

# SUNDAY BUSINESS/ISSUES

## Debt can both hurt, help you

By Tim Grant  
Pittsburgh Post-Gazette

To use credit, or not use credit? That is the question.

The answer really depends on whom you ask. Even the experts don't always agree.

Though debt generally has a bad reputation, it can actually be a very valuable asset, says author and AARP Bulletin columnist Jane Bryant Quinn, based in New York.

Meanwhile, radio talk show host Dave Ramsey will tell you, "Debt is dumb, and cash is king."

Ditching credit cards and going strictly cash might seem like a great idea, but going without credit for too long will leave you without a credit score, which destroys any track record of financial responsibility. That hurts your chances for insurance, apartment rental or getting a mortgage.

"If you have no debt at all, you have no credit score," Quinn said. "While a low credit score is a strike against you, if you lack a credit card, your score is zero, and you essentially do not exist."

Ramsey, a syndicated radio show host based in Nashville, Tennessee, who prides himself on avoiding all debt and having a zero credit score, said there's a difference between having an indeterminate credit score and a low credit score. In Pittsburgh, "The Dave Ramsey Show" airs from 8 to 11 p.m. on WPGH 104.7.

"Undeterminable means you've had no interaction with debt or that you've been debt-free for so long they don't have enough data on your interaction with debt to give you a score," he said. "Since you have no debt, you probably have money."

When it comes to mortgages, Ramsey said there are still lenders who will provide manual underwriting services, which do not rely as heavily on credit scores for loan approval. Going this route might be a little more difficult, but it's far from impossible, he said. The same is true for renting an apartment.

"The key is to have lots of documentation," he said. "Show verification of your income for the (past) 12 to 24 months and a steady payment history of at least four regular monthly expenses. These include things like past rent, utility bills, cable bills and insurance payments."

"Although it's common these days for insurance companies to use credit scores in setting premiums, there are still those who don't and are willing to insure those who fall off the FICO radar."

Maxine Sweet, vice president for public education at credit rating company Experian in Costa Mesa, California, said consumers will not have a credit score unless they have a credit report, which serves as a credit reference. A score is simply a reflection of what's in the credit report.

"It's just as important to have a credit reference as it is to have academic credentials, job or work references and character references," Sweet said. "People who don't have credit references and can't be scored don't have access to traditional financial services and have to use payday loans, title loans and must pay a deposit when applying for

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## Pot entrepreneurs bet all on fickle plants

By Bob Young  
The Seattle Times

SEATTLE — A marijuana grow room here blazes from a dozen 1,000-watt bulbs. The light is so intense that Mark Arnold, assistant grower for pioneering pot producer AuricAG, wears blue-tinted lenses to cut the glare.

Surveying the tall plants — made happy, Arnold believes, by his own positive attitude — he beamed: "Who says money

doesn't grow on trees?"

If all goes according to plan, AuricAG could fetch \$2 million a year for its products.

But it's not easy cultivating high-quality pot on an industrial scale. "It's remarkably hard to do consistently," Arnold said.

It's even harder when you're a do-it-yourself operation, like AuricAG. Converting a Seattle warehouse, last used for car repairs, into an indoor pot farm is far from the plug-and-play

automated facilities whose probes and nutrient systems nurse pot plants like electric nannies.

Throw in AuricAG's ongoing build-out and fraught female plants — tricked into hyper-growth by artificial light — and you've got challenges. "This is when I go home and pray every night things are going to work out," said master grower Steve Elliott, after AuricAG's electrical system recently misfired and

its air conditioning misbehaved.

The company, among the first 76 licensed growers in the state so far, had hoped to have its product in the initial wave of stores expected to open this week. Now the team of middle-aged local guys is resigned to late July.

Elliott wanted to slow down and get everything working as desired. "People don't understand what a volatile crop it is,"

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### BUSINESS PROFILE



DOUG FINGER/STAFF PHOTOGRAPHER

Yolanda Castillo-Baron, vice president of marketing for LifeNet Systems Inc., and CEO Mary Ohlfs show one of many machines available for use in The Tech Toybox at the Gainesville Technology Entrepreneurship Center. LifeNet is a net-like road barrier made from technology licensed by NASA.

## Company creates a safety net

LifeNet technology can stop a car traveling 80 mph

By Anthony Clark  
Business editor

Mary Ohlfs was just hoping to get a job when she entered the Startup Quest program. She ended up starting a company around the technology used by her team as a training exercise.

The company is LifeNet Systems, and the technology is a net designed to replace concrete and steel roadway barriers. The net was originally

designed by NASA to catch the emergency hatch on space shuttles without bouncing back, and can stop a car traveling 80 mph within 8 feet, Ohlfs said.

