulate economic activity that grows the region and strategically position the Santa Clarita Valley and its businesses to better compete in the global economy. Our team can help you work through the foreign direct investment process every step of the way.

4.2 – Santa Clarita Market Conditions

Site-Selection Process

Real estate brokerage companies can assist businesses work through the site-selection process. A broker will evaluate the specific needs of your business and then search for an appropriate commercial and industrial space to fit these needs. A site selection evaluation form is included in Appendix A, which provides a summary of information required to complete the site-selection process. It can be returned to the Santa Clarita Valley Economic Development Corporation to start the process.

Choosing the location for your business is one of the most important decisions for the success and sustainability of your business. Consider the following when choosing your location.

Be sure that the location is properly zoned for your business type. If you find a location that is not zoned for your specific usage you may need to obtain a Minor Use Permit or a Conditional Use Permit that will be reviewed by the local government to determine if your business is suitable for the location.

Be sure that the construction of your business is appropriate for your intended usage (e.g., a building constructed for a warehouse use may not be compatible with the requirements for running a food service establishment). Here are a few quick bullet points that the SCVEDC staff can review with you to make sure you find the right location for your business.

- Evaluate any potential Covenants, Conditions and Restrictions (CC&Rs) for the location
- Pick a location that is convenient for you, your customers and the community as a whole
- Identify transportation routes that minimize logistics and fulfillment costs
- Consider the cost of commercial and industrial space

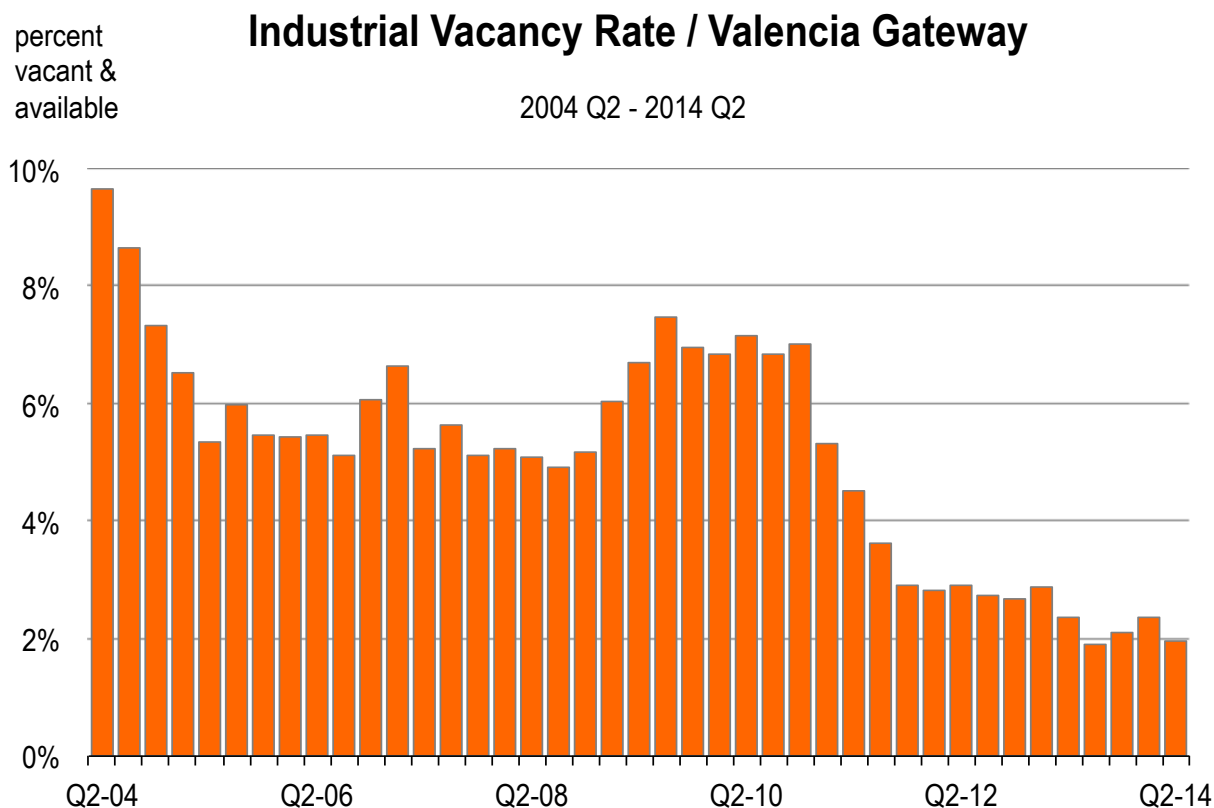


The Santa Clarita Valley is happy to announce that 2 million square feet of state-of-the-art commercial and industrial space will be ready in 2015. These are exciting times for our community and we look forward to showing you all that it has to offer.

Real Estate

The Santa Clarita Valley real estate offers ample space, a wide variety of properties to fit every need, and most properties are up-to-date and built within the last thirty years. There is currently 30 million square feet of commercial and industrial space that is occupied.

Brokers working in Southern California often look to the Santa Clarita Valley for its competitive lease rates and safe community atmosphere. In the Santa Clarita Valley's largest business park, the Valencia Gateway, the industrial vacancy rate is currently 2.0 percent. Over the past year, it has ranged from 1.9 percent to 2.4 percent. The rate remains near its lowest levels in at least 20 years.



Labor Market

The Santa Clarita Valley is home to a talented, diverse and abundant local labor supply from high-achieving school districts and institutions of higher learning. Businesses in the Santa Clarita Valley can access a workforce of nearly 3 million people within a 45 minute commute. The workforce in the Santa Clarita Valley is well-educated, with 58 percent of adults attaining a four-year degree or higher.

According to our recent labor study^{iv}, workers in the Santa Clarita Valley are characterized by a high degree of job stability. About 57 percent of all working householders have worked at their current job for at least 7 years.

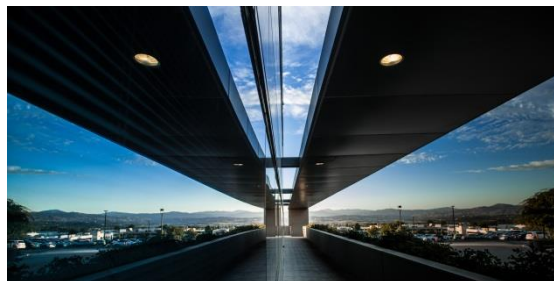
With nearly 83 percent of our community's adults working full-time and about 60 percent of adults that work in the Santa Clarita Valley spend less than 15 minutes traveling to work – it's no wonder why our quality of life continues to be recognized both locally and nationally.

Business Environment

The business environment in any city is a compilation of federal, state, county and municipal laws. The Santa Clarita Valley governmental leadership has made a point to create a one-stop business center to guide businesses through the permitting and regulatory process.

The City of Santa Clarita strives to limit regulation that hinders businesses and their ability to conduct operations locally and globally. As a result, the City of Santa Clarita was named the “Most Business Friendly City in Los Angeles County,” by the Los Angeles Economic Development Corporation.

For example, the City of Santa Clarita does not require a business license to operate a business in the city. A business license is only required if the business must comply with Los Angeles County safety or health regulations. Also, when compared to neighboring communities, the Santa Clarita Valley does not have a gross receipts tax or utility user tax.



Permitting

Santa Clarita has streamlined the permitting process so businesses can spend more time growing and improving, and less time working on paperwork. On the first floor of City Hall, the City has created the one-stop permit counter. All the departments necessary to approve and permit a business or construction project in SCV are located in the same room. The goal of the city staff is to fast track permits and allow business owners to go to a single location to have all their questions answered and needs met.

The City also offers “e-Permits”, where permitting can be completed online. e-Permits allows business owners to submit permit forms online and it offers up-to-the-minute status updates, electronic notes and requests from the city, interactive checklists, and much more. e-Permits can save weeks in the permitting process and save money on printing, message services, mailing, and more. For more information please visit: <http://apps.santa-clarita.com/epermits/>

Utilities

When opening a business in the Santa Clarita Valley, you will need to establish accounts with the various utility providers in the region. Depending on the nature of your business, you may be eligible for cost-saving programs that will help you to increase your efficiency and/or reduce your usage cost.^v

Electricity

Electricity for business in the Santa Clarita Valley is provided by Southern California Edison (SCE). Accessing power is easier than ever with online account support which allows your business to streamline turning on the power and making payments. Large businesses will be assigned account representatives who will work with you directly to cut energy costs and lower your monthly bill. SCE

offers a number of programs to help qualifying customers reduce energy usage and lower electricity costs including, but not limited to:

- Energy-efficiency and demand-response programs
- Financial incentives for voluntary energy reduction
- Business Energy Efficiency programs; lighting, refrigeration, food service, AC, equipment rebates
- California Solar Initiative (CSI) program that offers cash incentives for solar power usage

Businesses that require large amounts of power may need additional facilities constructed on their property. A business that requires more than six to ten megawatts will potentially require a substation on their property, which can be installed by SCE. For businesses looking to build or expand upon a structure, the SCVEDC works with a large variety of electrical contractors who can provide timely cost estimates.

Natural Gas

Natural gas for businesses in the Santa Clarita Valley is provided by Southern California Gas Company. The Southern California Gas Company offers efficiency programs for business that include:

- Small business equipment rebates
- Financial incentives by industry
- Foodservice equipment rebates
- Savings by design
- Rebates for suppliers and installers

Water

Castaic Lake Water Agency (CLWA) is a public water wholesaler supplying about half of Santa Clarita Valley's water needs. This water is treated and delivered to the four main local water retailers: Los Angeles County Waterworks District, Newhall County Water District, Santa Clarita Water Division, and Valencia Water Company. Most Santa Clarita Valley businesses purchase their water from these retailers. CLWA offers businesses free commercial water use audits to assess water usage and savings opportunities.

Local Taxation

An independent study of 367 communities across the United States by the Kosmont-Rose Institute compared differences in communities based on business taxes, telephone taxes, sales taxes, property taxes, electric taxes, and state income taxes.

The Santa Clarita Valley is ranked as a low cost environment for businesses. Out of 71 cities in Los Angeles County surveyed, the City of Santa Clarita is one of the 10 lowest cost cities to do business.



Santa Clarita is the 3rd largest city (including unincorporated areas) in Los Angeles and it is one of 5 cities without a business license fee requirement. Also, the City of Santa Clarita does not impose a tax on electric, telephone, cellular, gas, water, or cable. The City does not have a gross receipts tax. The table below compares the cost of doing business in a few cities located in greater Los Angeles.

Santa Clarita Cost-Savings Comparison						
TAXES & FEES	COMPARISON CITIES					
	Santa Clarita	Los Angeles	Glendale	Pasadena	San Fernando	Palmdale
GROSS RECEIPTS TAX* (Per \$1000)						
General Office	\$0.00	\$5.07	\$0.00	\$0.21	\$1.32	\$0.03
Professional Office	\$0.00	\$5.07	\$0.00	\$1.14	\$1.32	\$0.25
Retail	\$0.00	\$1.27	\$0.00	\$0.21	\$0.66	\$0.03
Wholesale	\$0.00	\$1.01	\$0.00	\$0.21	\$0.53	\$0.03
Manufacturing	\$0.00	\$1.01	\$0.00	\$0.21	\$0.53	\$0.03
Personal Service	\$0.00	\$3.56	\$0.00	\$0.21	\$1.32	\$0.03
Commercial Property	\$0.00	\$1.27	\$0.00	\$0.80	\$1.25	\$0.10
Residential Property	\$0.00	\$1.27	\$0.00	\$1.46	\$3.00	\$0.28
UTILITY USER TAX RATES						
Cable	\$0.00	\$0.00	\$0.07	\$0.09	\$0.00	\$0.00
Cellular	\$0.00	\$0.09	\$0.00	\$0.08	\$0.00	\$0.00
Electric	\$0.00	\$0.13	\$0.07	\$0.08	\$0.00	\$0.00
Gas	\$0.00	\$0.10	\$0.07	\$0.08	\$0.00	\$0.00
Telephone	\$0.00	\$0.09	\$0.07	\$0.08	\$0.00	\$0.00
Water	\$0.00	\$0.00	\$0.07	\$0.08	\$0.00	\$0.00
OVERALL COST RATING	\$	\$	\$	\$	\$	\$
* Annual tax for the first \$10 million in receipts, the first 100 employees, or 925 residential units, as applicable. Other Assumptions may apply. Source: 2012 Kosmont-Rose Institute Cost of Doing Business Survey (updated 12.18.2013)						

Strategic Partnerships

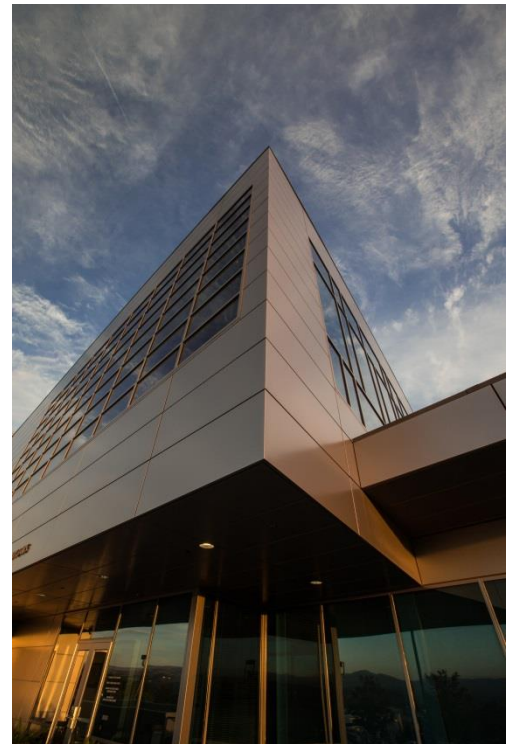
In any business, forming partnerships is important, not just with other businesses, but with the surrounding community. Below, we have outlined a few partnership opportunities you may want to consider when establishing your United States operations in the Santa Clarita Valley.

Partnerships with Colleges and Universities

Even with a well-educated workforce, the rapidly changing and expanding nature of technology in today's economy begs for continuous learning. This can become costly and time-consuming for any company to take on – fortunately, partnerships with local colleges and universities can ensure your workforce remains competitive. A prime example of the benefits of partnerships with colleges and universities is the Center for Applied Competitive Technologies (CACT) at College of the Canyons. The CACT provides customized training and technical support to the local manufacturing firms. As a result, local manufacturing firms can keep their workforce well-educated through the CACT, rather than search for an employee who already possesses the requisite knowledge.

