

CDFA Financing Roundtable Webcast: Accessing Capital Through Pennsylvania's SSBCI Programs

The Broadcast will begin at 1:00pm (EST).

While you're waiting, check out some upcoming CDFA events...



Intro Revolving Loan
Fund WebCourse



May 8-9, 2013
Daily: 12-5pm (EDT)



Intro Public-Private
Partnership (P3)
Finance Course



August 6-7, 2013
Washington, DC



CDFA National
Development Finance Summit



August 6-9, 2013 Washington, DC



A specialized state initiative of the Council of Development Finance Agencies

Pennsylvania's SSBCI Programs

Katie Kramer

Director, Education & Programs

Council of Development Finance Agencies

Columbus, OH



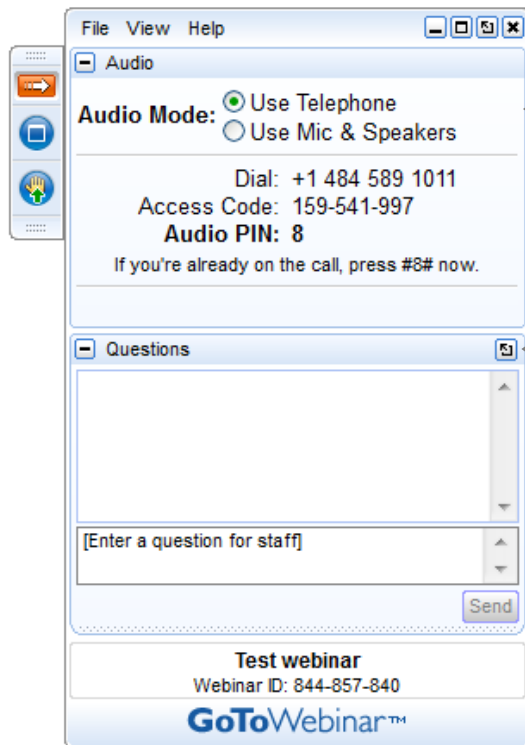
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Pennsylvania's SSBCI Programs



Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

Want to watch again?

You will find a recording of this webcast, as well as all previous CDFA webcasts, in the Online Resource Database at www.cdfa.net.



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Pennsylvania's SSBCI Programs

Speakers

Katie Kramer, *Moderator*
CDFA

Craig Petrasic
PA Department of Community &
Economic Development

David Kahley
The Progress Fund

Barry Surma
Altoona-Blair County Development
Corporation



The screenshot shows the CDFA website interface. On the left is a navigation menu with categories like 'About CDFA', 'Membership', 'Training Institute', 'Legislative Affairs', 'National Summit', 'Resources & Research', 'Advisory Services', 'TIF Coalition', 'Webcasts', 'Bookstore', 'Perspectives Magazine', 'Newsletter', 'Join CDFA', 'Renew Your Membership', and 'Follow Us On YouTube'. The main content area features several articles and resource boxes. A large blue arrow points from the 'Intro Tax Credit Finance WebCourse' article to the 'Program Overview' section on the right. Other visible articles include 'Development Finance Review', 'National Volume Cap Map & Report', 'Bond Finance Resource Center', 'Tax Increment Finance Resource Center', 'CDFA Federal Financing Clearinghouse', 'CDFA - BNY Mellon Development Finance Webcast Series', 'CDFA-Stifel Nicolaus Tax Increment Finance Webcast Series', 'CDFA-Stifel Nicolaus Recap', '2013 National Summit', 'CDFA-Stern Brothers & Co. Renewable Energy Finance Webcast Series', 'CDFA Legislative Affairs', 'Original Research FOCUS', and 'State Small Business Credit Initiative'.

Program Overview

The State Small Business Credit Initiative (SSBCI), part of the Small Business Jobs Act of 2010, was funded with \$1.5 billion to bolster state programs supporting small business lending. States may use SSBCI funds to support programs that leverage private lending to help finance creditworthy small businesses. Permissible programs include Capital Access Programs, loan guarantee programs, and venture capital funds.

CDFA continues to support states with SSBCI and other access to capital program needs by offering webcasts, resources, and technical assistance. As part of this ongoing effort, CDFA created the **CDFA SSBCI Webinar Series**, a dedicated five-part educational offering specifically addressing this innovative program.

The CDFA SSBCI Portal provides an accessible interface for program information and materials in the CDFA Online Resource Database.

