GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS

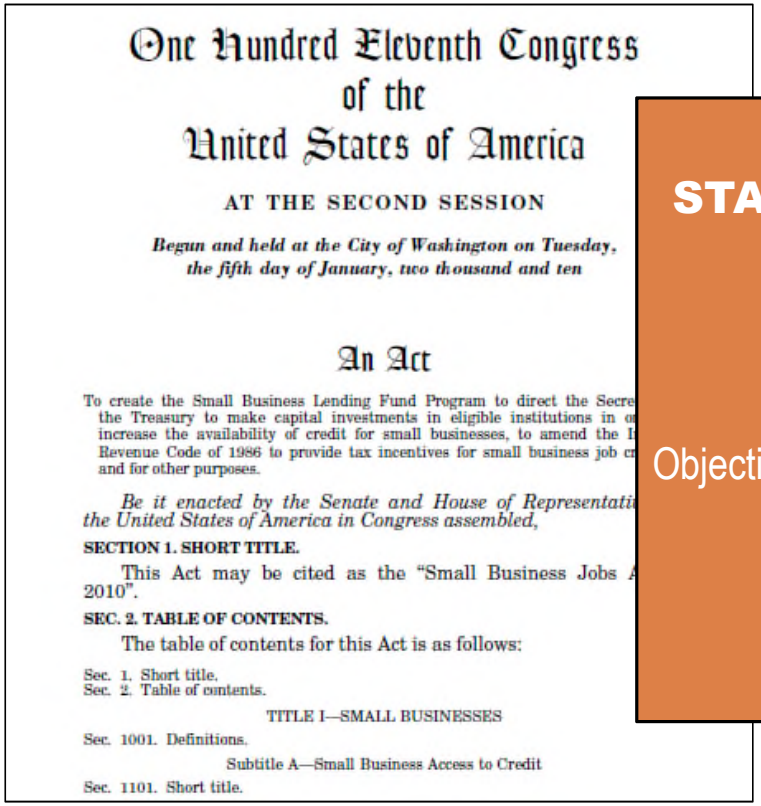
Georgia State Small Business Credit Initiative

Georgia Department of Community Affairs

July 26, 2019

SIDEBAR CONFERENCE - MOULTRIE

State Small Business Credit Initiative Act



One Hundred Eleventh Congress
of the
United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the fifth day of January, two thousand and ten

An Act

To create the Small Business Lending Fund Program to direct the Secre
the Treasury to make capital investments in eligible institutions in o
increase the availability of credit for small businesses, to amend the I
Revenue Code of 1986 to provide tax incentives for small business job cr
and for other purposes.

*Be it enacted by the Senate and House of Representati
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Jobs A
2010".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—SMALL BUSINESSES

Sec. 1001. Definitions.

Subtitle A—Small Business Access to Credit

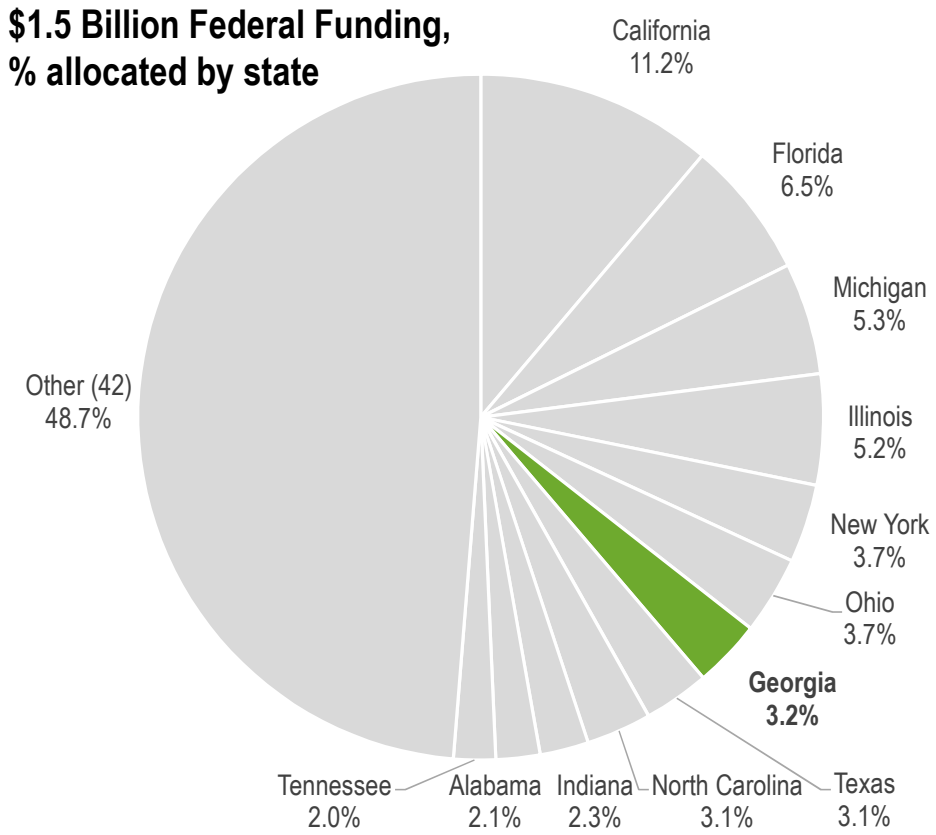
Sec. 1101. Short title.