Additionally, strong partnerships with local colleges and universities can ensure that potential future employees are receiving the education necessary to enter the workforce. Companies, through these partnerships, can offer valuable insight and influence into the development and implementation of certificate and degree programs. As a result, students receive a stronger education, and local companies can hire well-educated employees.

California Institute of the Arts (CalArts) is one such college that bridges the gap between education and business. Creativity Transfer is a project designed to enable venture thinking and entrepreneurship among CalArts students and alumni. The program teaches students to generate revenue and strengthen their resumes, allowing their artistic ability to be funneled into money making potential. Businesses interested in hiring creative, high functioning employees can potentially partner with CalArts to boost their workforce productivity.



Incubators and Accelerators

Incubators and accelerators are programs which help young companies produce, market, and sell their product or service, usually in high-demand areas such as technology. These programs provide anything from mentorship to training in banking and marketing.

In October 2014, the City of Santa Clarita opened a new business incubator, targeted specifically at high-technology start-ups in the media and design industry. The incubator is a collaborative effort between the City of Santa Clarita and College of the Canyons. The incubator will provide young companies the

space and resources to develop a product or service and expand quickly, particularly with the help of workshops taught by the Small Business Development Center at College of the Canyons. It is predicted that with the help of the incubator, start-ups will graduate to their own professional space and start hiring employees after 12 to 18 months in the program.

However, the City's incubator is not alone. The Alfred Mann Foundation maintains its own incubator for firms entering the medical device field and has already spawned four new companies since the beginning of 2014.

The Alfred Mann Foundation encourages the advancement in various fields of medical technology that focus on the improvement of health and overall quality of life for people suffering from crippling medical conditions. The Foundation builds on the innovations of Alfred Mann, who has sold eight companies for over \$7 billion, and two of his companies are publicly traded: MannKind Corporation and Medtronic MiniMed Inc.

All of Alfred Mann's companies have focused on bioelectric medicine, which uses electric stimulation and sensing to improve the lives of patients. The Alfred E. Mann Foundation has played a part in the well-being of several individuals. It currently operates two clean rooms and employs eighty research professionals.

Business Ecosystem

The Santa Clarita Valley Economic Development Corp. is proud to work with business leaders, government and education organizations to accomplish its mission. There is no need to go-it-alone when a robust business ecosystem is ready to help your business expand. These SCVEDC partners include:



Los Angeles County is home to 88 cities and over 10.4 million residents and it is the nation's most important center for international trade, tourism, entertainment production, aerospace and manufacturing. The Santa Clarita Valley is part of Los Angeles County's 5th District, which is represented by Supervisor Michael D. Antonovich. The SCVEDC partners with the County often on job creation and real estate development initiatives.



Incorporated in 1987, the City of Santa Clarita is the 3rd largest city in Los Angeles County. The City's innovative programs include a Use Tax Rebate Program, Recycling Market Development Zone, Foreign Trade Zone, America's Job Center of California also known as WorkSource, Film Incentive Program, Expedited Permit Processing, and Incentive to Purchase Local. The Economic Development Division includes Business Development, Film Office, Tourism Office, and Sponsorship opportunities.



College of the Canyons, part of the Santa Clarita Valley Community College District, has distinguished itself as one of the leading community colleges within California. The College currently serves over 24,000 students enrolled in nearly 150 undergraduate, graduate and certificate programs on two campuses. The college is also hosts several economic development programs, which provides a variety of small business training, workforce development and more.



The Santa Clarita Valley Chamber of Commerce represents over 1,200 members and has been the "Voice of Business" for over 84 years. The Chamber strives to promote and support local businesses by committing itself to improving, not only the business climate, but also the quality of life throughout the Santa Clarita Valley. In addition to local efforts, the Chamber organizes an annual trip to Washington D.C. and Sacramento to lobby for critical community projects.



The Valley Industry Association (VIA) of Santa Clarita is made up of a blend of industrial, commercial and service companies that collaborate on a broad range of business issues, such as legislative advocacy and support of local educational initiatives. VIA also provides networking opportunities for its members and SCV business community.



The Castaic Chamber of Commerce works to provide its members with vital marketing resources and networking opportunities. It also works with its community leaders and business owners to promote new opportunities that will benefit the Castaic local economy



Founded in 1981, the Los Angeles County Economic Development Corporation (LAEDC) was created by the Board of Supervisors to implement the County's economic development program. Its economic expertise is provided by the Kyser Center for Economic Research, which is relied upon by key business decision-makers, media and government. It promotes proactive leadership and a strong economy through the Southern California Leadership Council and facilitates trade through the World Trade Center Los Angeles-Long Beach.



California Manufacturing Technology Consulting® (CMTC) is a private, mission-based non-profit corporation that specifically works with small to medium-sized manufacturers in Southern California. With over 20 years of experience, CMTC creates solutions to improve organizational performance while fostering innovation and growth, workforce and supply chain development, business sustainability, technology advancements and continuous improvement strategies.



The Economic Development Division (EDD) is a non-profit organization hosted by College of the Canyons. Through its six teams, the EDD provides free consulting, free and low-cost trainings on hundreds of topics and business disciplines, interviewing and employment services, access to federal and state resources, and college courses to keep employees up to date in the manufacturing and information technology fields.

Industry Clusters

The Santa Clarita Valley maintains a strong environment for five industry clusters, which include digital media & entertainment, aerospace & defense, medical devices & biotech, advanced manufacturing, and information technology.

Digital Media and Entertainment

The Santa Clarita Valley is home to more than 10 sound stages and 20 active movie ranches, as well as several production facilities and studios producing everything from video games to full-length feature films. The diverse topography and history of the Santa Clarita Valley lends itself to transforming the region into an excellent filming location.

In other words, the Santa Clarita Valley can take on multiple environments, from a small farm to a desert in the Middle East to the Pentagon to a lush oasis! Filmmakers have no trouble finding their perfect location in the Santa Clarita Valley. Additionally, thanks to the California Institute of the Arts, one of the premier academic institutions for the arts, there is a talented local workforce.

Aerospace and Defense

As part of the “Aerospace Corridor” of California, the Santa Clarita Valley has emerged as a fast-growing leader in Aerospace and Defense technology. Despite the relatively young community, SCV is home to more than 100 leading Aerospace and Defense firms. In addition to California’s tradition as a leader of aerospace manufacturing, many firms cite Santa Clarita’s proximity to the Los Angeles International Airport



(LAX), the Los Angeles Port Complex and Edwards Air Force Base as a significant attribute to settle and remain in the Santa Clarita Valley.

The region's commitment to this industry cluster is highlighted by the Santa Clarita Valley Aerospace Defense Coalition, a networking group that meets quarterly to find ways to work together. Finally, the Valley leadership has gone above and beyond to provide strong political support to ensure that the aerospace and defense firms of the Santa Clarita Valley thrive for decades to come.

Medical Devices & Biotech

The Santa Clarita Valley has a strong and growing presence of businesses engaged in the research, development and production of medical devices. Our advanced workforce, high quality of life and strong training infrastructure are just a few of the factors that make the Santa Clarita Valley a productive location for firms. For example, the Alfred Mann Foundation manages a business incubator to help spawn new companies in this growing field.



Additionally, the Mann Biomedical Park, a 167 acre property which includes 21 buildings, provides an ideal home for any medical device manufacturer. If the Mann Biomedical Park does not suit a firm's needs, there are several private sector wet-lab spaces and research facilities available, along with 2.0 million square feet of state-of-the-art property currently under construction.

Advanced Manufacturing

The Santa Clarita Valley is a sought after location for businesses involved in the production of high-value added, technical, or capital-intensive goods that require advanced inputs and manufacturing processes. The outputs produced by these firms are very diverse and range from electronics to engines and industrial machinery. Many of these firms choose the Santa Clarita Valley for its well-educated labor force, diverse options in commercial property and a business friendly climate that has eliminated many taxes and fees, allowing manufacturing firms to re-invest in capital and labor.



Information Technology

The Santa Clarita Valley is home to a variety of information technology firms engaged in software publishing, telecommunications, data processing and computer design. The industry works in tandem with the other industry clusters of SCV, who all need the high quality work produced by our information technology, resulting in a joint effort which produces communal growth and expansion.



For example, Santa Clarita Valley information technology firms are working directly with medical device firms to create new innovations in medicine. It also helps that the highly educated workforce of the region supplies the information technology industry with the talented workers needed to transform ideas into marketable products.

Chapter 5: Employee Transitions

Transitioning to the Santa Clarita Valley can be an easy process. We know that moving your business and its employees can be challenging, but the SCVEDC is here to help, every step of the way. You may be asking the following questions. Where will my employees live? Do they have a means of commuting to work? Is a moving company needed to transfer goods to your new property, or to your employees' new homes?

The SCVEDC can help you take advantage of the many services that will ease the transition to the Santa Clarita Valley. The prosperous auto retail sector allows your employees to have access to competitively priced cars and trucks. Renowned real estate agents will provide your employees insider access to the market, and mortgage firms to ease access to financing.



Purchasing a Vehicle

In California, a resident must be issued a driver's license before they can drive a motor vehicle. To obtain a driver's license, a resident must visit the Department of Motor Vehicles (DMV). The California DMV allows legal residents to apply for a license. According to DMV, if you are legally present in the U.S., but ineligible for a Social Security Number (SSN), you are exempt from the DMV SSN requirement. You may start an application for a noncommercial driver license or ID card, and once your eligibility status is verified, DMV will complete your application. You must still provide an acceptable birth date/legal presence document for any future DL/ID card application.

Typically, a SSN is required for financing or leasing a vehicle. With an understanding that new SCV residents may not have any established credit, there are numerous banks and financial institutions that provide financing. All lenders may have different requirements but in general, the client's income and down-payment will be in consideration in acquiring a loan for a vehicle. All vehicle owners are required to have automotive insurance in the United States.

Insurance – Covering You and Your Family

In the United States, you are required to have medical insurance. While homeowner's or renter's insurance is not required, it is highly recommended to protect you and your family from loss or damage to your home or its contents. Fortunately, there are many insurance options which provide various benefits at variable costs.

In California, the easiest way to acquire health insurance is through the state run health care exchange. Additionally, the exchange offers small businesses with less than 50 employees, affordable health care options for their employees. You can access the exchange online by visiting www.coveredca.com. More detailed information on accessing insurance can be found in Chapter 11.

Education – Enrolling Children in School

Families with children under the age of 18 should start the school enrollment process as soon as possible. Fortunately, the Santa Clarita Valley has a large variety of world class schooling available.

The following documents are required to enroll a child into one of the Santa Clarita Valley's schools:

- A certified copy of the child's birth certificate
- Proof of address (print a copy of the water, gas, or electrical bill in parent's name or lease)
- Photo ID of parent or guardian
- Your child's immunization record (if available)*
- Academic records from previous schools (if available)
- Any custody documents (if applicable)

*Please note that the State of California requires children under age 18 to have Polio, DTP/DTaP (Diphtheria, Tetanus, and Pertussis), MMR (Measles, Mumps, Rubella), Hepatitis B, Varicella, and Tdap Booster (Tetanus, reduced diphtheria, and pertussis) immunizations. There are a number of local hospitals and medical clinics that can administer these immunizations in the Santa Clarita Valley.

Parents seeking to enroll their students into elementary school should visit their local school's administrative office with the above documents. Please visit the following school district websites for information on where your child should enroll:

- <http://www.hart.k12.ca.us>
- <http://www.newhallschooldistrict.net>
- <http://www.saugusd.org>
- <http://www.sssd.k12.ca.us/pages/SSSD>

Real Estate – Finding a Place to Live

Thanks to Newhall Land, the Santa Clarita Valley boasts a master-planned community in Valencia, which is at the nucleus of activity in the valley. Valencia is home to Henry Mayo Newhall Memorial Hospital, College of the Canyons, City Hall, Valencia Westfield Town Center, and over 20,000 beautiful and modern homes.

When Valencia residents began calling their home "Awesometown," it became clear that the quality of life in Valencia was family-friendly with great options for outdoor activities. The success of Valencia has inspired



similar developments in the surrounding communities of Newhall, Canyon Country, Saugus and Stevenson Ranch. Newhall Land is currently developing another master-planned community to the west of Valencia, called “Newhall Ranch”. Newhall Ranch will provide amenities in shopping, trails, recreation centers, parks, and entertainment, all positioned to create a seamless living experience, and may develop an additional 20,000 new homes for future Santa Clarita Valley residents.



Newcomers to the Santa Clarita Valley interested in purchasing a residence in the United States will be required to submit additional information if they seek to obtain a mortgage. It is important to prepare the following documents before contacting a mortgage broker.

- Name and Date of Birth (for an individual)
- Address
- Personal Financial Records
- Identification number (one or more of the following)
 - Tax Identification Number (TIN)
 - Passport number and country of issuance
 - Alien Identification card
 - The number and country of issuance of any other government issued document evidencing nationality or residence and bearing a photograph

A large majority of our housing structures here in Santa Clarita (70 percent) have been built within the last 35 years. This means that most homes available to a new Santa Clarita resident will be up to date, modern, and free of many problems inherent in older structures. Table (8) below includes the year housing was built in the Santa Clarita Valley.

Table (8) Year Built of Housing Structures of SCV		
Total Number of Housing Structures	90,220	
1949 and Earlier	1,965	2%
1950 - 1979	25,398	28%
1980 and Later	62,857	70%

2008-2012 American Community Survey 5-Year Estimates



The Santa Clarita Valley is an optimal choice for those looking for a place to live and work. While the vast majority (70 percent) of its housing units were constructed after 1980, 46 percent of all owner-occupied homes are affordable at less than \$400,000 as shown below in Table (9). In the Santa Clarita Valley, you are easily able to find quality, affordable housing.

Table (9) Value of Owner-Occupied Homes in the Santa Clarita Valley		
Number of Owner-Occupied Homes	61,401	
\$399,999 or less	28,316	46%
\$400,000 - \$749,999	28,764	47%
\$750,000 and up	4,321	7%

2008-2012 American Community Survey 5-Year Estimates

Table (10) below indicates the affordability of rental homes in the Santa Clarita Valley. As you see, 47 percent of renter-occupied homes cost \$1,499 or less per month.