- >>> [SSBCI Headlines](#)
- >>> [CDFA SSBCI Webinar Series](#)
- >>> [SSBCI Conference Presentations](#)
- >>> [All CDFA SSBCI Resources](#)

State Resources

The following information summarizes the SSBCI application status or program information for each state participating in the Initiative. If you are a state SSBCI or access to capital program manager, you can help develop the CDFA SSBCI Portal by sending information, comments, or materials to jrittenberg@cdfa.net

U.S. Dept. of Treasury

The SSBCI program is managed by the U.S. Dept. of the Treasury. The CDFA Online Resource Database includes webcast presentations, program guidance, disclosure documents, and more from the Treasury's SSBCI staff.

>>> [Treasury SSBCI Resources](#)

Alabama

Status: Approved
 Programs: Alabama Capital Access Program; Alabama Loan Guarantee Program; Alabama Loan Participation Program

>>> [State SSBCI Resources](#)

Alaska

Status: Anchorage Approved
 Programs: 49th State Angel Fund

>>> [State SSBCI Resources](#)

American Samoa

Status: Approved
 Programs: American Samoa Credit Support Program

>>> [State SSBCI Resources](#)

Arizona

Status: Approved

Recent Additions *to the* CDFA SSBCI Portal

WV Capital Access Program Flyer

[Access to Capital](#) | [Federal](#) | [State Capital Access Program \(CAP\)](#) | [State Finance Program](#) | [U.S. Dept. of Treasury](#) | [\(more\)](#)

The West Virginia Capital Access Program uses this flyer to explain and market their Capital Access Programs to potential small business borrowers.

NJEDA SSBCI Applicant Eligibility Checklist

[Access to Capital](#) | [Federal](#) | [Recommended Practices](#) | [State Finance Program](#) | [U.S. Dept. of Treasury](#) | [\(more\)](#)

This SSBCI lending program applicant eligibility criteria checklist was implemented by the New Jersey Economic Development Authority and has been recognized by the U.S. Dept. of Treasury as a recommended practice.

OR Credit Enhancement Fund "Collateral Support" Flyer

[Access to Capital](#) | [Federal](#) | [State Finance Program](#) | [State Small Business Credit Initiative \(SSBCI\)](#) | [U.S. Dept. of Treasury](#) | [\(more\)](#)

Business Oregon created the Collateral Support Insurance Program in response to feedback from developers, banks, and communities. This flyer explains how the program works and offers a program example.

WV Capital Access Program Application

[Access to Capital](#) | [Federal](#) | [State Capital Access Program \(CAP\)](#) | [State Finance Program](#) | [U.S. Dept. of Treasury](#) | [\(more\)](#)

This is the complete application for West Virginia's Capital Access Program for loan or equity investment. Instructions and critical information are explained in each category.

OIG SSBCI Audit Report: Texas [Login](#)

[Access to Capital](#) | [Federal](#) | [Guidance and Regulatory](#) | [State Finance Program](#) | [U.S. Dept. of Treasury](#) | [\(more\)](#)

This audit report from the Office of Inspector General reviews Texas' use of funds through the Treasury's State Small Business Credit Initiative.

CDFA Pennsylvania Financing Roundtable Webcast: Accessing Capital Through Pennsylvania's SSBCI Programs

[Access to Capital](#) | [Federal](#) | [State Small Business Credit Initiative \(SSBCI\)](#) | [U.S. Dept. of Treasury](#) | [Webcasts](#) | [\(more\)](#)

Pennsylvania's businesses continue to face credit challenges that limit access to affordable financing for working capital and growth. Fortunately, the Pennsylvania Department of Community & Economic Development received more than \$29 million from...

TN SSBCI INCITE Co-Investment Fund Program Guidelines

[Access to Capital](#) | [Federal](#) | [Innovation Finance](#) | [State Finance Program](#) | [U.S. Dept. of Treasury](#) | [\(more\)](#)

Launch Tennessee produced the program guidelines for Tennessee's INCITE Co-Investment Fund which was created with SSBCI funds. The purpose of the fund is to increase access to seed, early and expansion-stage capital for businesses.

SC Small Business Loan Comparison Chart

[Access to Capital](#) | [Federal](#) | [State Finance Program](#) | [U.S. Dept. of Treasury](#) | [U.S. Small Business Administration \(SBA\)](#) | [\(more\)](#)

This loan comparison chart produced by South Carolina's Business Development Corporation and Certified Development Corporation allows potential borrowers to evaluate small business loans by listing multiple loan programs' details side by side.