Startup Quest teaches unemployed or underemployed professionals how to start a company by pairing them with successful mentors to create simulated companies around real research inventions. The program was created by CareerSource North Central Florida and the University of Florida in 2011, and expanded to seven other workforce regions through a grant from the U.S. Department of Labor.

Ohlfs had been out of work for a year after her job as an IT technician was one of several eliminated by the hospital where she worked when she

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### Mary Ohlfs

**OCCUPATION:** President and CEO, LifeNet Systems Inc.

**PERSONAL:** Married, two daughters, three granddaughters

**PETS:** Two dogs, one cat

**DREAM PARTNERS FOR LUNCH:** Teddy Roosevelt, Maya Angelou

**LAST BOOK READ:** "Night" by Elie Wiesel

**FAVORITE TV SHOW:** "Shark Tank"

**PLAYING IN HER CAR:** NPR/WUFT-FM 89.1 and Christian radio WPGT 90.1

**HOBBIES:** Learning about new technologies, crochet, jewelry making, attending equestrian events

**EDUCATION:** Bachelor's degree in management information systems and ethics from Mid-America Christian University

### ECONOMIC VIEWS

## Gainesville airport weathered the storm well

When Allan Penska took charge of the Gainesville Regional Airport (GNV) in 2007, he had weathered Hurricane Frances in 2004 as director of facilities and maintenance, but had no warning how severely airports would be hurt by the economic storms soon to come.

As the great recession hit and jet fuel prices soared, from 2007 to 2013 flight departures nationally dropped by 14 percent. Available seats also declined, by 10 percent.



DAVID DENSLAW

of nonhub airports overall, where departures fell 25 percent and seats 13 percent. GNV beat the nonhub average by a remarkable 53 percentage

points in departures and 39 percentage points in seats.

By another measure, passenger enplanements at GNV rose from 142,000 in 2007 to 190,000 in 2012. Among the nation's 192 nonhub airports with more than 50,000 enplanements, that 34 percent increase placed ours 12th.

Why did GNV do so well in harsh times? The usual suspects are readily dismissed. Compared to the nation, from 2007 to 2012 local payroll employment fell more, local population rose

less, and local income per capita rose less.

One source of Gainesville's success was weakened competitors. The competitors are Orlando, Jacksonville and Tampa. On a typical day, some 2,200 people from the GNV catchment area, which includes parts of counties neighboring Alachua, depart on a scheduled airline. According to one recent study, 560 of them board from GNV, 820 from MCO (Orlando), 410 from TPA, 400 from JAX,

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## DEBT: Best to use a credit card and pay it off every month

*Continued from 1F*

utilities and have difficulty getting a cellphone. People who have established credit take for granted all the services we receive and don't realize how many are blocked from access to those services."

Someone who has no debt and does not use any type of credit could become "unscorable" as soon as six months after closing credit accounts or lenders stop reporting an inactive account to credit bureaus under the FICO credit scoring system, Sweet said, adding that people still have a credit score while paying off any debt.

About 3.8 percent of the 220 million consumers on file in the credit reporting data base are unscorable, Sweet said, which means they applied for or established credit at some point and then fell off the credit scoring radar screen.

Quinn said there is a difference between using credit and carrying debt. She recommends consumers carry one or two credit cards, use them two or three times a month for everyday items and pay them off at the end of the month.

"When you get to the wonderful place where you are out of debt, use only one or two cards and pay them off monthly,"

Quinn said.

There are only a couple of instances where Sweet says someone should avoid credit cards altogether.

"If you're one of those people who absolutely can't resist the temptation to overspend, you're better off not having credit cards, even if it means having a difficult time buying a house or car," she said.

"The other instance is if you are wealthy enough and are absolutely sure you won't need credit services and can pay cash for everything, but otherwise, it's always smart to have a credit card as an emergency fallback."

## LIFENET: Company wants to market to transportation departments in the U.S.

*Continued from 1F*

entered the Startup Quest program last August.

Mentor Mark Davidson, president of The Tech Toybox, chose the net technology for his team's project, and Ohlfs decided to join his team, saying she was impressed by Davidson and the technology.

After the program ended in November, Ohlfs said she kept talking to team members about the market need for the net.

"During our research, we found an incredible need for this on the highways and with the (departments of transportation) because what's out there, the existing steel and hard barriers, are so detrimental and they cause a lot of damage, not just to vehicles but they cause a lot of damage to persons," she said.

Ohlfs started LifeNet earlier this year with Davidson and two other Startup Quest participants, Yolanda Castillo-Baron and Jason Brown.

They traveled to the Johnson Space Center in Houston two weeks ago along with CareerSource representatives to sign a licensing deal with NASA.

The cargo net includes a series of loops that stretch and break at strategic intervals to slow fast-moving objects.