Table (10) Gross Monthly Rent of Renter-Occupied Homes in Santa Clarita Valley		
Number of Renter-Occupied Homes	24,104	
\$1,499 or less	11,242	47%
\$1,500 - \$1,999	7,484	31%
\$2,000 and up	5,378	22%

2008-2012 American Community Survey 5-Year Estimates



Chapter 6: Capital and Banking

Financing is almost always required for any business looking to expand. The State of California and the Greater Los Angeles region can offer a variety of ways for firms to access capital. Whether its high-risk venture capital or traditional lending from community banks – the Santa Clarita Valley Economic Development Corporation is here to help you grow and expand your business!

6.1 - Banks

The U.S. Banking System

Financial services in the United States are primarily performed by private banks. Unlike some other countries, banks in the U.S. are owned by shareholders, and are not owned or managed by the government. There are 12 government-owned banks called Federal Reserve Banks which perform central banking functions like currency distribution. The U.S. banking system is often split into two categories: commercial banks and thrift institutions. However, the vast majority of businesses conduct their banking with commercial banks.

Commercial Banks

Commercial banks are private institutions which accept deposits, make private and business loans, and offer various financial services. The two major commercial banks are national banks and state banks.

National banks are federally chartered, and subsequently must adhere to the Federal Deposit Insurance Corporation (FDIC). The FDIC ensures that the deposits within national banks are insured by the Bank Insurance Fund (BIF). National banks are subject to federal regulation and are required to be members of the Federal Reserve System. National banks in the Santa Clarita Valley include Wells Fargo, Bank of America and Chase.

State banks are chartered by the state and are subsequently regulated by state authorities. They are also subject to federal regulation. They are not required to join the Federal Reserve System, but may decide to do so. Some State Banks have their deposits ensured by the BIF while others are insured by the state. State banks which provide services to the Santa Clarita Valley include California United Bank, Community Bank and Mission Valley Bank, among others.

Establishing a U.S. Bank Account

Establishing a local bank account may prove useful for accounting, payroll, local purchases and much more. To establish a business bank account please prepare the following pieces of information. Though every bank is different and may require different documents, the following are the most common documents and information required for business banking.

Entity Information Needed

- Legal name
- Doing business as (DBA) name, if applicable
- Legal entity type

- Mailing address
- Tax Identification Number
- Year established
- Country of primary domicile (parent headquarters) and country of primary business (where revenues come from)
- Country of nationality and country of assets

Equity Ownership:

- Public exchange country, exchange, symbol
- Subsidiary ownership

Annual Revenue:

- Revenue type
- Source of capital



Individual Information and Ownership Information Needed

Primary Contact Information and Authorized Account Signers:

- Name
- Address
- Email & Phone Number

Ownership Information (Needed for both Direct and Indirect Beneficial Owners):

- Principal type (individual or non-individual)
- Principal name (indirect or direct)

Cash Management Needs and Activity

Details of Cash Activity:

- Volume and amount of cash deposits and how it relates to business
- Volume and amount of cash withdrawals and how it relates to business

ACH (Automated Clearing House) Activity:

- Volume and amount of ACH transactions and how it relates to business
- International activity and countries where ACH transaction will be sent

International Wire Activity:

- Volume and amount of international wire transactions and how it relates to business
- International activity and countries where wire transactions will be sent

Incorporation Documentation Needed

- Articles of Incorporation
- Form W-9: Request for Taxpayer Identification Number and Certification

Cash Management

In the United States, cash management refers to the variety of services financial institutions provide to ensure that your business successfully collects, handles, and utilizes cash.

Commercial banks provide businesses with demand deposit accounts, or checking accounts, which allow for safe domestic storage of a business's funds as well as access to bank's depository services. Cash management also refers to the transfer and movement of money, both domestically and internationally.

Electronic Funds Transfers

Electronic funds transfers (EFTs) are electronic exchanges of money from one account into another. Legally, EFTs are like checks. There are many types of EFTs; a common subset of EFT is called an Automated Clearing House (ACH) transfer. This process is usually free, but the transfer typically takes a few days. In the United States, wire transfers are comparable to cashier's checks. Wire transfers go through the Federal Reserve instead of through the ACH. This process usually takes 24 hours or less.



ACH transfers allow businesses and clients to setup automatic billing. For example, a business's monthly payment to a utility company or payroll payment may be conducted by an ACH transfer.

Credit Solutions

In the Santa Clarita Valley, a large variety of credit solutions are available for your business including lines of credit, term loans, asset-based financing and trade financing.

Lines of Credit

Lines of credit provide funds which can be readily paid off by a business's operating cash flow.

Lines of credit can be revolving and non-revolving. A revolving line of credit allows a firm to borrow, repay, and borrow again continuously for the life of the loan. Revolving credit does not have a fixed number of payments, and is comparable to a private consumer's credit card.

A non-revolving line of credit involves receiving a fixed amount that is subsequently repaid by pre-negotiated payments over a specific period of time. Non-revolving credit is associated with traditional loans. Non-revolving credit may come in a lump-sum form, or may be distributed over a period of time.

Term Loans

Term loans are loans of a lump sum amount which are repaid in regular payments over a set period of time. A term loan can last as long as 30 years, but typically extend between one and ten years. Term loans are often given as small business loans. The long term repayment can be an attractive means of funding for new enterprise.

When getting a term loan, a firm should consider whether the interest rate is fixed or floating. Fixed interest rates remain constant over the course of the loan, which can be preferable at a time of low-interest rates. Floating interest rates adjust with the money market, which can be beneficial or harmful depending on the state of the economy.

Asset-Based Financing

Asset-based financing is an efficient means for a company to use its assets to acquire additional funding. When a loan is asset-based, the asset serves as collateral for the loan. Commonly used assets for financing include inventory, accounts receivable, machinery and equipment. Providing a bank with collateral will often give a firm expanded access to credit and flexibility with payments.



Trade Financing

Trade financing is when capital is provided to buyers or sellers to increase working capital or provide cash flow during a transaction. Trade financing can be used to expedite and secure transactions, as with letters of credit and documentary collections, or may be used to secure export transactions.

A letter of credit (L/C) is a document provided by a financial institution on behalf of a buyer or importer. The document is given to the seller or exporter, who uses the letter to guarantee that payment, will be made by the buyer's bank. The seller then provides documents, such as a bill of lading, proving the shipment was made before they receive their payment. A letter of credit is an effective way of mitigating the risks of trade, and can often be a simpler way of providing payment for international transaction.

Documentary collections share a similar utility to letters of credit. Documentary collection is a process wherein a seller provides a bank with documents related to export, such as a bill of lading or certificate of origin. The bank holds these documents until the buyer makes a payment, at which time the documents are released to the buyer to facilitate the trade. Documentary collections do not provide the same level of security as a letter of credit because the bank does not guarantee the payment; rather, the bank simply serves as a channel for the documents. However, documentary collections are far less expensive than letters of credit, and often preferable if the seller does not doubt the buyer's ability to make payment. Moreover, documentary collection is often a far more expedited and simplified means of international exchange than if two firms were to trade without assistance from a financial institution.

Export financing can be an important factor in making your exports more lucrative to potential buyers. With export finance, a bank provides immediate payment to the seller or exporter, and then is paid back by the buyer. This allows the buyer to delay payment, or to choose from longer payment periods. Providing such options will likely enhance a firm's export competitiveness.



International Money Transfers

There are multiple ways for a business in the U.S. to make payments or transfer funds outside of the country. A firm can choose between methods which vary in cost and expedience.

Wire transfers are the traditional means of payment across borders. Wire transfers can be conducted through a bank, but can also be done using online resources. These payments are often the fastest and most secure, however they often require a moderate fee, making them less preferable for recurring payments.

For firms looking to make recurring or bulk payments, global ACH is an attractive alternative to wire transfers. Global ACH is less expedient than a wire transfer; however it is less expensive and thus a preferable means of making recurring payments. Due to the simulated nature of the system, global ACH payment may not be available for all countries.

An additional means of foreign payment is a foreign draft. A foreign draft essentially operates as a check to a financial institution in the country of the receiver. Because the draft is written in the currency of the receiver, it makes the transaction faster than if the payment were to be made with an American-based check.

6.2 - Loans

Loans are funds lent by an institution, usually a bank that provides capital to a business. Loans generate interest at an agreed upon rate, which must be paid, along with a schedule of payment. Loans are

usually the easiest and most reliable way to access capital, although they may be the most expensive method and have the most liability. A failure to meet a loan payment (known as “defaulting”) can result in legal action, reduced credit, damaged credit reputation or credit score, loss of funds and more.

Loans often require collateral – a valuable asset that is turned over; if the debtor defaults, the collateral can be sold to pay the debt.

To receive a loan, a business must consider the “three C’s” of eligibility: credit, cash flow, and collateral. Typically, a business must provide at least two of these to ensure favorable loan conditions.

A variety of loan types are available depending on your business’s size and needs. For a smaller business that is seeking a loan \$1,000-\$50,000 in value, microloans can be a very lucrative option. Microloans typically take two days for pre-approval with a full turnaround time of about three weeks.

While many microloans are secured by the government and non-government organizations, most loans are financed through private banks.



6.3 - Angel Investment

Angel investors provide financial backing for small startups or entrepreneurs, generally in exchange for equity in the company. Generally, angel investors are wealthy individuals who enjoy mentoring young companies that are poised for growth. The Securities and Exchange Commission’s (SEC) definition of an accredited investor mandates that the investor have a net worth of at least \$1 million U.S. dollars and must make \$200,000 a year (\$300,000 a year for a married couple).

Most angel investors require a portion of legal ownership of the company in exchange for their investment – meaning the business owners relinquish some control of their company in exchange for capital. Fortunately, angel investors will always want the company to succeed, but do not seek to make massive profits or to turn around and sell the company. It is said that angel investors invest in the business-owner to mentor them, rather than seek quick profits.

6.4 - Venture Capital

Venture capital is similar to angel investment: an investor provides capital in exchange for a portion of ownership in the company. Venture capitalists, however, generally invest more money and tend to invest in companies in a high-growth phase. Venture capitalists generally demand a larger share of ownership in the company than angel investors. Additionally, venture capitalists tend to be less involved in the company because a management team is already in place. Venture funds tend to correlate with a higher risk investment and the need for a greater return. A business owner should be ready to sell the company to satisfy the profit motives of venture capitalists.



Chapter 7: Financial Assistance Programs

Accessing capital through loans is typically how businesses finance their growth and expansion needs. However, there are other ways businesses can find the capital it needs to expand including accessing a package of loans, issuing bonds and more.

7.1 – U.S. Federal Government Programs

EB-5 Visa – Investing in the United States

This section refers to receiving funds from an EB-5 investor. If you are interested in becoming an EB-5 investor, refer to Section 10.1 – Employment-Based Immigration.

Under the EB-5 Visa program, an investor, his or her spouse, and all unmarried children under the age of twenty-one can secure permanent residency (i.e., a green card) within the United States and petition for U.S. Citizenship after five years. EB-5 Visas are available to citizens of all countries. Through this Visa

program, U.S. businesses can access a capital investment from a foreign person who is looking to create jobs and gain U.S. citizenship.

Receiving funds through an EB-5 investment may be a lucrative way to fund your business. Investors must invest at least \$500,000 in a Targeted Employment Area (TEA) or \$1,000,000 outside of a TEA. This investment will go directly towards creating jobs.

To qualify for an investment through EB-5, a business must be able to prove stable cash flow and may be subject to thorough economic analysis. A business interested in utilizing EB-5 investment should contact the Santa Clarita Valley Economic Development Corp. (SCVEDC).

Small Business Administration (SBA) 504 Loans

These loans provide up to 90 percent of fixed-asset financing costs. The benefit to the borrower is a lower down payment requirement (10 percent) and a longer-term, fixed-rate loan, which translates into reduced monthly payments. The maximum SBA loan is \$1,500,000 when meeting the job creation criteria or a community development goal.

Generally, a business must create or retain one job for every \$50,000 provided by the SBA except for “Small Manufacturers” which have a \$100,000 job creation or retention goal. It is important to note that the business should have a tangible net worth less than \$15 million and an average net income less than \$5 million after taxes for the preceding two years to be eligible.

USDA Rural Development

USDA guarantees up to 80 percent on loans from \$750,000 to \$5 million and up to 70 percent on loans up to \$10 million. A loan guarantee helps interested parties access capital because the federal government (the guarantor) assumes the debt obligation of a borrower if that borrower defaults. Rates are fixed or variable and negotiated between the lender and the business. Terms are typically 7 years for working capital, 15 years on equipment and 30 years on real estate. Most types of businesses qualify, but the project must be in a rural area beyond the urbanized periphery.



7.2 - State of California Programs

California Capital Access Program (CalCAP)

CalCAP insures loans made by participating lenders to small businesses in order to help them grow. Eligible use of funds include the following: acquire land, construct or renovate buildings, purchase equipment, working capital, energy efficiency, improvement projects as well as bridge financing needed prior to obtaining permanent financing.

There is no minimum loan amount; however the maximum loan amount is \$5 million. Also, the CalCAP Collateral Support (CalCAP CS) Program may be able to help a business cover a collateral shortfall of loans of \$100,000 or more in order to enable financing that otherwise might not be available.

Industrial Development Bonds (IDBs)

IDB financing may be the most competitive financing option available for the acquisition of manufacturing facilities and equipment. IDBs provide a method for middle market manufacturers to access the private capital markets at tax-exempt rates. The IDB interest rate is lower than bank financing because the interest paid to the investor is exempt from state and federal income tax.

A government entity will issue bonds and loan proceeds to the company. The company's obligation to repay the loan is secured by a direct-pay Letter of Credit from a bank rated 'A' or better. IDBs can be issued by the California Infrastructure and Economic Development Bank (I-Bank), cities, counties, and joint powers authorities. The City of Santa Clarita is an Industrial Development Authority (IDA) and is available to assist in large development projects.



California Pollution Control Financing Authority

This provides tax-exempt bond financing for pollution control projects. Tax-exempt bond financing programs gives California businesses help with acquisition or construction of qualified pollution control, waste disposal, or waste recovery facilities, and the acquisition and installation of new equipment. Examples of recent projects include assistance to purchase clean-air vehicles by waste companies, construct and operate recycle used oil, convert animal waste to clean burning fuel, and develop a demolition debris recycling programs.

7.3 –Financing Programs in the Santa Clarita Valley

The Valley Economic Development Corporation (VEDC)

The VEDC offers a variety of financing options for entrepreneurs and small to medium-sized businesses in the Santa Clarita Valley. The VEDC offers microloans, SBA loans, and it will work with clients to package loans. U.S. citizenship is not a prerequisite for loan eligibility; the VEDC works with several non-citizen residents to help them access financing to grow a business. The table below outlines the loan products available through the VEDC.