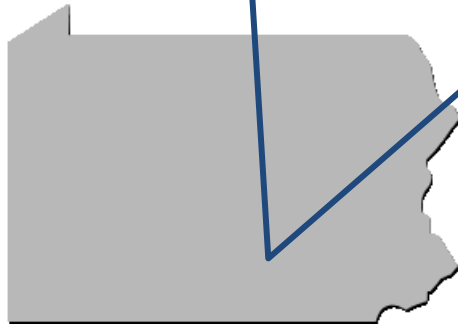
Pennsylvania's SSBCI Programs

Craig Petrasic

Assistant Director

Dept. of Community & Economic Development

Harrisburg, PA



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Accessing Capital Through Pennsylvania's SSBCI Program

Craig Petrasic
March 27, 2013

State Small Business Credit Initiative (SSBCI)

- Created by the Small Business Jobs Act of 2010
 - US Treasury provided \$1.5 billion for SSBCI
- Purpose is to strengthen new or existing state programs that support lending to small businesses
- Pennsylvania was allocated \$29,241,232 to fulfill program objectives
- Five Year program duration, set to expire in September 2017
 - Pennsylvania has received its first tranche (1/3)

SSBCI In Pennsylvania

- PA decided to take a more business-minded approach
- DCED reached out to its development partners throughout the state to determine what funding gaps currently existed for small businesses
- By partnering with the private sector to support local projects –rather than using the entire funding to supplement existing state programs – the impact of job creation and private investment in the state will be much greater

Structure of SSBCI in PA

- **Machinery and Equipment Loan Fund - \$9,000,000** - Direct loans, may be subordinate to bank loan
- **Ben Franklin Tech Partners and Life Sciences Greenhouses - \$5,000,000** – Existing Venture Capital program – Direct Investment in eligible companies
- **Pennsylvania Economic Development Financing Authority (PEDFA) - \$8,000,000** – Direct Loans and Loan Participations by Area Loan organizations (ALOs) throughout the state.
- **Pennsylvania Community Development Bank (PCD Bank) - \$6,500,000** – Direct Loans and Loan Participations by Community Development Financial Institutions (CDFIs) throughout the state.

Structure of SSBCI in PA

- ❖ Department of Community and Economic Development (DCED) entered into contracts with each lender/investor
- ❖ Underwriting of each loan/investment is done by the lender, in accordance with original proposal to Treasury
- ❖ DCED reviews each enrollment for compliance with SSBCI guidelines and regulations
- ❖ Communication with lenders/investors is key to successful enrollment

Implementing SSBCI in PA

- Challenges have included:
 - Each transaction using SSBCI funds must have 20% private capital at risk. CDFIs are able to use their own funds to meet this requirement – other lenders and investors (such as VC funds) must have a bank or other private source as a “companion loan”.
 - Each program must be at a minimum 1:1 private leverage ratio. This has been easier for some lenders than others.
 - Must reach an overall 10:1 ratio by the end of the program. “Subsequent Private Financing” or follow on-financing is crucial to achieving this 10:1 ratio.

SSBCI in Pennsylvania

- Compliance Issues:
 - Ensuring that 20% private capital at risk and 1:1 private leverage ratios are met for every transaction
 - Correct sex offender and use of proceeds certifications have been provided for both lender and borrower in each transaction
 - Accounting for proper use of administrative funds
 - Filing Quarterly and Annual reports with US Treasury
 - Preparing for audit by Treasury OIG (Office of Inspector General)

SSBCI in Pennsylvania

- After initial learning curve, Pennsylvania's SSBCI program is now running smoothly
- Ongoing communication with US Treasury and lenders/investors has been key to successfully implementing the program
- Pennsylvania now anticipates reaching 80% commitment of the first tranche of funds and requesting the second third in coming months

- Contact:

Craig Petrasic

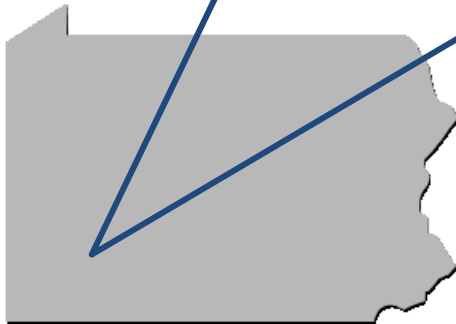
PA Dept. of Community & Economic Development