STATE SMALL BUSINESS CREDIT INITIATIVE ACT OF 2010

Enacted Sept. 27, 2010

Objective: To strengthen state programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs.

SSBCI Allocations by State

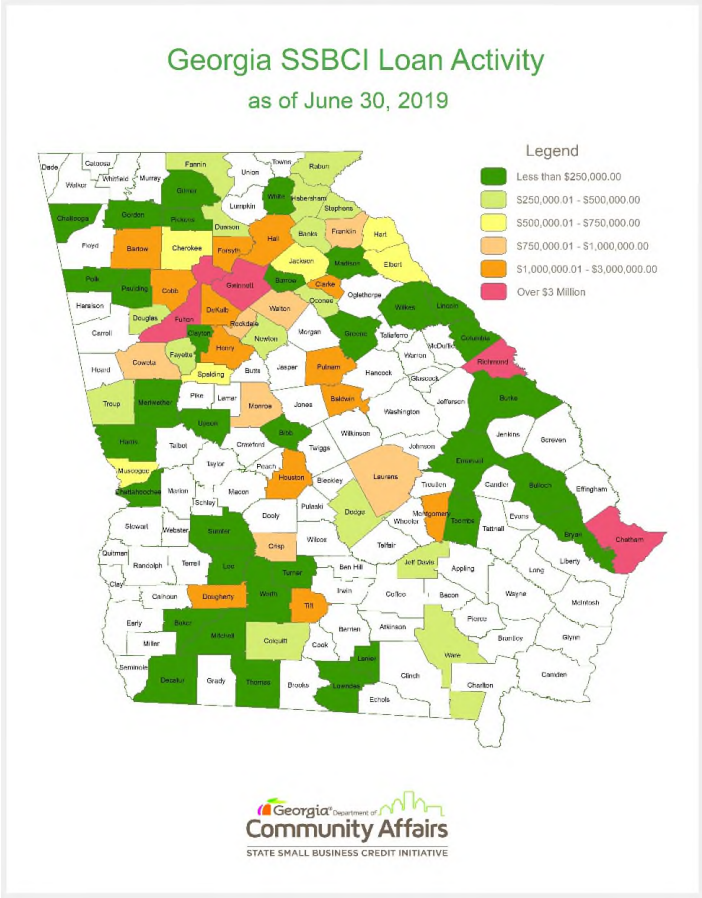


Georgia allocation
$48,024,748

SSBCI Program Execution

As of June 30, 2019

Enrolled Loans	582
SSBCI Investment	$63,588,760
Private Investment	$330,687,080
Jobs Created	2,899
Jobs Retained	2,532
Counties Served	79
Participating Lenders	57



Georgia's SSBCI Program: Sustainability Plan

To sustain Georgia's SSBCI program, current plans are to continue to deliver the following:

Georgia Small Business Credit Guarantee

$10.8 million

To guarantee financiers' loans to small businesses that employ thousands of Georgians