	Microloan	Small Business Loan Program	Community Advantage SBA 7(a)	State of CA Guarantee Program	SBA 504 Loans
Loan Amount	\$1,000-\$50,000	\$50,000-\$700,000	\$50,000-\$250,000	\$25,000-\$1,000,000	Up to \$10,000,000
Loan Type	Term	Term	Term	Line of Credit/Term	20 years fixed rate
Interest Rate	8.5%-10.5%	Prime + 3-4%	Wall Street Journal Prime (interest rate) + 6%.	Bank rate; varies from Prime +0.50% to Prime + 3%.	CDC/SBA rate is fixed. Bank rate may be fixed or variable.
Terms	3-5 years & Required enrollment in Entrepreneurial Training Program (ETP).	3-5 years	7 years for working capital, 10 years for business acquisition, 25 years for fixed assets.	Revolving Line of Credit, Term Loans. Actual loan term can exceed loan guarantee.	Bank loan may be amortized up to 25 years. CDC portion can either offer a 10 or 20 year term.
Collateral	Required. Approximate 1:1 coverage.	Required: Approximate: 1:1 coverage.	Required	Uniform Commercial Code: minimum 1:1 ratio.	Real Estate or Equipment. (Appraisal value must be greater than 10 years).

Source: www.microloan.org

Industrial Development Authority

Being located in the City of Santa Clarita allows certain businesses access to tax-exempt private activity bonds to finance capital projects such as acquisition of land, construction, or rehabilitation of facilities, and the purchase of equipment.

Recycling Market Development Zone

As one of only 40 designated areas within the State of California, the Santa Clarita Recycling Market Development Zone (RMDZ) is designed to assist business ventures that use recycled materials in production of goods, process waste materials for reuse and/or are able to divert materials from their waste stream. Incentives for qualifying businesses include low interest rate loan programs and technical assistance.

Chapter 8: Incentive Programs

There are several incentive programs for businesses that hire and retain qualified employees and improve the environment in the United States. The next section will briefly describe the incentive programs available to foreign firms looking to expand in the Santa Clarita Valley.

8.1 – Federal Incentive Programs

Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit incentive that the Congress provides to private-sector businesses for hiring individuals from nine target groups who have consistently faced significant barriers to employment. The main objective of this program is to enable the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers. Employers are compensated by being able to reduce their federal income tax liability through tax credits. WOTC joins other workforce programs that help incentivize workplace diversity and help unemployed individuals find good jobs.



Renewable Energy Credit Opportunities

California has a Renewable Portfolio Standard (RPS) that mandates that 33 percent of its overall energy must be produced from renewable energy sources by the year 2020. Many companies which cannot invest in their own solar panels or wind turbines purchase green energy credits. These credits represent the renewable energy resources associated with power production. When they are certified, they are eligible for Renewable Energy Certificates (RECs). The credit can be sold, bartered or traded and the green energy credits represent the source of the energy produced.

When a wind farm, geothermal field or other form of renewable resource is used to produce electrical power; that power can be sold to a commercial power grid. If that is done, a renewable energy certificate is issued and that certificate can then be sold to offset power use of a company located in a city far away from the power plant. Once the certificate has been sold, it is used to offset the buyer's electrical use and meet state requirements. At that point, the certificate is retired as it can only be used once for one-time power offset.

Renewable Energy Investment Credits (ITC)

A 10 percent - 30 percent tax credit is allowed for investors depending on the type of renewable energy project. It is based on qualified expenses of installing renewable energy systems. Options exist for C-corporations or private investors who may want to look at alternative ways to reduce their federal tax liability.

Renewable Energy Production Credits (PTC)

This federal incentive provides specific financial support during the first ten years of a renewable energy facility's operation. It is based on a percentage of kilowatts per hour produced.

Business Energy Investment Tax Credit (ITC)

The federal business energy investment tax credit was expanded significantly by the Energy Improvement and Extension Act of 2008 (H.R. 1424), enacted in October, 2008. This law extended the duration, by eight years, of the existing credits for solar energy, fuel cells and microturbines; it increased the credit amount for fuel cells; it



established new credits for small wind-energy systems and geothermal heat pumps, and combined heat and power (CHP) systems; it allowed utilities to use the credits; and allowed taxpayers to take the credit against the Alternative Minimum Tax (AMT), subject to certain limitations.

The American Recovery and Reinvestment Act of 2009 allows taxpayers eligible for the federal renewable electricity Production Tax Credit (PTC) to take the federal business energy Investment Tax Credit (ITC) or to receive a grant from the U.S. Treasury Department instead of taking the PTC for new installations. In general, credits are available for eligible systems placed in service on or before December 31, 2016:

Solar - The credit is equal to 30 percent of expenditures, with no maximum credit. Eligible solar energy property includes equipment that uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat. Hybrid solar lighting systems, which use solar energy to illuminate the inside of a structure using fiber-optic distributed sunlight, are eligible. Passive solar systems and solar pool-heating systems are not eligible.

Fuel Cells - The credit is equal to 30 percent of expenditures, with no maximum credit. However, the credit for fuel cells is capped at \$1,500 per 0.5 kilowatt (kW) of capacity. Eligible property includes fuel cells with a minimum capacity of 0.5 kW that have an electricity-only generation efficiency of 30 percent or higher. (Note: the credit for property placed in service before October 4, 2008, is capped at \$500 per 0.5 kW.)

Small Wind Turbines - The credit is equal to 30 percent of expenditures, with no maximum credit for small wind turbines placed in service after December 31, 2008. Eligible small wind property includes wind turbines up to 100 kW in capacity.

Geothermal Systems - The credit is equal to 10 percent of expenditures, with no maximum credit limit stated. Eligible geothermal energy property includes geothermal heat pumps and equipment used to produce, distribute or use energy derived from a geothermal deposit. For electricity produced by geothermal power, equipment qualifies only up to, but not including, the electric transmission stage. For geothermal heat pumps, this credit applies to eligible property placed in service after October 3, 2008. (Note: the credit for geothermal property, with the exception of geothermal heat pumps, has no stated expiration date.)

Microturbines - The credit is equal to 10 percent of expenditures, with no maximum credit limit stated (explicitly). The credit for microturbines is capped at \$200 per kW of capacity. Eligible property includes microturbines up to two megawatts (MW) in capacity that have an electricity-only generation efficiency of 26 percent or higher.

Combined Heat and Power (CHP) - The credit is equal to 10 percent of expenditures, with no maximum limit stated. Eligible CHP property generally includes systems up to 50 MW in capacity that exceeds 60 percent energy efficiency, subject to certain limitations and reductions for large systems. The efficiency requirement does not apply to CHP systems that use biomass for at least

90 percent of the system's energy source, but the credit may be reduced for less-efficient systems. This credit applies to eligible property placed in service after October 3rd, 2008.

In general, the original use of the equipment must begin with the taxpayer, or the system must be constructed by the taxpayer. The equipment must also meet any performance and quality standards in effect at the time the equipment is acquired. The energy property must be operational in the year in which the credit is first taken.

Research and Development (R&D) Tax Credits

R&D tax credits are available to eligible Santa Clarita Valley businesses at the state and federal level. The federal R&D tax credit can provide a 20 percent reduction on half of qualified research expenses. Activities that qualify for R&D tax credits include all “Qualified Research Expenses” (QREs) which include, but are not limited to: manufacturing products, developing software or hardware, develop new, improved, or more reliable products/processes/formulas, developing prototypes and models, including computer-generated models, developing temporary structures used in the construction process, developing or applying for patents, designing tools, jigs and molds.

Under the Internal Revenue Code, there are three general classifications of qualified research expenses:

1. Any wages paid or incurred to an employee for “qualified services” performed by such employee;
2. Any amount paid or incurred for supplies used in the conduct of qualified research; and
3. Any amount paid or incurred to another person for the right to use computers in the conduct of qualified research.

If research and development is occurring or will occur in the United States and expenses (i.e., QREs) are being paid then this tax credit should be considered.



Export Incentive (IC-DISC)

The export incentive, referred to as IC-DISC (interest-charge domestic international sales corporation), is an effective means to access tax savings for a company oriented towards exports. An IC-DISC is inexpensive to setup and operate, and can translate to a 50 percent tax reduction on 50 percent of a company's export income.

To qualify for the export incentive, a company must be a U.S. corporation or a subsidiary of a foreign owned company operating in the U.S. and maintaining a U.S. payroll. Furthermore, the product being exported must adhere to the 50 percent content rule, which states that an exported product must have had at least half of its value created in the United States. In other words, if a manufacturer imports raw materials to create a product in the United States, the manufacturing process must add at least the value of the raw materials to the product. For example, if a company spent \$10 on raw materials to create a product for export, an additional \$10 or more of value must be added to the product by manufacturing and assembly in the United States, bringing the products value to a minimum of \$20.

The export incentive does not behave like most traditional tax credits. An IC-DISC refers to an actual entity, but has no employees and no tangible assets. Rather, the entity is set up in tandem (as a subsidiary or sister corporation) to the parent corporation. The company pays a commission, equal to the greater of 50 percent of its export income or 4 percent of its export gross receipts, to the IC-DISC.

The corporation incurs a tax deduction equal to the commission paid to the IC-DISC. The IC-DISC then receives the commission as nontaxable income (the IC-DISC is a tax-exempt entity), which it pays to the corporation as a dividend, which then flows through to its individual shareholders. The shareholders pay a 20 percent federal income tax on the IC-DISC dividend income, corresponding to a 19.6% net reduction of their federal tax liability.



8.2 – State Incentive Programs

The State of California has several business friendly policies for companies interested in expanding their operations in California. Be sure to contact the Santa Clarita Valley Economic Development Corp. for more detailed information on State of California incentive programs.

Employment Training Panel (ETP)

A company may be eligible for ETP funds that will reimburse companies the cost of post-hire training. If the proposed training meets ETP's eligibility criteria a contract will be developed. ETP contractual agreements are performance-based. A company earns funds after an employee completes training and the employment retention period of at least 90 days is completed. To offset training costs, a company may receive "progress payments" as an employee progresses through the training program.

2014 California Employment Hiring Credit

This new employment hiring credit took effect on January 1, 2014 and will be in effect through January 1, 2021. There is a strict set of eligibility criteria that businesses need to consider when applying, which include, but are *not* limited to, the following:

- A business must be located within a Designated Geographic Area (DGA).
- The business must transact in a professional industry (e.g., manufacturing, biomedical, aerospace, technology sectors, among others).
- The business must show a net increase in the number of jobs.
- Eligible employees must perform at least 50 percent of their services in the DGA.
- Eligible employees hired must receive wages that are at least 150 percent of the State minimum wage.
- Eligible employees must work for at least 35 hours per week or be salaried full-time employees.



The hiring credit reimburses employers 35 percent of qualified wages between \$12 and \$28 per eligible employee. For example, if an eligible full-time employee earns \$17 per hour, the qualified wages per hour are \$5 (i.e., $\$17 - \$12 = \$5$). If the employee works 2,000 hours during the taxable year, the qualified wages that are eligible for the tax credit are \$10,000 (i.e., $\$5 * 2,000 \text{ hours}$).

California Competes Tax Credit

The California Competes Tax Credit is a new income tax credit available to businesses that are looking to relocate or expand in California. This tax credit is a negotiated credit, meaning the State, economic developers and private sector businesses will submit an application that critiques the costs and benefits of each business expansion. The tax credit agreements will be negotiated by the State of California Governor's Office of Business and Economic Development also known as GO-Biz, and approved by a newly created "California Competes Tax Credit Committee," consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, one appointee from the Senate, and one appointee of the Assembly. More detailed information on this program can be found at: <http://www.business.ca.gov>. For fiscal year 2014-15, GO-Biz will accept applications for the California Competes Tax Credit during the following periods:

- January 5, 2015, through February 2, 2015 (\$75 million available)
- March 09, 2015, through April 6, 2015 (\$31.1 million available plus any unallocated amounts from the previous application periods)

Research & Development Tax Credit

Much like the Federal program, State tax credits are designed to encourage companies to increase their basic research and development activities in California. The research and development tax credit allows companies to receive a 15 percent credit against their tax liability for qualified in-house research expenses, and a 24 percent credit for basic research payments to outside organizations.

California's R&D tax credit is typically coupled with the Federal R&D credit. In other words, if your business qualifies for the federal tax credit, it will often be additionally eligible for the State tax credit.



Manufacturing and Research & Development Equipment Sales & Use Tax Exemption

California's manufacturing partial sales tax exemption program is designed to encourage businesses to purchase new equipment for the purposes of job creation and economic growth. Eligible companies can access the partial sales and use tax exemption for tangible property utilized for the design, manufacture, production, or assembly of advanced transportation technologies, alternative energy source products, components, or advanced manufacturing equipment. The partial sales tax exemption for advanced manufacturing is geared toward the following industries:

- Micro and nanoelectronics, including semiconductors
- Advanced materials

- Integrated computational materials engineering
- Nanotechnology
- Additive manufacturing
- Industrial biotechnology

Specifically, the sales tax exemption available to qualified Santa Clarita Valley manufacturers would reduce their total sales tax rate from 9.0 percent to 4.8125 percent on qualified property. This could result in substantial savings for manufacturing and R&D firms.

California Solar Initiative (CSI)

The California Solar Initiative offers cash back for installing solar on one's home or business. Customers earn cash rebates for every watt of solar energy installed on homes, businesses, farms, schools, and government and non-profit organizations. If you buy electricity from one of California's three investor-owned utilities and you have roof or ground space that gets unobstructed sunlight from 11 a.m. to sunset year-round, you qualify for cash back incentives through the California Solar Initiative.



California Alternative Energy & Advanced Transportation Authority (CAEATFA) Sales & Use Tax Exemptions

This program provides a sales and use tax exclusion (full sales tax rate reduction, including local and district taxes) on qualifying property that is used in the design, manufacture, production, or assembly of "advanced transportation technologies or alternative energy source products, components, or systems," or "clean technology." The tax exemption takes place at the time the qualified equipment is purchased. Before someone is able to make sales tax exempt purchases of clean-tech qualifying equipment, they must get their application approved by the CAEATFA. The exclusion caps at \$100 million in exclusions per calendar year.