Castillo-Baron, who is an attorney in Colombia, has gotten interest from her political contacts there, and the strategy is to start marketing in Latin America, where the regulatory hurdles are lower. Castillo-Baron said there also is a lot of road construction there.

LifeNet also will be doing testing with the Texas Transportation Institute to get regulatory approvals that would allow them to market to transportation departments in the U.S. Ohlfs said she also foresees potential applications for the auto-racing industry and to catch rockslides.

In the meantime, they will be courting investors. Davidson plans to build

a sled that slides into the barrier like a car through his Tech Toybox, a nonprofit housed in the Gainesville Technology Entrepreneurship Center on Hawthorne Road that helps companies build prototypes.

Startup Quest co-founder Angela Pate of CareerSource said they expect participants to start companies to create their own jobs from what they learn, but not necessarily to keep the same team and technology.

"We make it very clear 99.9 percent of the time that is not going to happen," she said.

LifeNet is the second such company started in the North Central Florida workforce region.

"They've got a really nice team growing, and they've been through the challenge of licensing a technology, which is not a lightweight thing," Pate said. "If they made it this far and they're working well together, I think they've got a shot."

## CENTER: Those in the middle assumed to be moderate in their outlook

*Continued from 6F*

Those in the middle are often assumed to be moderate in their political outlook. If that's the measure, they, too, constitute a smaller share of the electorate than they once did.

Until 2009, according to Gallup's historical tables, moderates were the largest group in the electorate — more than four in 10.

Last year, 34 percent of Americans identified themselves as moderate, the lowest found by Gallup in its polls.

Today a plurality of

people describe themselves as conservatives — but the group that has risen most rapidly in the past few years are those who call themselves liberals.

Independents are still more likely to call themselves moderates than as liberals or conservatives. What Gallup has seen in recent years is that more and more independents describe their ideology as conservative.

The reason for that, according to Gallup's analysis of the numbers, is that people who once called themselves Republicans now say they're indepen-

dents.

Their party identification has changed but not necessarily their ideology.

Still another factor that complicates the picture is the fact that people who may be classified as part of the political middle aren't necessarily in the middle of the electorate and doesn't mean they really are moderate in their views.

The Pew study in fact found something quite different. People who didn't fall into the polarized extremes sometimes hold views similar to those who are. They're just not consistent about it.



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Not all school districts are expected to participate in the free lunch program.

## LUNCHES: States have to pay a portion

*Continued from 6F*

meals in schools last year.

That's more than 70 percent of all meals served through the National School Lunch Program.

"Everyone's got a great meal that they can get at no charge. It just becomes the standard; it really unites the campus," said Madeleine Levin of the Food Research and Action Center. "We're wrapping our arms around these (schools) that need support just like we do in other educational pro-

grams."

Under the community eligibility provision, the federal government pays for only a share of the expansion, leaving states to pay the balance.

As a result, not all school districts are expected to participate.

Schools where 40 percent or more of the students automatically qualify for the school lunch program, because their families are already receiving food stamps, for example, are eligible to use community eligibility.

There are more than 28,000 such schools nationwide.

In schools where nearly all students are already receiving free lunch, there will be little change in federal funding.

That's because the school is already being reimbursed for nearly all lunches served at the higher free-lunch federal rate — which can top \$3 per meal — rather than the lower rate, which can be well below \$1 per lunch.

## DENSLOW: Data show with better service, more people choose to fly local

*Continued from 1F*

and the other 10 from elsewhere.

From 2007 to 2013, departures fell 22 percent at MCO, 24 percent at TPA and 26 percent at JAX.

With fewer options at competing airports, more passengers took the shorter drive to GNV.

Adding to that, a reason competitors draw so many passengers from the GNV area is that, since they serve tourist areas, their fares are low, especially at MCO.

Airlines were not tempted to leave GNV to face the fierce competition for the same passengers at

those hubs.

That contrasts with the experience of many small airports close to high-fare business hubs.

Also important was leadership, from the CEO and his staff, to the Gainesville-Alachua County Regional Airport Authority, to support from the community and the university.

They invested in maintenance and enhancement.

They sought creative ways to encourage flying local.

Attendance by directors at GACRAA meetings was high.

The directors were informed and (mostly)

avoided politics to stick to business. Penksa and others met with UF officials to explore ways to advertise low fares. The Chamber of Commerce pitched in. Various groups provided attractive displays for the terminal.

Especially important at GNV is a strong feedback effect. Suppose reduced competition, strong leadership and local support boost enplanements directly by 10 percent. As a result, the GNV airlines fly to more destinations, fly to existing destinations more frequently and may even charge lower fares as other airlines threaten to

enter the market.