Fund as many small businesses as possible, and thereby sustain jobs

Georgia Loan Participation Program (LPP)

$17.2 million

To assist Georgia's private financial institutions in providing capital to small-to-mid-sized employers

Generate interest/funding necessary to sustain program operations

SSBCI Advantages

- Lenders
  - Credit enhancements
  - Delegated lending
  - Potential for Community Reinvestment Act (CRA) credit
  - Streamlined process
  - Increased loan portfolio
- Small Businesses
  - Access to affordable capital
  - New/expansion market opportunities
  - Expertise
  - Establish banking relationships
  - Stronger financial condition

SSBCI General Eligibility Criteria

- Business purposes eligible to use loan proceeds include:
  - Start-up costs,
  - Working capital,
  - Business procurement, e.g., franchise fees,
  - Equipment and inventory, and
  - Purchase, construction, renovation, or tenant improvements for a place of business.
- Refinancing is not eligible; however, renewals are eligible under certain conditions.
- Passive real estate investments are not eligible.

Georgia Loan Participation Program (LPP)

- Georgia LPP can be used to purchase a portion of a loan by an approved lender to a small business borrower in Georgia.
  - LPP can purchase up to 25% of the loan originated by the approved lender.
  - LPP can purchase a participation in loans ranging from $10,000 to $20,000,000 from approved lenders.
  - **Maximum participation** purchased is **currently** $250,000.
- Georgia LPP may be used for interim bridge financing, including SBA 504.
- SSBCI is in second lien position behind the lender.

Small Business Benefits	Administrative Considerations
• Availability of capital from a qualified lender for borrowers • No additional fees	• Enables SSBCI support for mid-sized companies who create jobs for Georgians

Small Business Credit Guarantee (SBCG)

- The SBCG Program provides a 50% loan guarantee.
  - SSBCI funds are leveraged with private capital from eligible lenders (banks, credit unions, qualified private lenders, and CDFIs).
  - Initial fee equal to 2% of the guarantee amount in addition to an annual fee in an amount of .5% of the outstanding guarantee for each subsequent calendar year.
  - Current maximum amount is a $200,000 guarantee on a $400,000 loan.

Small Business Benefits	Administrative Considerations
• Availability of capital from a qualified lender for borrowers • Ideal for working capital financing	• By securing smaller loan amounts, the SBCG reaches more small businesses, enabling job creation

Georgia Funding for CDFIs

- Community Development Finance Institutions (CDFIs) are private institutions certified by U.S. Treasury to provide credit and financial services to underserved markets/populations.
- Georgia operated a CDFI companion loan program specifically designed to increase access to capital for Georgia's underserved small businesses.
  - For example, this program supported small businesses located in low- and moderate-income communities, as well as minority- and women-owned businesses.
  - Principal and interest repayments remained at the CDFI as revolving loan funds, administered by the financial institution on behalf of DCA.
  - CDFIs now have collectively $20 million in revolving SSBCI loan funds to deploy in their respective lending areas for small business lending.
  - Access to Capital for Entrepreneurs (ACE), Albany Community Together (ACT!), Georgia Cities Foundation (GCF), Small Business Assistance Corporation (SBAC), and Southwest Georgia United (SWGAU).

Project: Clarke County, Grantswen Properties, LLC,
The Sign Brothers, LLC

The purpose of this funding was to provide for a construction/permanent loan to purchase and renovate a 9,600 sq. foot office/warehouse facility in Bogart, Georgia (Clarke County) that will enable The Sign Brothers to better meet the demands of their growing business. Grantswen Properties, LLC (EPC) will own the property being purchased and will lease 75% of the total space to the operating company/guarantor, The Sign Brothers, LLC. The Sign Brothers needed additional space for the design, printing, manufacturing and installation equipment, as they manage the entire process of their production of signs for their customers. They provide architectural signs, banners, monuments, vehicle graphics and wraps, yard signs and many other options.

