

# GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS

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Georgia State Small Business Credit Initiative



March 7, 2018

SIDEBAR CONFERENCE - MACON

# State Small Business Credit Initiative Act

One Hundred Eleventh Congress  
of the  
United States of America

AT THE SECOND SESSION

*Began 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 Secretary of the Treasury to make capital investments in eligible institutions in order to increase the availability of credit for small businesses, to amend the Internal Revenue Code of 1986 to provide tax incentives for small business job creation and for other purposes.

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

**SECTION 1. SHORT TITLE.**

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

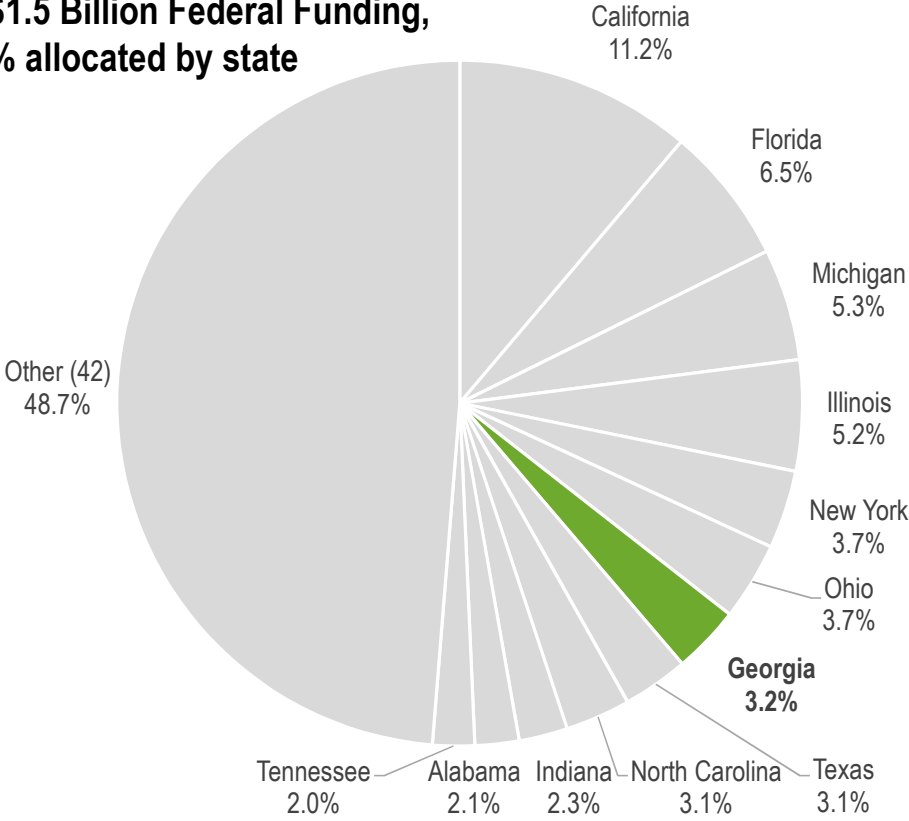
## STATE SMALL BUSINESS CREDIT INITIATIVE ACT OF 2010

***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

**\$1.5 Billion Federal Funding,  
% allocated by state**



Georgia allocation  
**\$48,024,748**

# SSBCI Program Execution

**As of December 31, 2017**

Enrolled Loans	551
SSBCI Investment	\$60,601,797
Private Investment	\$316,925,242
Jobs Created	2,677
Jobs Retained	2,226
Counties Served	76
Participating Lenders	54

# 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 fees/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

- Availability of capital from a qualified lender for borrowers
- No additional fees

## Administrative Considerations

- 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.

## Small Business Benefits

- Availability of capital from a qualified lender for borrowers
- Ideal for working capital financing

## Administrative Considerations

- 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 (SWGUAU).

# Project: Putnam County, Aalto Scientific

**Rock Eagle  
Technology  
Park  
development  
site for Project  
-Ground  
Breaking**



APRIL 2014 GROUND  
BREAKING



SITE VISIT NOVEMBER 2014

Aalto Scientific and Audit MicroControls in Rock Eagle Technology Park (Putnam County)

The purpose of this funding was to assist Aalto Scientific and Audit Micro Systems to construct a new medical supply manufacturing facility at Rock Eagle Science Technology Park in Putnam County, Georgia. The manufacturing facility will be 92,000 sq. ft. And will be part of two structures built on 26.26 acres that was acquired by the company. They will be **the first company to build in the Rock Eagle Technology Park**. This project will allow Aalto Scientific to triple manufacturing capacity and customer support via a site transition from Carlsbad, CA to the State of Georgia.

The Georgia SSBCI program is participating in this project with a total amount of \$1,750,000 split between two of our programs the GA-LPP and the GA-CDFI. It is expected that within a **5 year period this project will help to create and retain over 1,000 jobs in the area.**

**Total Project Costs: \$9,893,407**

<u>Funding</u>	<u>Amount</u>
SSBCI \ GA-LPP	\$1,250,000
SSBCI \ GA-CDFI	\$ 500,000
Lead Bank	\$4,946,704
2 <sup>nd</sup> Participating Bank	\$2,207,363
Owner Equity	\$ 989,340



# 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**.

# For more information

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