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Pennsylvania's SSBCI Programs

David Kahley
President & CEO
The Progress Fund
Greensburg, PA



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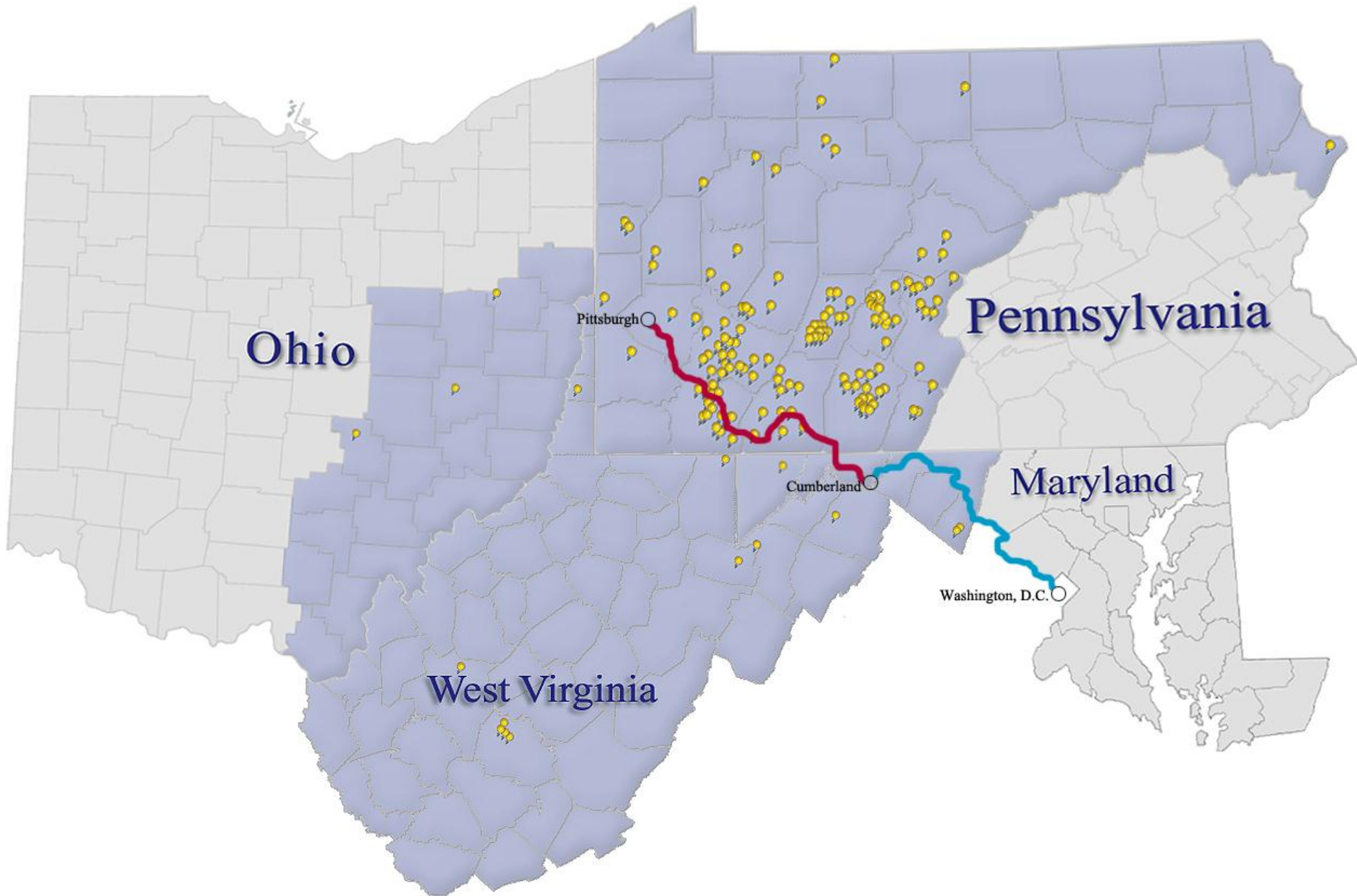
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The
Progress
Fund