8.3 – Santa Clarita Valley Incentive Programs

The City of Santa Clarita works pro-actively to create a business-friendly environment. This is seen in the following benefits offered to businesses located in the City of Santa Clarita:

- No business license fee or tax
- No gross receipts tax
- No utility users' tax

- One Permit Center providing access to all City departments in the development process
- Electronic Plan Submittal & Review to expedite quick access and turnaround
- Priority plan review for tenant improvements of less than 3,000 square feet
- Business Ombudsman to assist businesses through the development process from start to finish
- Permit subsidies for qualifying businesses

Most of these programs are also available in the unincorporated areas of the Santa Clarita Valley that closely surround the City of Santa Clarita.

Industry Cluster Attraction Incentive

In partnership with the County of Los Angeles, \$200,000 has been made available to support an Industry Cluster Attraction Incentive (ICAI). The ICAI has been designed to attract new businesses in SCVEDC's target industry clusters to the Santa Clarita Valley. Eligibility requirements include, but are not limited to the following.

- A business must open operations in the Santa Clarita Valley
- The business operations must include work in one of SCVEDC's target industry clusters of:
 - Aerospace + Defense
 - Medical Devices and Biomedical Technology
 - Digital Media + Entertainment
 - Advanced Manufacturing
 - Information Technology
- The business must employ at least 20 employees that will work at the Santa Clarita Valley
- The business must provide documentation of building purchase or lease

More information can be found on the SCVEDC website: www.scvedc.org.

Foreign Trade Zone

Serving qualified sites within the Santa Clarita Valley, this extension of the U.S. Foreign-Trade Zone (FTZ) program offers international traders, importers and exporters outstanding opportunities to take advantage of special customs privileges. These incentives can lower barriers to trade, improve cash flow and enhance your company's profits while giving you a competitive edge in the global marketplace. Here is a summary of the cost benefits to working in a foreign trade zone:



Duty Elimination

- Products directly exported from FTZ not subject to United States duties
- Inventory scrap or waste occurring after FTZ admittance normally not dutiable
- If applicable, inverted tariff may be realized on products assembled, manufactured or kitted in FTZ to reduce or eliminate customs duties on inputs

Weekly Entry Program

- Significantly reduce Merchandise Processing Fees payable
- Reduce Customs Broker Entry filing fees

Efficient Supply Chain/Direct Delivery

- Products that take a number of days to clear through Customs will be able to be cleared in-bond directly and more rapidly to the importer's FTZ
- Enhanced Security Control and C-TPAT
- Theft from a FTZ considered a federal crime, thus reducing the potential for inventory shrinkage

Use Tax Incentive Program

When businesses pay California Sales and Use Tax to a lessor or an out-of-state vendor, the City of Santa Clarita receives only a small amount of the 1 percent local share. However, using a Direct Payment Permit system, the City would receive the entire 1 percent local share back, benefiting the City of Santa Clarita's general fund, which supports public safety, parks, library, and infrastructure programs.

The incentive program provides businesses with either a cash rebate of 25 percent on the additional State collected use tax remitted to the City as a result of the business entering the State's Use Tax Direct Payment Permit program, or a 45 percent rebate to be used on business expansion permit credits with the City's Permit Center. Participation in this program can mean a significant return to your business.

Employee Training & Workforce Development

Santa Clarita Valley's College of the Canyons Employee Training Institute (ETI) provides on-site, customized training in most technical skills and business topics such as Print Reading, Lean Manufacturing, Six Sigma, Project Management, Geometric Dimensioning & Tolerancing (GD&T), Supervisory skills, Management and Leadership, and many others. It also offers the Employment Training Panel (ETP) program, which is available to substantially reduce employer training costs.



The Santa Clarita Valley's Center for Applied Competitive Technologies (CACT) works to advance the global competitiveness and innovation for advanced technology companies through responsive workforce training and technical consulting services. The industry-specific workforce services are coordinated through a system of sector specialists that align community college and other workforce development resources with the needs of industry sectors and occupational clusters.

The CACT offers a well-rounded training program focused on 3D Printing / Additive Manufacturing and 3D Laser Scanning. The Santa Clarita Valley is known for the many 3D Printing companies that call our community home (e.g., Solid Concepts and 3D Systems).

Recycling Market Development Zone

The Recycling Market Development Zone (RMDZ) is a California state program aimed to simultaneously reduce landfill waste and encourage manufacturing. The Santa Clarita Valley is one of several designated RMDZs in the state of California, and as a result, businesses are eligible for low-interest loans. To receive such a loan, the business (a manufacturer or processor) must demonstrate that it is either 1) reducing initial waste; 2) reusing production bi-products that would normally be dumped in a landfill; or 3) using recycled content in its manufacturing. Metal recycling is not eligible for a loan, as 90 percent of California's metal is already recycled. Manufacturers that can demonstrate that they are recycling paper, plastic, glass and/or organic material are eligible.

Chapter 9: Human Resources and Employment Law

9.1 – Compensation

Minimum Wage

The minimum wage is the lowest hourly wage an employer is required to pay its workers. States are able to set their own minimum wage as long as it meets or exceeds the Federal minimum wage. The minimum wage in California is \$9.00 per hour as of July 1, 2014.

Salaried Employees

Employees performing skilled labor are typically paid with a salary. A salary is a form of periodic payment from an employer to an employee. A typical salaried employee will work 40 hours per week and will be paid an annual salary (often in weekly or monthly intervals). Salaried employees are often afforded benefits, such as vacation time, medical insurance, and retirement plan options.

Executive Compensation

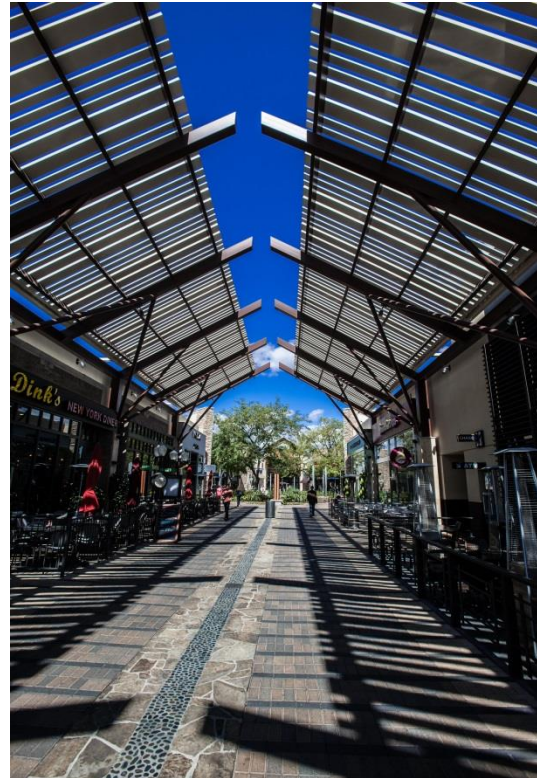
"Management employees" (executive personnel) often have their basic benefits supplemented by executive only compensation arrangements including nonqualified plans, stock-based arrangements, and equity arrangements.

9.2 – Labor Regulations

Employment Law

Employers in the United States historically have had significant discretion, as to employment matters, including hiring, discharge and working conditions. Employers need to know what laws address equal rights for employees in a variety of protected classes such as: protected work leave rights for certain employees, wage and hour laws, and other issues.

Title VII of the U.S. Civil Rights Act of 1964, as amended in 1991: Title VII prohibits discrimination in employment on the basis of race, color, religion, sex, or national origin. The prohibition applies to all elements of the employer-employee relationship, including hiring, firing, wages, promotion, and transfer. Title VII applies to every employer that has 15 or more employees engaged in any business affecting interstate commerce.



Age Discrimination in Employment Act ("ADEA"): The ADEA protects individuals who are at least 40 years of age from employer discrimination based on age with respect to hiring, firing, wages, promotions, transfers, and other terms, conditions, or privileges of employment. The ADEA applies to any employer engaged in business affecting interstate commerce that has 20 or more employees. An exception permits age discrimination when age is a "bona fide occupational qualification" reasonably necessary to the normal operation of the employer's business.

Americans with Disabilities Act of 1990 ("ADA") and its amendments: The ADA prohibits discrimination against "qualified individuals with disabilities." The prohibition extends to hiring, firing, wages, promotions, transfers, and all other terms, conditions, or privileges of employment. A "qualified individual with a disability" is one who meets the definition of a "qualified handicapped person" under the Rehabilitation Act.

Equal Pay Act ("Pay Act"): The Pay Act prohibits discrimination in employee wages on the basis of gender. It requires employers to pay equal wages for work at a single site of employment requiring equal skill, effort, and responsibility, regardless of gender. Differences in wage rates are permissible if attributable to operation of a seniority system, a merit system, a system that measures earnings by the quantity or quality of production, or any other system based on factors other than gender. The Pay Act applies to any employer with two or more employees.

Section 1981 of the Civil Rights Act of 1870 (“Section 1981”): Section 1981 prohibits discrimination based on race or membership in an ethnic group. Any employer (regardless of size) engaged in business affecting interstate commerce is subject to Section 1981.

Genetic Information Nondiscrimination Act (“GINA”): GINA prohibits genetic discrimination in two areas – employment and health insurance. Title II of GINA applies to employers, labor organizations, and joint labor-management committees and generally prohibits employment discrimination based on the genetic information of an employee or the employee’s family members.

Safety Laws

The Occupational Safety and Health Act (“OSHA”): OSHA imposes a duty on employers to provide employees with a safe and healthful place to work. OSHA requires all employers to furnish employees with a workplace free from recognized hazards causing, or likely to cause, death, serious physical harm, or illness. OSHA is administered by the U.S. Labor Department, which may issue mandatory safety standards. The Labor Department is authorized to conduct inspections of the workplace to determine compliance with these standards. Violations of OSHA can result in civil and criminal penalties. In some hazardous situations, an employer can be ordered to shut down its operations.

Unionization

Union Recognition: Unions generally obtain recognition through one of two means: voluntary recognition by the employer or an election under the supervision of the National Labor Relations Board (“NLRB”). In a voluntary recognition, an employer generally agrees to a “card check” by an impartial third party to verify that a majority of employees wish to be union represented. A card check is an examination of union authorization cards or some other document signed and dated by employees indicating their desire to be represented by the union.

Effect of Union Recognition: Once a union has achieved recognition, the employer is required to “collectively bargain” with representatives of the union as to wages, hours, and other terms and conditions of employment. The employer must bargain with representatives of the union, which then exclusively represents all employees in the bargaining unit. After union recognition, an employer cannot negotiate with any individual employees within the unit, including those opposed to the union.

Neither the employer nor the union is obligated to make concessions. Each side merely has a duty to “bargain in good faith.” Good faith on the part of the employer generally requires that the employer have an open mind and a sincere desire to reach an agreement, and that it make a sincere effort to do so. If an agreement is reached, a binding contract must be signed for the agreed term, most often from one to three years.



9.3 – How to Find Qualified Employees

The Santa Clarita America’s Job Center of California (AJCC)

The Santa Clarita AJCC, located at College of the Canyons, is a one-stop workforce development center that provides a wide range of professional services to businesses, including recruitment and staffing services, training and development, provision of information about resources, outplacement services and business retention. The AJCC provides access to comprehensive career and labor market information, job placement, performance and program information on service providers and more. Many of these services are free to the employer.

For example, if your business is struggling to fill a position with a qualified employee, the AJCC may hold a recruiting event, conduct initial interviews, guide the secondary interview process, and assist the employer to ensure adherence to all regulations. For a business transitioning to the United States, the AJCC can greatly reduce the time needed to find qualified labor.



Agreements with Local Schools and Internships

Internship programs hire students for a limited amount of time (usually for the duration of a few months) to work for a company. At the end of the internship, you can choose to offer the intern a full-time position with the company, but this is not a requirement. Internships can often be unpaid or paid at a lower wage than a full-time employee providing similar work. However, when offering an internship, you should ensure that the intern is receiving real-world experience, doing hands-on work, and learning valuable lessons about work in a professional environment.

Internship programs are perhaps the single best move a small to medium-sized business can make in terms of improving their workforce and professional staff. Hiring interns allows a company to test-drive an employee before making a full-time employment commitment – to see if the intern can stay motivated, works well in the company culture, and produces superior work. Additionally, interns can take on smaller projects, freeing up your professional staff for more advanced projects - often at a much lower cost! Finally, internships are a great way to give back to the community, contribute to student education, and cultivate a positive reputation on campus and in the community.

Local colleges often maintain a database or list of available internships for students. Being on that list can greatly improve one's chances of finding a qualified intern. If local colleges do not provide the desired programs your firm may need, there are also online databases which list internships.

9.4 – Employee Training

English Language Training

English Language Training can often be acquired through English as a Second Language (ESL) courses – a formal classroom setting that teaches English through immersion. At College of the Canyons, there are free and low-cost ESL classes available, both during the daytime and at night to accommodate any employee at any level of English training.

The free courses are “non-credit” – in other words, the student does not receive a grade nor will they receive college credit for their completion. There are four levels of non-credit ESL courses and are designed to improve skills in listening, speaking, reading and writing, as well as understanding of American culture and customs. ESL courses for credit do require a relatively small fee, but can be taken for college credit and offers five levels in reading, writing, listening and speaking.



Translation and Interpretation Services

The multilingual nature of Southern California has ensured that there are dozens of translator and interpreter services available for hire. Additionally, there are several language and ethnicity-specific chambers of commerce in the Los Angeles County. These chambers of commerce can help connect your business with others who share your culture and language. Below, is a list of a few of the many such chambers of commerce in Los Angeles.

Armenian American Chamber of Commerce - www.armenianchamber.com

Chinese Chamber of Commerce of Los Angeles - www.lachinesechamber.org/

Filipino-American Chamber of Commerce of Los Angeles – www.filamchamberla.org

French American Chamber of Commerce – www.faccla.org

Indian American Chamber of Commerce – www.iacoc.org

Korean Chamber of Commerce – www.koreanchamber.com

National U.S. Arab Chamber of Commerce – www.nusacc.org

SCV Latino Chamber of Commerce – www.scvlatinochamberofcommerce.com

Taiwanese American Chamber of Commerce – www.taccla.org

Recruitment, Training & Technical Assistance

Employment Training Panel

The Employment Training Panel (ETP) trains employees and may offer cash reimbursements, which average \$1,000 - \$1,500, in respect of each employee trained a minimum of 40 hours and retained on a job for 90 days. ETP has paid over \$762 million in training funds since its inception, with over 600,000 California workers trained. Over 65,000 California small businesses have been served. The Panel averages \$70 - \$100 million in training funds annually. Overall, there has been a return on investment of more than \$5 for every \$1 in ETP funds spent on training. ETP's new small business pilot program allows training for as few as eight hours.