The Georgia SSBCI program is participating in this project with a total amount of $146,250, which is 15% of the lender's total loan amount. **This project will help to create 5 new jobs and retain over 16 existing jobs in the area.**

Total Project Costs: $1,060,115

Funding	**Amount**
South State Bank	**$ 828,750**
SSBCI GA LPP (15%)	**$ 146,250**
Owner Equity	**$ 85,115**
Total Project	**$1,060,115**

Project: Monroe, GA Bed & Breakfast

Helping Small Business Owners Bring Bed and Breakfast and Small Event Venue to Historic Monroe, Georgia Downtown District

- ***Joy Gilliam and Kimberly Mayfield***, co-owners of ***Sparrow Hill Inn***, a bed and breakfast and small event venue in the downtown district of Monroe, Georgia vision was to create a mix of traditional Southern style with a modern touch.
- Their vision became a reality when they teamed together on the **$700,000 project** which was made possible using a variety of funding tools: by leveraging the private funding of **a local bank in the amount of $348,000**, a **$63,000 low-interest rate loan from the Department of Community Affairs Downtown Development Revolving Loan Fund** and **$73,000 of their own equity.** The Georgia State Small Business Credit Initiative Program (SSBCI) was able to provide a loan in the amount of **$216,000 from the Georgia Cities Foundation CDFI funding provide by SSBCI.**
- If not for the SSBCI funding piece the project would not have been able to go forward. The SSBCI program assisted in leveraging over **$484,000 in private funding and owners equity**. The project resulted in the **creation of 15 jobs for the local community**.

GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS

Georgia Agribusiness and Rural Jobs Program

Georgia Department of Community Affairs

July 26, 2019

SIDEBAR CONFERENCE - MOULTRIE

Georgia Agribusiness and Rural Jobs Act (GARJA)

A BILL TO BE ENTITLED
AN ACT – Part I

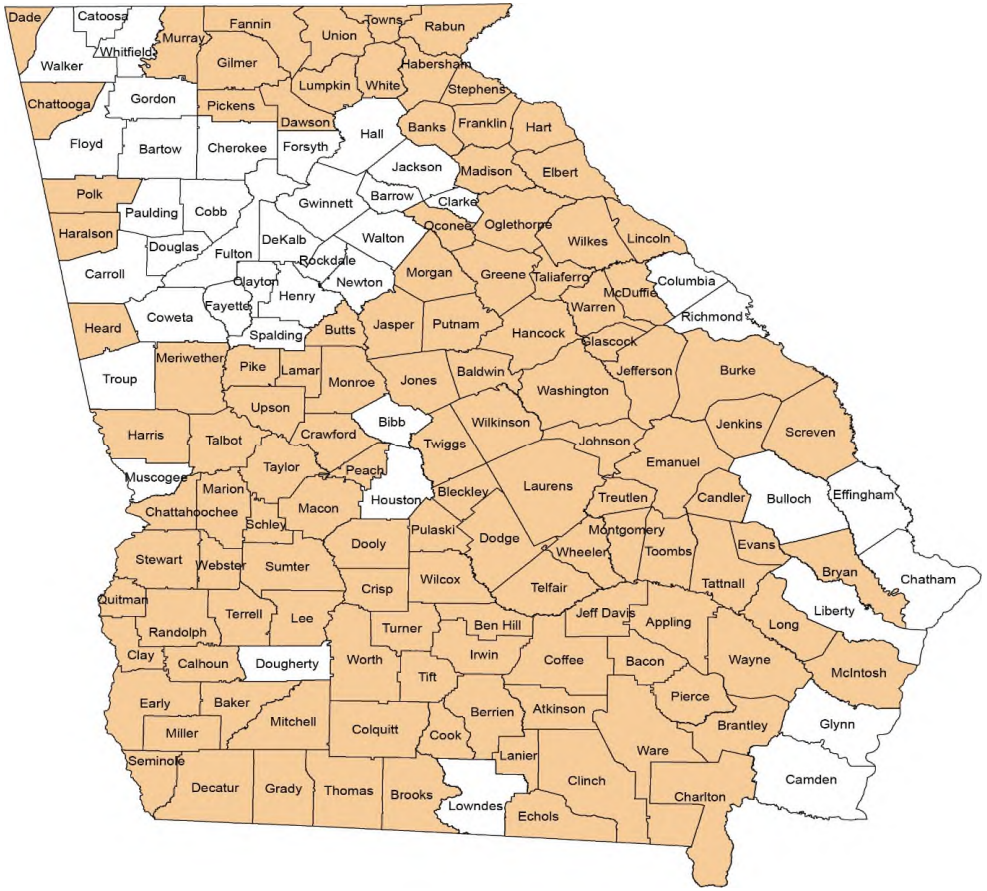
To amend Chapter 1 of Title 33 of the Official Code of Georgia Annotated, relating to general provisions regarding insurance, so as to establish an eligible business investment; to provide for a short title; to provide for definitions; to provide that certain entities may earn credit against the entity's state tax liability; to disallow refundability and sale on the open market of claimed credits; to provide for certification of qualified capital investments; to provide for recapture of credit claimed under certain circumstances; to provide for a request of determination for eligibility; to provide for reporting.