Fast Facts

- Founded 1997
- \$45.5 Million in small business financing
- 2,819 jobs created or retained
- Total Assets: \$31.7 Million
- 33 Funders/Investors
- For SSBCI: All our money is considered private
- \$1 SSBCI + \$10 private = \$11 Total Project
- \$1 SSBCI = 9% of our solo loans

Rockwood Mill Shoppes
Rockwood, Pennsylvania

\$5,000 to replace oven
\$75,000 for bicyclist Hostel



WELCOME
BIKERS
RAILROAD
TIES 4 SALE
JEWELRY
SPECIALS

A photograph of the Levi Deal Mansion B&B, a large, ornate, two-story house with a prominent porch supported by columns. The house has a mix of light-colored siding and dark blue accents. A group of people is gathered on the steps leading up to the porch. In the foreground, several bicycles are parked on a brick-paved area. The scene is set outdoors on a sunny day.

Levi Deal Mansion B&B

Meyersdale, Pennsylvania

\$405,000 for purchase and improvements



Questions?

David Kahley, President & CEO

dkahley@progressfund.org

(724) 216-9160 ext. 310

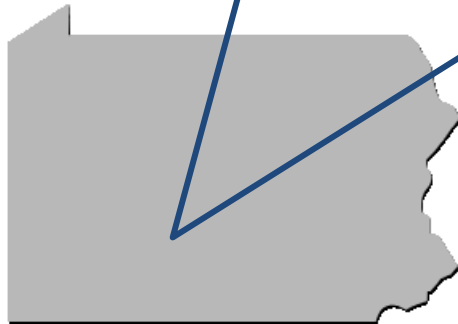
Pennsylvania's SSBCI Programs

Barry Surma

Vice President of Finance and CFO

Altoona-Blair County Development Corporation

Altoona, PA



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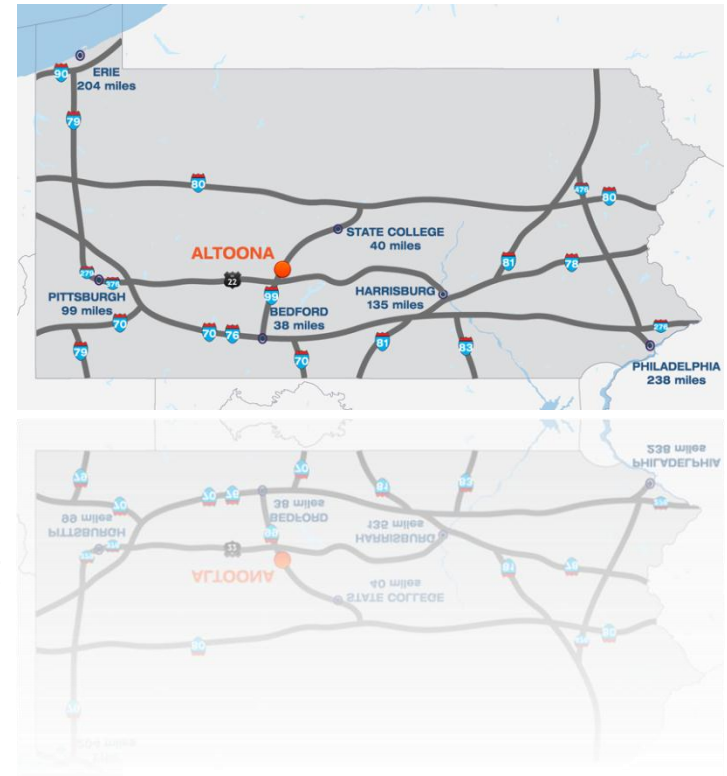


STATE SMALL BUSINESS CREDIT INITIATIVE

March 27th, 2013

Who is ABCD Corp?