There's more. An increase in passengers makes it easier to obtain funds for improvements from the Federal Aviation Administration. All of that attracts still more passengers, and the process repeats. Standard national estimates are that the feedback effect is between two and three. An initial boost of 10 percent ultimately raises the number of passengers by 20 percent to 30 percent.

Is the feedback effect really that strong at GNV? Do passengers readily switch between the nearby hubs and GNV, or are the only ones who fly from

GNV the diehards who refuse to drive even 100 or 130 miles?

To test those two possibilities, I used data from 2001 through 2012 for the 129 U.S. airports with the closest resemblance to GNV in size and proximity to hubs. The data suggest that a 10 percent initial boost in enplanements results in a total boost of 40 percent, though maybe as low as 20 percent or as high as 60 percent.

Though that estimate is imprecise and the high end seems implausible, it does indicate that with better GNV service, many more people choose to fly local.

What are the implications of all this? First, with the large feedback effect and competition with three hubs, the Gainesville airport could easily go up or down. Leadership, improved facilities, community support, and growth in population, good jobs and income all matter to its future. Second, kudos to those who saw GNV through the economic storm and even built a stronger base while doing so. Gainesville did it right.

*Dave Denslow is a local economist. He can be reached at denslow@ufl.edu.*

## POT: Officials are expecting supply to be scarce, driving prices upward

*Continued from 1F*

he said. "One wrong move, and you lose your room. It's hard to explain to business people. They say you're just losing money."

Mark Greenshields, president of AuricAG, thought Elliott was overly concerned.

"What it's really about is plant perfectionists," Greenshields said, referring to temperatures in growing rooms "just a little outside the perfect zone" of 75 degrees.

There's not much choice but to defer to Elliott.

He is like a lead singer in a band, Greenshields said.

His talent demands that he calls certain shots when it comes to the plants he calls his "girls."

"You have to roll with things like this," said sales director Joby Sewell.

And AuricAG's delay isn't devastating.

Retailers are scrambling for

contracts with producers who can put pot on store shelves.

They'll need product in August as well as July. "Just about every retailer wants to lock us down," Greenshields said.

State officials are expecting supply — which can only come from licensed producers — to be scarce at first, driving prices upward.

Some growers are seeking up to \$5,000 a pound, Greenshields said, almost triple the price of pot on the illicit market.

Greenshields and Sewell envision their product selling for roughly \$3,000 per pound.

They believe their pot will be as good as anybody's. But they want to be in the business long-term and establish a well-regarded brand. They don't want to be seen as gouging the first customers just because they can.

After retailer markup and before sales tax, Sewell hopes consumers can buy an eighth of

an ounce of AuricAG weed for \$60. Top-shelf eighths sell in medical marijuana dispensaries for roughly \$40. But dispensaries don't pay the stiff state excise taxes that the recreational system will — 25 percent when producer-processors sell to retailers, and another 25 percent when retailers sell to consumers.

AuricAG's 500-square-foot grow rooms should each produce at least 12 pounds per harvest, Elliott said, citing the growers' general rule of one pound per light. The yield could be much more.

In its assembly-line system, in which new clones are supposed to constantly replenish supply, the AuricAG team hopes to pump out 500 to 1,000 pounds of pot in its first year.

That could bring roughly \$2 million in receipts before taxes and expenses. As for getting rich, Sewell said, "I don't see it in the short term." But AuricAG

does hope to increase the size of its operation one day, and it is already exploring new lines of business, such as packaging for other growers.

The company has more than 1,000 plants in various stages, from clones just 2 inches tall, to 2-foot-tall juveniles, to behemoths stretching above Arnold's head. Every plant taller than 8 inches must be assigned a bar code and a 16-digit identifier for the state's tracking system.

But disaster lurks around every corner, Arnold said, from botrytis, or gray fungus, to bugs, like the mayfly. Defenses include neem oil sprayed on plants and a crunchy silica substance spread around the base of the plants, which looks like shards of glass under a microscope and lacerates tiny insects that crawl on it. Even the wheels on AuricAG's watering buckets get bleached, to prevent contamination.

The best overall defense,

Elliott said, is good air flow that maintains the right temperature and humidity. If rooms are too hot, plants will dry out and droop. If they're too cool, dampness will invite pesky critters.

The growers believe their positive energy also helps the plants. If so, Arnold may be the equivalent of a human vitamin. A former Boeing inspector with a big scar on his back from spinal surgery, Arnold is a believer in the medicinal properties of marijuana.

His first growing experience came after he got his medical card and a friend challenged him to try keeping one plant alive for a year. "I was able to get off painkillers," he said. "It allowed me to dream." Now he's living his dream, he said, tending plants at AuricAG.

"You always have to think about the gardener," Elliott said. "If the gardener is happy, the plants feel it."