Approved by the Georgia General Assembly during the 2017 legislative session

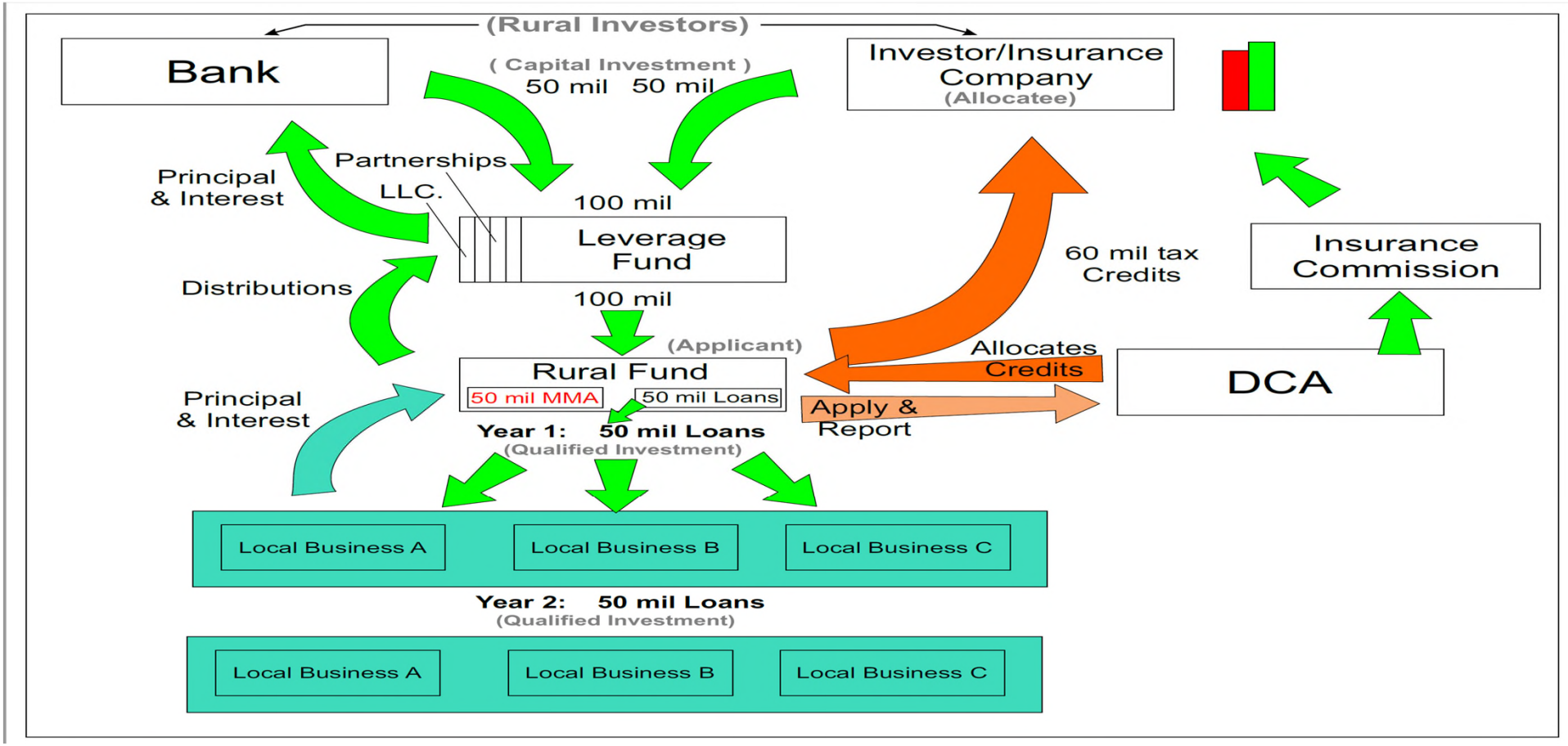
Signed into law by Governor Nathan Deal

Objective: To provide access to capital for Georgia businesses in some of the state's most rural areas.

GARJA – ELIGIBLE COUNTIES



GARJA Funds Flow



How does the GARJA Program work?

- Investment Companies created Rural Funds to participate in the investment program created by GARJA.
- The state approved five Rural Funds to participate in the GARJA Program.
- Each Rural Fund raised $20 million (total of $100 million).
- Each Rural Fund must now deploy this capital in the form of loans or equity investments to support business expansion and local job growth in rural Georgia counties.
- At least 10% of the capital investments must be initially invested in eligible businesses engaged in agribusiness.

How may GARJA funds be used?

- Investments may be in the form of term loans, line of credits or equity investments to support business expansion.
- Loans to eligible businesses through the GARJA Program must have a term of at least one year.
- Businesses may use the proceeds of the investments to purchase equipment, hire additional employees, expand a facility or product line, and more.

How does a business qualify?

The business may be eligible to receive GARJA funding if:

- The business has fewer than 250 employees.
- The business is in one of the following industry sectors:
  - Agricultural
  - Manufacturing
  - Health Care
  - Technology
  - Transportation.
- The business is located in a Georgia county that has less than 50,000 people.

For a complete listing of eligible NAICS *codes* and eligible counties, please visit dca.ga.gov and search GARJA.

GARJA Project – Danimer Scientific

Southeast Community Development Fund X, L.L.C. / Advantage Capital

- Danimer Scientific in Bainbridge is doing its part to help promote greater prosperity in rural Georgia. Producing biodegradable and compostable polymers to replace plastics made from petrochemicals, Danimer is expanding rapidly to meet today's sustainability needs. With a recent investment through the GARJA program, the company is hiring many dozens of new employees over the next few years, most from the surrounding areas, as it increases production.