Customized Rapid Response Training



The SCVEDC team works directly with the College of the Canyons to quickly deploy customized training and certification programs in the latest technological advancements. This rapid response workforce development program ensures SCV employers remain competitive in today's innovation-led economy.

Employee Training Institute (ETI)

For over twenty years, the Employee Training Institute, a part of the College of the Canyons Economic Development Division, has provided affordable, customized training services to nearly 1,500 firms in a variety of industries. By conducting company assessments, ETI can create professional and organizational development courses and skills improvement seminars for your employees. Classes and services can be offered at a business's location or at one of ETI's training centers, on a schedule created by the employer. Because you are leveraging the resources of one of California's premier Community Colleges, costs are often significantly lower than conventional training options.

Fast Track Institute

The Fast Track Institute provides fast-paced, intensive, job preparation programs for job seekers, mid-career professionals, recent high-school graduates and other community members looking for an opportunity to quickly jumpstart their career. Fast Track has two major focuses, entry level skills and professional certifications. Fast Track courses are divided into four general industry areas: manufacturing, medical, general office, and managerial. Fast Track courses are typically offered as intensive day and evening classes held at several of the Santa Clarita Valley locations, including the

College's training center at Aerospace Dynamics International, Inc., in Valencia and at both College of the Canyons campuses in the Santa Clarita Valley.



Centers for Applied Competitive Technologies (CACT)

The Santa Clarita Valley CACT works to advance the global competitiveness and innovation for advanced technology companies through responsive workforce training and technical consulting services. The industry-specific training services are coordinated through a system of sector specialists that align community college and other workforce development resources with the needs of industry sectors and occupational clusters program. It's an initiative of the California Community College's Economic and Workforce Development program.

Chapter 10: Immigration Law for Employees and Investors

10.1 – Employment-Based Immigration

Individuals arriving to the United States are typically granted residency if they are creating a business, or if an employer is sponsoring their transition. Immigrants have access to two means of residency: Immigrant visas (green cards) and non-immigrant visas (work visas). Non-immigrant visas allow employees legal residency for a limited amount of time, and are easier to obtain. Immigrant visas allow individuals permanent residency, and set an employee on a path to citizenship. Compared to non-immigrant visas, immigrant visas take longer to obtain and are more difficult to acquire.

Immigrant Visas (Green Cards)

EB-5 Visa

The EB-5 visa program allows investors and entrepreneurs to obtain United States residency for themselves, their spouse, and all unmarried children under 21. The process awards the investor and his or her family green cards in less than 18 months and makes them eligible for a citizenship petition five years later.

Investors seeking an EB-5 visa must invest at least \$500,000 in a targeted employment area (TEA) or \$1,000,000 outside of a TEA in a for-profit U.S. business and create not less than 10 full time permanent jobs for American workers. Due to the limitations of capital, both indirect and induced jobs may be considered. Indirect jobs describe employment that arises through construction, operational costs, or other logistical means. Induced jobs are direct employees of the investor. The more a business pays their employees, the more those employees spend in the surrounding community - thus stimulating job creation and economic development in the region.

Immigrants seeking to obtain a visa through the EB-5 program must file appropriate documentation with the United States Citizenship and Immigration Service (USCIS). Documentation must prove the creation and sustainment of jobs within 90 days of the second anniversary of the applicant's arrival to the United States. Capital loans are often available for EB-5 projects. The loans often have low interest rates, a five to seven year balloon payment, flexible terms, and capacity for restructuring as a debt or equity.

EB-1 Visa

The EB-1 visa is available for individuals deemed to have extraordinary ability, or who are renowned as professors, researchers, or who are considered multinational executives or managers.

To qualify, an individual must exhibit exceptional ability in art, science, education, business, or athletics. The visa is designed to attract individuals who will bring the U.S. international talent. Outstanding researchers or professors must have a job offer in the United States. They must additionally have international recognition for their scholarly work, and have worked as a researcher for at least three years.



Individuals applying under the multinational manager category must have a job offer in the United States. The employer must sponsor the applicant and he or she must have worked outside of the U.S. for at least three years and for the sponsoring employer for at least one year in an executive or managerial capacity. The applicant must seek residency to continue their current position. Each of the EB-1 application processes take approximately one year, and the wait time for approval is approximately one year regardless of the country of origin.

EB-2 Visa

The EB-2 immigrant visa requires an employer to sponsor the application. To obtain the EB-2 visa, the employer must obtain a labor certification from the United States Department of Labor proving that there is not an American worker that is qualified to perform the position, or a waiver of the certification must be obtained. There are three categories: (1) advanced degree; (2) exceptional ability; and (3) national interest waiver.

The advanced degree category requires proof that the position requires an advanced degree (Bachelor's degree plus five years of experience, a Master's Degree plus three years of experience, or a Doctorate Degree) and that there are no other similarly qualified American workers to fill the position. The exceptional ability category requires proof that the applicant has exceptional ability in the arts, sciences, or business. A waiver of the labor certification can be if the applicant is coming to the United States to perform a job that is of great national importance. The EB-2 application process takes approximately

one year, and the wait time for approval is approximately five years for Mainland China, nine years for India, and one year for all other countries.

EB-3 Visa

The EB-3 immigrant visa requires an employer to sponsor the application. To obtain the EB-3 visa, the employer must obtain a labor certification from the United States Department of Labor proving that there is not an American worker that is qualified to perform the position. There are three categories for eligibility: (1) skilled workers; (2) professionals; and (3) unskilled workers. The 'skilled worker' category requires that applicant be a skilled worker and have at least two years of experience.

The 'professionals' category requires that the applicant have a Bachelor's degree, and the job must require a bachelor's degree. The 'unskilled workers' category requires the applicant be an unskilled laborer, and the position is not seasonal or temporary. The EB-3 visa application process takes approximately one year, and the wait time is approximately six years for Mainland China, eleven years for India, and six years for all other countries.



10.2 – Family-Based Immigration

Another way to obtain permanent residence (green card) is through the family-based immigration process. An individual may apply for a green card as: (1) an immediate relative of a U.S. citizen, (2) a family member of a U.S. citizen fitting into certain preference categories, or (3) a family member of a green card holder.

Immediate Relative of U.S. Citizen

U.S. immigration laws permit U.S. citizens to petition for their immediate family including their spouse, unmarried children under age 21, and parents (if the citizen is over age 21). These immediate family members take priority and there is no wait time to have their visa number pulled to receive a green card. There are also unlimited visas available under this category.

Family Member of U.S. Citizen

Under U.S. immigration laws, a U.S. citizen may sponsor certain distant relatives and immediate family members that do not qualify as an immediate relative of U.S. Citizen. Eligible relatives include unmarried

children over the age of 21, married children of any age, and siblings (if the U.S. citizen is over age 21) and are placed into “family preference categories.” In these categories, there are substantial wait times from seven to twenty-four years depending on the category and the country of origin.

Family Member of Green Card Holder

The U.S. immigration laws allow a permanent resident (i.e., green card holders) to apply for a green card for their family to promote family unity. Qualifying family members include the permanent resident’s spouse, and any unmarried children, regardless of age. The spouse and unmarried children under age 21 can expect a wait of two to three years. The unmarried children over age 21 can expect a wait time of eight to twenty years.

10.3 – Diversity Visas

As a special exception to the family and employment based visa programs, the United States government makes an additional 50,000 diversity visas available. These visas are drawn from a random selection of applicants who are from countries with low rates of immigration to the United States.



To be eligible, each entrant must have the equivalent of a high school education, or two years of work experience in an occupation requiring two years of training or experience. Those born in any territory that has sent more than 50,000 immigrants to the United States in the previous five years are not eligible to receive a diversity visa.

10.4 – B-1, B-2 and Student Visas

There are several short-term and student visas that permit people to travel to the U.S. to attend business meetings, vacation, or attend school. These are all non-immigrant visas.

B-1 and B-2 Visas

Under the B-1 visa, foreign nationals may come to the U.S. to participate in business activities, including business meetings, conventions, contract negotiations, training, and conducting business transactions. Certain other activities may qualify, including settling an estate.

To be eligible for a B-1 visa, foreign nationals must demonstrate that the purpose of the trip is legitimate, they will leave after a specific period of time, they can fund their activities in the U.S., and they have a residence in his home country. With a B-1 visa, a foreign national is permitted to remain in the U.S. for a maximum of one year. The family of a B-1 visa holder must obtain separate B-2 visas to enter the U.S.

The B-2 visa permits the family of B-1 visa holders to enter the U.S. and it is also used to enter the U.S. to vacation, travel, visit family and friends, and obtain medical treatment.

Student Visas

The F-1 visa permits foreign nationals to enter the U.S. to obtain an academic education. Under the F-1 visa, a foreign national must be a full time student at an accredited college, university, high school, primary school, or language training school. The education must result in a degree, diploma, or certificate, and the school must be authorized by the U.S. government to accept foreign students.

The M-1 visa is similar to the F-1 visa, but it is used to obtain a vocational education, rather than an academic education. Under both the F-1 and M-1 visas, the foreign national has restricted work authorization.

The J-1 visa is an exchange visa used to educate the foreign national in the U.S. so that the foreign national may use their education in their home country. Under the J-1 visa, the government designates a sponsoring institution that usually pays for the foreign national's education.



10.5 – Employment Verification

I-9 Employment Verification Basics

The 1986 Immigration Reform and Control Act ("IRCA") requires all U.S. employers to verify the identity and work authorization or eligibility of all individuals, whether U.S. citizens or not. To do this, employers are required to complete the Employment Eligibility Verification Form I-9, either on paper or online, for all employees.

IRCA also prohibits employers from discriminating against any person (other than any unauthorized alien) on the basis of national origin or citizenship status in hiring, discharging, recruiting or referring for a fee, assignment, compensation, or other terms and conditions of employment.

The I-9 Employment Verification process cannot be used to "pre-screen" employees, and the obligation to review documents is not triggered until a person has been hired. The Department of Homeland Security defines "hired" as "the actual commencement of employment of an employee for wages or other remuneration".

E-Verify

E-Verify is a voluntary computer system provided to employers by the United States Citizenship and Immigration Service ("USCIS"). This system allows employers to electronically verify the employment eligibility of newly hired employees.

E-Verify checks information against the Social Security Administration and the Department of Homeland Security databases. Once the I-9 information is submitted, the employer receives one of the following results within a matter of seconds:

- Employment Authorized: This means that the employee is authorized to work.
- Department of Homeland Security (“DHS”) Verification in Process: DHS will usually respond within 24 hours with either an Employment Authorization or DHS Tentative Non-Confirmation response.
- Social Security Administration (“SSA”) Tentative Non-Confirmation: There is an information mismatch with the SSA.
- Final Non-Confirmation: The employee is not work authorized.

If the employer receives Employment Authorized, the employer records the system generated verification number on the Form I-9 or attaches a printout of the result screen. Employer failure to verify employment eligibility, and to properly complete and retain I-9 Forms may result in stiff penalties, including imprisonment, asset forfeiture, and more. Further, executives, officers, managers, supervisors, key employees, and accountants are liable personally for civil and criminal penalties for I-9 related errors and unlawful employment eligibility verification practices.

Chapter 11: Insurance

11.1 – Insurance Overview

In regards to employment, who will you hire? Will you be bringing employees to the United States or hiring locally? Will any of your employees be travelling frequently between the United States and another country?

These are a few questions that will prove important when deciding how to protect your company from the unthinkable and the unpreventable. Fortunately, your business can work with an insurance firm to create a customized insurance package. Some of the questions that an insurance provider will ask a foreign firm are:

- Describe the equity ownership of the firm?
- How many employees will be in each location?
- Will employees drive company vehicles?
- Is equipment moving to the new location?

11.2 – Most Common Types of Insurance

There is not a “one-size fits all” insurance policy for businesses. The sheer diversity in business types, circumstances, business models and products and services provided mean no business is



insured exactly like another. However, there are several common insurance products that apply to most businesses (though coverage will vary as well). The list outlined below is by no means a comprehensive list of insurance products available, but these are the most common insurance products used by businesses in the United States.

General & Commercial Liability

General Liability insurance provides coverage if your business operations, such as employees, products, or the leadership, causes bodily injury or property damage to a third party.

Commercial Liability insurance provides defense and damages for failure to provide professional services or improper rendering of services. This protection is not covered under General Liability insurance and is applicable to *any* professional service. Professional Liability Insurance is also known as “Errors and Omissions” insurance. These two insurance policies combine to form the absolute minimum coverage that any business located in the U.S. needs, regardless of what products or services the firm produces.

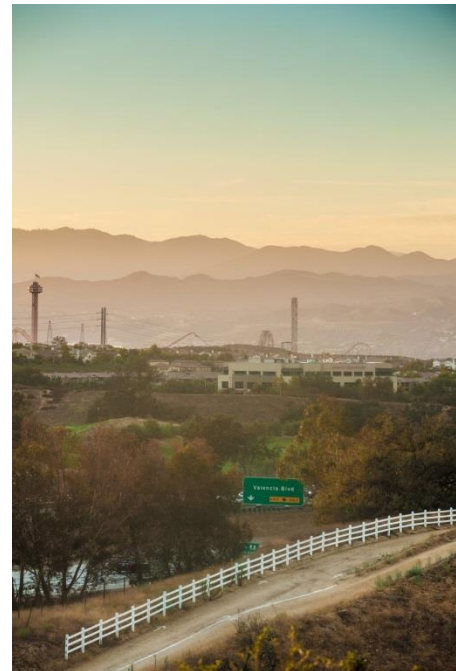
Property

Property insurance is important to consider if a firm owns its own building and/or business property, such as machinery, computers, inventory, equipment and vehicles. Property insurance protects the holder against fire, vandalism, theft, natural disasters and more. If the loss of this property would render the business unable to operate; business interruption insurance will protect employer and employee wages.

Commercial Automobiles

If a business owns any vehicles, commercial auto insurance is necessary. All

vehicles in California, if operated, must be insured. Commercial auto insurance protects vehicles (including cars, trucks, and SUVs) that carry employees, products, or equipment against damage and collisions. If employees drive non-company cars on company business, consider including non-owned auto liability in case the employee lacks insurance or is inadequately covered.