- Founded as Altoona Enterprises Inc. in 1946 and in 1996 ABCD Corporation was formed. We are a private non-profit agency dedicated to economic and community development and expansion
- Multi-faceted economic development organization.
 - IDC
 - EZ Program
 - CDC
 - USDA Intermediary (IRP and RMAP)
 - Staff services agreement for two authorities
- Over the past 10 years alone ABCD Corp. has facilitated over 450 projects that have created and retained over 13,750 jobs. These projects represent financing packages over \$350 million and leveraged over \$670 million
- Awarded NEDA's 2008 Project of the Year as well as PEDAs 2008 Large Agency of the Year



ABCD Corp “Innovate PA” Fund

- ABCD Corporation received a \$2,000,000 allocation of State Small Business Credit Initiative money.
- Program is used to target businesses with less than 500 employees in the following industries:
 - Commercial
 - Industrial
 - Service
 - Technology
- ABCD may use funds anywhere in PA

Innovate PA

- Eligible Uses:
 - Land, Building acquisition/construction
 - Building rehab/leasehold improvements
 - Machinery and Equipment
 - Inventory
 - Working Capital



Innovate PA

- Loan Terms
 - 15 years for real estate
 - 5-7 years for machinery and equipment
 - 1-3 years for working capital

- Interest Rate
 - Currently set at 4.50% fixed

- Collateral
 - Subordinate mortgages, lien positions behind lead lenders
 - Personal guarantees of owners

Innovate PA

- Program Parameters
 - \$25,000/job created or retained
 - \$500,000 maximum loan amount
 - \$1 of Innovate PA funds for every \$1 of new private financing
 - 10:1 Private Match required for aggregate portfolio
 - Leverage PASBCI with non-public funds to greatest extent possible

Target Strategies for Meeting Private Leverage Goals

- 1:1 Match for every project
- 10:1 “Target Match” for every project
- “Homerun” Type Project (beyond 10:1 Match)
- “Mezzanine” Financing Projects
 - Qualifying supplemental financing resulting from a previously approved PASBCI project



SAMPLE SSBCI PROJECTS

Geographic Locations of Projects



Target -1:1 Private Match

- VanAdam Subway
- Fishertown Country Store
- Hermitage Valley Dairy

VanAdam, LLC (Subway Franchise)

Sources

Bank	\$80,000
SSBCI	\$25,000
Equity	\$25,000
Total	\$130,000

Uses

Equipment	\$81,000
Franchise Purchase	\$15,000
Build-Out	\$16,000
Inventory	\$6,000
Working Capital	\$12,000
Total	\$130,000



•Numbers in RED can be counted as match towards SSBCI Funds

•Private Match = 4.2 (\$105,000/\$25,000)

Fishertown Country Store

Sources

Bank	\$275,000
SSBCI	\$50,000
Equity	\$20,000
Total	\$345,000

Uses

Land/Building	\$175,000
Renovations	\$40,000
Equipment	\$65,000
Inventory	\$50,000
Working Capital	\$15,000
Total	\$345,000

FISHERTOWN
Country Store



- Numbers in RED can be counted as match towards SSBCI Funds
- Private Match = 5.9 (\$295,000/\$50,000)

Valley Dairy

Sources

Bank	\$990,000
SSBCI	\$160,000
Equity	\$140,000
Total	\$1,290,000

Uses

Building	\$1,260,000
Related Costs	\$30,000
Total	\$1,290,000



•Numbers in RED can be counted as match towards SSBCI Funds

•Private Match = 7.06 (\$1,130,000/\$160,000)

Target – 10:1 Private Match

- Children's Express
- SilcoTek

Children's Express

Sources

Bank	\$400,000
SBA 504	\$360,000
SSBCI	\$50,000
Equity	\$90,000
Total	\$900,000

Uses

Land	\$32,000
Building	\$18,000
New Construction	\$743,730
Fees	\$106,270
Total	\$900,000



- Numbers in RED can be counted as match towards SSBCI Funds
- Private Match = 9.8 (\$490,000/\$50,000)

SilcoTek

Sources

Bank	\$3,000,000
PIDA	\$1,750,000
SSBCI	\$300,000
Equity	\$865,000
Total	\$5,915,000

Uses

Land	\$750,000
Building	\$4,810,000
Site Work	\$30,000
Engineering	\$225,000
Related Costs	\$100,000
Total	\$5,915,000



•*Numbers in RED can be counted as match towards SSBCI Funds

•Private Match = 12.88 (\$3,865,000/\$300,000)

Target – “Homerun” Project

- Value Drug
- Clearspan Construction Products

Value Distribution

Sources

Bank	\$12,500,000
PIDA	\$2,250,000
SSBCI	\$250,000
Equity	\$500,000
Total	\$15,500,000

Uses

Land	\$1,150,000
Building	\$12,800,672
Related Costs	\$1,549,328
Total	\$15,500,000



- Numbers in RED can be counted as match towards SSBCI Funds
- Private Match = 52.0 (\$13,000,000/\$250,000)