- Three out of every four new positions will be accessible to those with a high school degree or equivalent, helping to grow the local workforce and keep people in Decatur county with good jobs and opportunity.

GARJA – Holton Cattle & Consulting – Camilla, GA

Stonehenge GA Rural Fund, LLC / Stonehenge Capital

Lane Holton and his family have been raising cattle for over 40 years, purchasing calves and raising them over 60 to 90 days to be sold to the feedlots in Kansas, Texas, Oklahoma and other western states. In addition, the Company acquires calves on behalf of large clients and prepares the cattle for shipping to the western feedlots, earning a consulting fee.

- During the late 2000 recession, the Company shifted to only providing consulting services as capital dried up to fund purchasing cattle on their own behalf.
- Even as the economy recovered and access to capital improved, growth capital in rural Georgia remained very limited beyond local bank support.
- Through the Mitchell County Economic Development team, Holton Cattle & Consulting approached Stonehenge Capital seeking capital to restart its “owned-cattle” business that would smooth out the consulting volatility and increase the Company’s margins.
- Stonehenge invested both senior debt and equity into Holton Cattle & Consulting that provided the Company the patient capital it needs to redevelop its large owned-cattle operation.

GARJA Program Rural Fund Contact Information

If you have an opportunity that you believe qualifies, contact one of the investment companies below.

Advantage Capital
Reid Hutchins
rhutchins@advantagecap.com
518.743.0060

Community Capital
Ryan Barton
rbarton@c9cap.com
319.389.6439

Affordable Equity Partners
Cyle Reissig
creissig@aepartners.com
404.841.2227

Enhanced Capital
Doug Beekman
dbeekman@enhancedcapital.com
202.531.0404

Stonehenge Capital
Jon Dangar
jbdangar@stonehengecaital.com
404.372.9844

For more information

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