Worker’s Compensation

If an employee is injured “on the job,” worker’s compensation insurance provides wage replacement and medical benefits. In exchange, the employee forfeits his or her right to sue the employer for the incident. Worker’s compensation is required by law.

Directors and Officers, Data Breach, and Business Owner’s Package

Directors and Officers Insurance protect the directors and officers of a company whose actions have affected the profitability or operations of the company. In other words, if a company officer, as a direct

result of their work on the job, runs into a legal situation, Directors and Officers Insurance can cover the costs and damages from a lawsuit.

Data Breach Insurance is important if a business stores sensitive information about their employees or companies. If a data breach occurs, electronically or on a paper file, Data Breach insurance will protect a company against any resulting losses.

A Business Owner's Package (BOP) is exactly as it sounds – a package of insurances. Generally, it will include all of the coverage a business will need, including most (if not all) of the aforementioned insurance types. Additionally, a BOP can often be altered to tailor to a company's needs (e.g. if your company does not own a vehicle, the auto insurance can be removed). Usually, it is more cost efficient to purchase a BOP, rather than purchase the insurances separately.

Chapter 12: Taxation & Liability

12.1 – The U.S. Tax System

In the United States, businesses are subject to federal, state, and sometimes municipality tax. These taxes include income tax. Corporations are subject to federal income tax. In many states, they are also subject to state income taxes. The Internal Revenue Service (IRS) is responsible for collecting Federal payroll taxes (including Social Security taxes, Federal Unemployment taxes and Medicare taxes) and Federal Income taxes.

12.2 – Business Taxation

Type of Tax System

If you have employees, you will be responsible for collecting payroll taxes and filing payroll tax reports. For corporations, profits are taxed as corporate income tax in the year they are earned, and are again subject to tax when received by the corporation's shareholders. Tax rates paid by shareholders are variable, dependent on the type of legal entity (e.g., corporation, individual, trust, estate) to which they belong.

Federal and State Payroll Taxes

If you have employees, you will be responsible for collecting payroll taxes and filing payroll tax reports. Please note that failure to deposit payroll taxes in a timely manner results in substantial penalties and additional interest payments. Be sure to consult your tax advisor *before* hiring employees in order to avoid these costly penalties. Decide who will be responsible for the payroll process, preparing the checks, depositing payroll taxes and preparing payroll reports. Because of the complexities involved, most businesses use a payroll service.

State Corporate Income Taxes

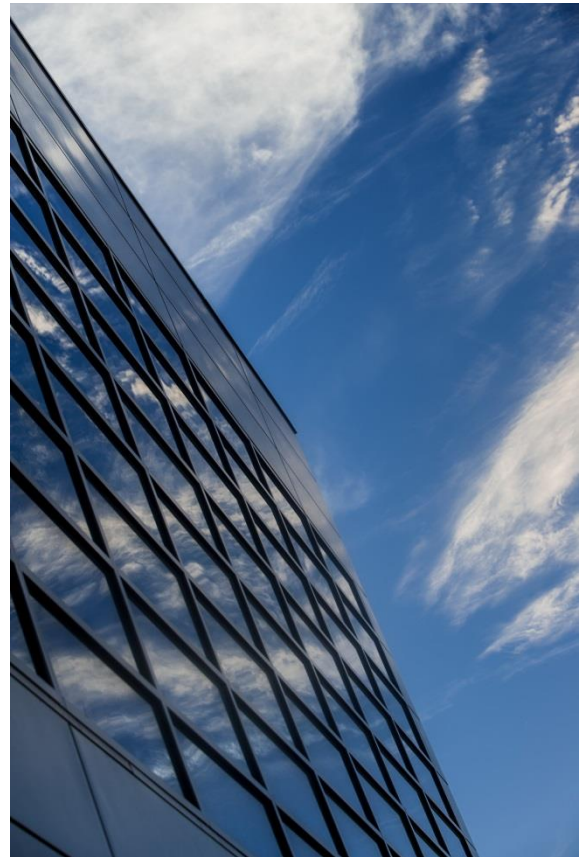
Corporate income taxes are imposed by almost all U.S. states and, in some cases, by municipalities. Although the rules for computing the tax base differ from state to state, the tax is normally computed on the amount of the overall income of the corporation that is allocated or apportioned to the taxing

jurisdiction. State and local corporate income taxes are deductible from gross income for federal income tax purposes.

California currently uses a triple apportionment corporate income tax structure method for assessing taxes on businesses known as the elective single sales factor. This tax system weighs a company's payroll, property, and sales when apportioning taxes. Beginning January 1st, 2011 California companies have the option to use the single sales factor method for corporate income tax.

Structuring Your Business for Tax Purposes^{vi}

Determining the best structure for your business and filing the necessary paperwork is crucial for the long-term legal protection of the business. It is recommended that business owners contact their legal counsel and their financial manager to determine the appropriate business structure and assist with completing the necessary filings. The choice of legal entity will determine how you are protected under the law and the way you are affected by income tax rules and regulations.



Sole Proprietorship

A sole proprietorship is a business owned by an individual or married couple and he or she is personally liable for all debts and obligations of the business. There is no distinction between the owner as an individual and his or her role as the sole proprietor of the business. As a result, the business is considered a component of the individual's personal tax return. If the business has net taxable income, the sole proprietor must pay self-employment tax to the Federal Government, which will cover social security taxes normally paid by an employer.

General Partnership

A general partnership is comprised of two or more individuals who go into business together. General partners have unlimited liability, so their personal assets may be used to pay partnership debts. Generally, the various partners comprise an agreement that identifies the partners' roles in the company as well as action in the case of bankruptcy or a buy-out situation. A general partnership is not considered a taxable entity, but rather as a conduit through which taxable income is passed to the individual partners for inclusion in their respective tax returns.

Limited Partnership

A limited partnership is comprised of one or more general partners and one or more limited partners. Limited partners have limited liability, which means that their losses cannot exceed their initial

investment. Partners in this type of company are legally unable to have an active role in the business. A limited partnership is not considered a taxable entity, but rather as a conduit through which taxable income is passed to the individual partners for inclusion in their respective tax returns.

Limited Liability Company

A Limited Liability Company (LLC) functions similarly to a partnership and acquires benefits correspondingly to that of corporations. An LLC is generally not a taxable entity and it files similar tax documents as a partnership.

C Corporation

The State of California recognizes a corporation as a legal entity, separate from individual managers, that is legally able to enter into contracts, incurs debt and pay taxes. Generally, owners and shareholders of a corporation are protected from the liabilities of the business. A C Corporation is a regular corporation and must file annual income tax returns with the IRS and their state's tax agency. A C Corporation is considered a taxable entity.

S Corporation

The State recognizes a corporation as a legal entity, separate from individual managers, that is legally able to enter into contracts, incurs debt, pay taxes, etc. Generally, owners and shareholders of a corporation are protected from the liabilities of the business. An S Corporation is treated like a regular corporation (C Corporation) but does not pay income tax. The net income or loss from the S Corporation is combined with the other income of the stockholders on their personal tax returns.

For further information on what type of entity your business should register as, see Section 5.1. Note: foreign corporations that are engaged in business in the United States are still subject to U.S. taxation.



12.3 – International Taxation

Foreign corporations are subject to U.S. federal income tax on income that is effectively connected to the conduct of trade or business in the United States. The permanent establishment standard does not apply under U.S. domestic law but does apply for tax treaty purposes.

Disposition of U.S. Real Property

Foreign corporations and non-residents are subject to tax by the Foreign Investment in Real Property Tax Act (FIRPTA) on the disposition of real property and interests in real property located in the United States. The income or gain from the disposition is treated as if it were effectively connected with a U.S. trade or business.

The FIRPTA applies to interests in real property that are held directly and to interests in a U.S. real property holding corporation (USRPHC). A USRPHC is defined as a domestic corporation if 50 percent or more of its total fair market value of real property and business assets consist of interests in real property located in the United States. The tax is collected by means of withholding. A domestic corporation will not be treated as a USRPHC if, for the five-year period preceding the date of disposition, it has not held sufficient U.S. real property interests to meet the definition.

Partnerships with Foreign Partners

Foreign corporations are subject to withholding tax on their allocable share of the effectively connected taxable income of a partnership that is engaged in a trade or business in the United States. The withholding tax is collected by the partnership; it is not the final tax liability, and can be claimed as a credit on the tax return filed by the corporation.

Transfer Pricing

Section 482 of the Internal Revenue Code (IRC) authorizes the IRS to make transfer pricing adjustments in transactions between commonly controlled entities if the price set by the parties is not amenable to the IRS definitions. IRC section 482 applies to organizations that are owned or controlled, either directly or indirectly, by the same interests. The IRS is authorized to allocate income, deductions and other tax items between commonly owned or commonly controlled organizations as it deems necessary, in order to prevent evasion of taxes or to clearly reflect the income of the parties. In the case of transfer or license of intangible property, the income from the transfer must be “commensurate with the income attributable to the intangible.”

Foreign Tax Credit

Foreign income taxes may offset U.S. income tax on taxable income, to the extent the U.S. tax is allocated to foreign-source taxable income and additional conditions and limitations are satisfied.

“The necessity for good, well-organized financial records cannot be over emphasized. One of the mistakes made by some entrepreneurs is not keeping good financial records and therefore not having sufficient information to make good business decisions or not receiving warning signals of potential problems such as a likely future cash crunch.” – Hedman Partners, SCVEDC Executive Board Member

12.4 – Financial Services and Accounting

It is generally important that your business maintain the financial information it needs to run effectively. This information is used both to major decisions and to provide banks and taxing authorities evidence of transactions.

Accounting

Accounting is the process of collecting, organizing, maintaining, and reporting financial information. A business must create source documents for accounting purposes. These documents include sales invoices, cash receipts, cash register tapes, purchase invoices, checks, and other miscellaneous items. This information is subsequently recorded into Journals (also called books of original entry) where the information from the source documents is recorded.

Business owners often decide to keep accounting records themselves, and underestimate the time commitment required. Other demands of the business, such as making sales, may create a time crunch resulting in record keeping receiving a low priority. Close control of internal accounting can be achieved by personally signing checks and scrutinizing key documents and records, such as the monthly bank statement.

Chapter 13: Legal Considerations^{vii}

13.1 – Intellectual Property

Intellectual property (IP) may include inventions, software, music, writings, logos, artistic works and other materials. IP owners are typically granted exclusive rights to such property for limited (and sometimes unlimited) terms. Exclusive rights are granted as an incentive for the creation of new and useful inventions, technologies, arts, works, and other materials that benefit society, stimulate the economy. There are four basic types of intellectual property: patents, trade secrets, trademarks and copyrights.

Patents

A patent is a set of exclusive rights to an invention that is given to the inventor by the United States government. The purpose of granting patent rights is to stimulate and incentivize innovation and creativity, which in turn benefits the public as a whole.

There are three types of patents: utility, design and plant. A utility patent grants exclusive rights to any new and useful process, machine, article of manufacture or



composition of matter, or any new and useful improvements thereof. Design patents provide protection for new, original, and ornamental designs for an article of manufacture. Plant patents protect inventions and discoveries of asexual reproductions of any distinct and new variety of plant.

Patents are granted for a limited number of years. Utility and plant patents last for 20 years and design patents last for 14 years. After a patent expires, the invention goes into the “public domain” and anyone may exploit the invention without permission from or payment to the inventor. Many businesses seek patent protection for their inventions, designs and plant discoveries.

Patents are obtained only through an application process. Patent applications are submitted to the United States Patent and Trademark Office for approval. If you would like to obtain a patent for a process, design or plant invention, it is highly recommended to seek the assistance of a patent lawyer.

Trade Secrets

A trade secret is information, including a formula, pattern, compilation, program, device, method, technique, or process that derives independent economic value, actual or potential, from not being generally known to or readily ascertainable through appropriate means by other persons. A good example of a trade secret is the formula for the soft drink Coca-Cola®.

The hallmark of trade secret protection is “secrecy” that the owner must take reasonable steps to maintain confidentiality. A trade secret’s legal protection can be lost if the owner fails to keep it secret. Trade secret rights may be enforced to protect former employees from stealing company secrets, and to stop third parties from using trade secrets obtained by unlawful means. Seek the help of an intellectual property lawyer to determine if the company’s invention can be protected through trade secret law.



Trademarks

A trademark can be a word, symbol, sound, phrase and/or design that identifies and distinguishes the source of the goods of one party from those of others. A good example of a trademark is the word “Nike” and the Nike “swoosh”.

Federal or state trademark registration provides the holder with a valuable set of *extra* rights, such as the presumption of validity and ownership, and public notice of the registrant’s claim of ownership of the mark. Trademarks are often used to protect product/service names, logos and slogans, along with

certain product packaging and design. Trademarks do not expire and can last indefinitely, so long as they continue to be used as a trademark.

Copyright

A copyright protects new and original “works of authorship” reduced to tangible form, such as books, music, plays, software, product manuals and artwork. The owner of a copyrighted work holds exclusive legal rights to copy, reproduce, display, perform, make derivatives of the work, and grant permission for others to do the same.

Many items cannot receive copyright protection, such as facts, ideas, names, short phrases, procedures, methods, systems, processes and discoveries (although they may be protected under trademark, trade secret or patent law). A copyrighted work does not have to be registered to receive protection; however, similar to trademark, registration provides extra protection and rights. Also, a work must be registered with the U.S. Copyright Office before the owner can bring a lawsuit.

It is important to note that an invention, idea, copyrighted work or other material may be protected by more than one area of intellectual property. For example, the unique design of a company’s logo may be protected by both copyright and trademark law, and while an invention may not receive protection under copyright law, the invention may be protected under patent law. Consult an appropriate intellectual property attorney to determine all the protections available.

13.2 – Types of Legal Representation

Though litigation should not be necessary to establish facilities in the United States, it is strongly recommended to establish contact with a local attorney, particularly one which specializes in business law. An attorney can consult you on legal matters such as establishing a legal entity, leasing or purchasing a premises and much more. Additionally, an attorney should be able to connect your business with other attorneys who specialize in other areas of the law that may prove important continuing your business.

Below are some of the most common types of legal representation.

- Business law
- Employment law
- Tax law
- Intellectual property law
- Insurance law
- Immigration law



Chapter 14: Facilitating International Trade

The Santa Clarita Valley is an ideal location for foreign trade and investment because it provides easy access to the expanding Los Angeles market. The Santa Clarita Valley is situated just 30 miles north of downtown Los Angeles. Below is a quick summary of the foreign direct investment services we can assist you with.