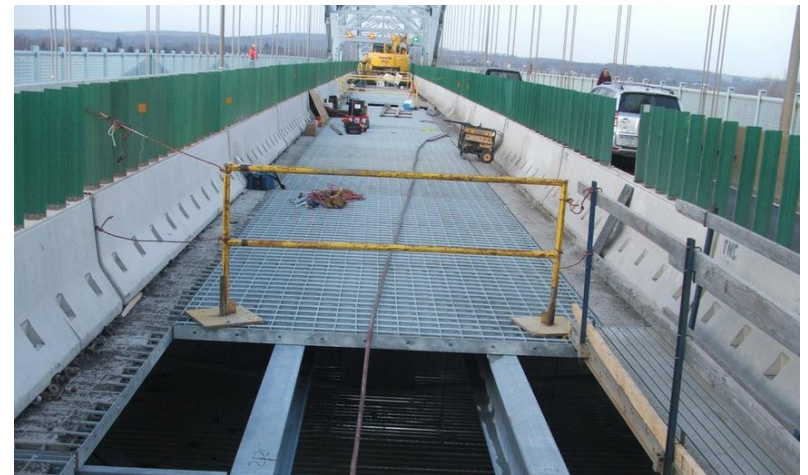
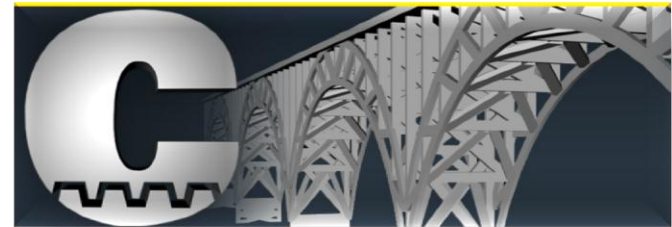
Clearspan Construction Products

Sources

Bank	\$1,150,000
SBA 504	\$920,000
SSBCI	\$50,000
Equity	\$230,000
Total	\$2,350,000

Uses

Land	\$96,460
Building Acquisition	\$1,990,000
Renovations	\$135,000
Fees	\$55,000
Working Capital	\$50,000
Contingencies	\$23,540
Total	\$2,350,000



- Numbers in RED can be counted as match towards SSBCI Funds
- Private Match = 27.6 (\$1,380,000/\$50,000)
- Working Capital financed outside of the SBA 504 project

Target – Mezzanine Financing

- Value Drug – MELF Subsequent Financing

Value Distribution

Sources

Bank	\$3,102,580
MELF	\$2,700,000
Equity	<u>\$15,500</u>
Total	\$5,818,080

Uses

Equipment	\$5,802,580
Related Costs	<u>\$15,500</u>
Total	\$5,818,080



- Numbers in RED can be counted as match towards SSBCI Funds
- Private Match = 64.47 $((\$13,000,000 + 3,102,580 + 15,500) / \$250,000)$

Portfolio Summary

Project Name	Private Match Amount	SSBCI Financing	Private Match Ratio
VanAdam Subway	\$105,000	\$25,000	4.200
Fishertown Country Store	\$295,000	\$50,000	5.900
Hermitage Valley Dairy	\$1,130,000	\$160,000	7.063
Children's Express	\$490,000	\$50,000	9.800
SilcoTek	\$3,865,000	\$300,000	12.883
Value Distribution	\$13,000,000	\$250,000	52.000
Clearspan	\$1,380,000	\$50,000	27.600
Value Distribution II	\$3,118,080	\$0	#DIV/0!
PORTFOLIO TOTALS	\$23,383,080	\$885,000	26.422

Contact Information



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Phone: (814) 944-6113

Contact Barry Surma: barrys@abcdcorp.org

Audience Questions

Advancing Development Finance Knowledge, Networks & Innovation



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Intro EB-5 Finance Webcourse

Daily: 12-5pm (EST)
September 18-19, 2013



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Upcoming Webcasts

CDFA – Stern Brothers Renewable Energy Finance Webcast Series
Thursday, April 11, 2013 @ 1:00pm Eastern

CDFA – BNY Mellon Development Finance Webcast Series
Tuesday, April 16, 2013 @ 1:00pm Eastern

CDFA – Stifel Nicolaus Innovative Deals Webcast Series
Thursday, May 16, 2013 @ 1:00pm Eastern



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