- Selection Assistance and Private Tours of the Santa Clarita Valley
- Site Visits to Available Properties (Lease and Purchase)
- Acquiring Utilities (e.g., Energy, Water, Gas, Telecommunications)
- City and County Expedited Permitting and Processing
- Workforce Recruitment and Training
- Immigration
- Hiring Personnel
- Economic Development Incentive Programs (e.g., Foreign Trade Zone)
- Logistics, Transportation & Fulfillment Options
- Legal (e.g., Intellectual Property and Business Incorporation)
- Labor Law (e.g., City, State and Federal Regulations)
- Banking (e.g., Credit Line, Real Estate Purchase and Construction Loans)
- Tax & Accounting (e.g., Financial and Inventory Audits, Tax & Filing Requirements)

14.1 – The San Pedro Port Complex and Los Angeles International Airport

Establishing a business in the Santa Clarita Valley means you will never be out of reach with suppliers or consumers abroad. The San Pedro Port Complex, composed of two ports and administrated by the Los Angeles Customs District, is the busiest port in the U.S. and the Western Hemisphere.

The San Pedro Port Complex includes the Port of Los Angeles and the Port of Long Beach, both of which are less than 60 miles away from the Santa Clarita Valley. The Port of Los Angeles boasts 27 cargo terminals and 43 miles of waterfront, while the Port of Long Beach includes 3,200 acres, 10 piers, 80 berths and 71 Post-panamex gantry cranes.

The San Pedro Port Complex is experiencing a significant shift in the transport of cargo. Due to fuel efficiency, many cargo ships are built to be larger and larger. However, fewer and fewer ports have the deep water or the facilities to accommodate these larger ships. Fortunately, the San Pedro Port Complex is one of the few ports in the United States expected to handle this increased load. As a result, businesses in greater Los Angeles will experience comparative cost savings thanks to their proximity to the Port Complex.

For smaller, perishable, or more sensitive cargo, the Los Angeles International Airport (LAX) works with forty-three international carriers and all major freight airlines. More than 1,000 flights carrying air cargo arrive and depart LAX daily, over half of which are international. In 2009, LAX handled 1.5 million metric tons of air cargo, making LAX the 13th busiest cargo airport in the world.

14.2 – Imports

Imports from outside the United States typically arrive in one of four ways; road, rail, air, or ship. Large scale imports will almost exclusively come through sea shipping. Fortunately, the Santa Clarita Valley is located less than sixty miles away from the ports of Los Angeles and Long Beach, which combined is the busiest port complex in the United States.

The import process can be incredibly multifaceted, and it is usually impractical for a company to undertake the entire process independently. Instead, companies are encouraged to contract with transportation companies to help meet their logistical needs. Companies seeking to connect with logistical services can take advantage of trade associations and conferences, many of which are located in Los Angeles. A business must practice due diligence when choosing such a company, as reliable logistics is a critical step in pushing your business closer to excellence.



14.3 – Exports

Growing export business is a complex, multi-faceted process that entails risks that many businesses do not encounter in a domestic market. Despite the risk and challenges, there are many reasons for a local business to engage in exporting and international trade:

- Sales can be more profitable overseas compared to domestic business
- Foreign firms can be quicker to pay than a U.S. retail chain
- Extends the product life cycle of the product or service
- Geographically diversifies a company's sales risk
- International markets may be more robust for certain goods than domestic markets
- Can smooth out annual sales peaks and valleys
- Advancements in e-commerce and logistics have lowered the costs of doing business overseas

- Free trade agreements have opened up markets in Australia, Chile, Singapore, Jordan, Israel, South Korea, Canada, Mexico, and Central America, creating more opportunities for U.S. businesses

To help bridge the gap between the opportunity and the risk, the State of California created ten Centers for International Trade Development (CITD); one of which is located in Santa Clarita Valley, operating as part of the Small Business Development Center (SBDC) hosted by College of the Canyons. The CITD offers free trainings and one-on-one consultations with expert business advisors; several of whom have received the coveted certification as a Certified Global Business Professional (CGBP). The CITD can assist a company during any stages of exporting from building capacity, to developing markets, to making sales and getting paid, to delivering the goods.

Foreign Trade Association of Southern California

Established in 1919, the Foreign Trade Association of Southern California (FTA) seeks to promote international business and international trade. To achieve this, the FTA provides educational courses, provides informational trade updates and services, cooperates with its members on matters of growth and development, and publishes an annual roster and directory of all its members.

CMTC Export Tech Training Program

California Manufacturing Technology Consulting (CMTC) is a non-profit organization which offers a corporation management training program – known as “Export Tech” - for U.S. manufacturers looking to export their products. Export Tech provides manufacturers with a structured process to create an export growth plan and the entire process is customized to the individual manufacturer, to decrease the risk of exporting. This program takes advantage of the high demand for products “Made in the U.S.” and that 95 percent of the market lies outside the United States. As a result of this program, participants typically see over \$750,000 in new export-led sales within three to twelve months.

CMTC “Made in California” Program

Products produced in the United States are in high-demand overseas because such products represent quality and durability. As the leading U.S. state in manufacturing, products made in California are in even higher demand on the international market. Headed by the same organization that runs the Export Tech program, the “Made in California” program recognizes manufacturers who produce products within the State of California. Participation in “Made in California” includes access to networking events to connect with other manufacturers, advertise products, refer national business opportunities, share a monthly eNewsletter, and encourage the use of the Made in CA logo.

Center for International Trade Development

The Center for International Trade Development (CITD) is a division of the Small Business Development Center, a non-profit organization which provides free consulting and free and low-cost trainings. The CITD is a program available to California based companies looking for export their products. Through CITD, a participant can engage in trainings on international trade and receive consulting on both exporting and exporting to new markets.

Foreign Trade Zones – A Santa Clarita Advantage

In 1934, the Foreign Trade Zone (FTZ) program began to create financial and logistical benefits for importers, exporters, manufacturers, and distributors throughout the United States. Today, there are more than 250 FTZs spread across the country with over 2,800 companies participating in the program. The program is now experiencing significant growth, especially in Southern California.

According to the National Association of Foreign Trade Zones (NAFTZ), companies utilize these geographically-organized zones in a number of ways. For example, companies can source component products from around the world at competitive prices, while keeping their manufacturing efforts within the United States.

If a good is manufactured within a foreign trade zone, duties are charged on the finished product as it leaves the FTZ, rather than having duties charged for all of its components. FTZs also increase the competitiveness of U.S. manufacturing firms and producers looking to export their products. Simply put, when merchandise leaves a foreign-trade zone, Customs duties can be eliminated if the goods are then exported outside the United States.

The major industries utilizing FTZs include oil refining, automotive, electronics, pharmaceutical, machinery/equipment, and large retailers who are using the zones to manage inventory and deliver goods throughout the U.S. while retaining warehouse and distribution facilities locally.



Local companies who participate in the Santa Clarita Valley FTZ often notice a substantial reduction in duties and Customs fees, expedited movement of goods from the Los Angeles Ports, and reduced Customs and port fees through value-added manufacturing and distribution. Listed below are the common ways companies reduce the cost of logistics and fulfillment by utilizing a FTZ:

- *Duty Elimination:* Imported products admitted to the FTZ and subsequently destroyed in the FTZ or exported from the FTZ are not subject to Customs duties.
- *Duty Deferral:* Imported products admitted to the FTZ are not entered into the Customs territory until their withdrawal from the FTZ. Therefore, users obtain a cash flow savings by deferring Customs duties until the merchandise leaves the FTZ for consumption in the U.S.
- *Duty Inversion:* Imported products admitted to the FTZ can be placed in a special status that allows merchandise to be classified and appraised in its condition as withdrawn from the FTZ.
- *Zone-to-Zone Transfer:* If a company utilizes more than one FTZ, merchandise may be transferred from zone-to-zone in order to extend the deferral benefits further.
- *Direct Delivery and Weekly Entry/Export:* Users may obtain permission from Customs to move merchandise directly from the port of arrival to the FTZ avoiding delays at congested ports and minimizing exams. Users may also obtain permission to ship unrestricted weekly based on an estimate approved by Customs before the start of the business week.
- *Merchandise Processing Fees, Reduction and Deferral:* Utilizing FTZs can help a business reduce and defer merchandise processing fees (MPFs). In a foreign trade zone, a single MPF filing is made once per week, rather than being charged on every shipment. For an importer receiving ten shipments a week, this can translate into an annual saving of \$226,980.

Chapter 15: Contact Info & Social Media

We at the Santa Clarita Valley Economic Development Corporation sincerely hope this information has been valuable to you and your business. Regardless of whether you are coming to the Santa Clarita Valley in the near future, or are considering us an option in the years ahead, we'd love to hear from you through our developed social media network.

Twitter

Twitter is a conversational utility used by businesses to share information and events and to communicate with other businesses in real time. Twitter posts, known as tweets, are typically concise, as they can only be 140 characters long. Tweets can include hashtags, which is the “#” sign followed by a word or phrase without spaces. Hashtags allow businesses to see the most recent and popular tweets that other Twitter users have tweeted with that hashtag. For example, use #stillgolden to connect with us. Our Twitter handle is @SCVEDC!

We tweet about local news and events, fun facts about the Santa Clarita Valley, available commercial and industrial property, and incentive programs. We here at the SCVEDC frequently use our trademark slogan, Still Golden®, as a hashtag in tweets to promote its brand and to promote the SCV as the ideal to place to live and do business. You can follow us at <https://twitter.com/SCVEDC>.

Facebook

Facebook is another social tool used by businesses to share information and events but is primarily geared towards communicating with friends, family and working professionals. Businesses can include hashtags on their Facebook posts, similar to Twitter. Facebook has an extensive built-in analytics tool where businesses can view data such as page likes, post reach, and engagement for any time period. Businesses can input contact information, and users can rate and write reviews about them.

The Santa Clarita Valley Economic Development Corporation posts about local news and events, fun facts about the Santa Clarita Valley, and shares several pictures and statistics to portray our quality of life. You can like us at <https://www.facebook.com/SCVEDC>.

LinkedIn

LinkedIn is another social utility geared towards working professionals. It is used by businesses to post information, post jobs, and network with other professionals. LinkedIn uses automated job matching to target the right candidates, and uses analytics to get detailed information about the job postings and applicants.

The Santa Clarita Valley Economic Development Corporation posts about economic development information and incentive programs. The SCVEDC networks with other working professionals and forms strategic partnerships that benefit the local business landscape. You can connect with us at <https://www.linkedin.com/company/scvedc>.

YouTube

YouTube is a video sharing tool used by businesses to share information, recap events, and to market their brand. Businesses can subscribe to another business' YouTube account, known as a channel, and like and share their videos.

The Santa Clarita Valley Economic Development Corporation posts YouTube videos that explain the benefits of working and living in the Santa Clarita Valley. You can subscribe to our channel or simply review our videos at <http://www.youtube.com/user/scvedc/>.

Google+

Google+ is another conversational utility used by businesses to share information and events and to connect with customers and other businesses. Google+ is an important social media website to join because of its integration with the Google search engine. For example, when you look up directions to a company's office on Google Maps, it will access the address that the company put on Google+ and include other information that appear on its Google+ profile such as hours of operation and reviews.

The Santa Clarita Valley Economic Development Corporation keeps its audience up-to-date by posting about incentive programs, company information, and events. Add us to your circle at <https://plus.google.com/+ScvedcOrg/>.

SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION



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Appendix A – Site Selection Form^{viii}

Do you plan to purchase or lease property?
(circle one)

What is the planned use of the property?

- ☐ Manufacturing
 - ☐ Heavy Industrial
 - ☐ Light/Finishing
 - ☐ Other: _____
- ☐ Commercial
 - ☐ Distribution
 - ☐ Showroom
 - ☐ Other: _____
- ☐ Office
 - ☐ Corporate
 - ☐ Research
 - ☐ Other: _____

How many employees will work in the facility?

What is your minimum ceiling requirement?
_____ (feet) or (meters)

Will your property house hazardous materials?

- ☐ Oil-based paints or paints with heavy metal pigments
- ☐ Fluorescent light bulbs and ballasts
- ☐ Degreasing solvents, chlorinated solvents
- ☐ Lead-acid vehicle batteries
- ☐ Pesticides, cleaning products
- ☐ Vehicle Fluids (antifreeze, engine oil, brake cleaner)
- ☐ Other: _____

Will your property produce hazardous waste?

- ☐ Non source specific waste (cleaning solvents, wastes from common manufacturing processes)
- ☐ Source specific wastes (waste from petroleum and pesticide refining or manufacture, specific wastewaters)
- ☐ Discarded commercial chemical products
- ☐ Other: _____

Do you need specific amenities on your property?

- ☐ Large water/sewage tanks
- ☐ Booster pump for water main
- ☐ Onsite Storage for water
- ☐ Access to natural gas
- ☐ Air filtering or processing
- ☐ Close proximity to highway
- ☐ Additional parking space
- ☐ Multiple floors
- ☐ High capacity or fiber optic telecommunication access
- ☐ Location in a Foreign Trade Zone
- ☐ Access to rail service
- ☐ Soil with high load bearing capacity
- ☐ Other: _____
- ☐ Other: _____
- ☐ Other: _____
- ☐ Other: _____

Will your business need room for future expansion on the property?

☐ Yes ☐ No

Do you plan to operate in other U.S. locations?

☐ Yes ☐ No

Email this Checklist to scvedc@scvedc.org

ⁱ Accessed August, 2014 <http://www.business.ca.gov/RelocateExpand/BusinessIncentives.aspx>

ⁱⁱ Los Angeles Economic Development Corp. China Guide: <http://laedc.org/2014/06/05/report-china-trade-la-county/>

ⁱⁱⁱ Accessed August, 2014: <http://www.cde.ca.gov/ta/ac/ap/>

^{iv} SCV 2012 Labor Market Study: <http://www.scvedc.org/main/info-center/> (Click on SCV Studies & Research).

^v Note: If your business is going to be located in a new structure or one requiring renovation, City or County staff may need to be contacted for approvals before utility upgrades can be undertaken or completed.

^{vi} Information referenced from Hedman Partners' New Business Kit:
<http://hedmanpartners.com/NewBusinessKit.pdf>

^{vii} This Chapter was co-written with the help of SCVEDC Board Member Poole & Shaffery, LLP.
(<http://www.pooleshaffery.com/>)

^{viii} This form was designed with the help of SCVEDC Board Member Spirit Holdings,
(<http://www.spiritlosangeles.com>)