

MEDC CAPITAL ACCESS

Supporting Lending to Small Business



OVERVIEW

- The **State Small Business Credit Initiative (SSBCI)** is a \$10 billion program managed by the U.S. Department of Treasury that allocates funding to state agencies to provide loans and equity capital to small businesses and startups
- The SSBCI program requires partnership with private sector lenders, equity investors, and technical assistance providers



Source: SSBCI Resource Center

OVERVIEW

- SSBCI allowed states the flexibility to design their own small business support programs, however, programs have to align with federal parameters
- Federal parameters include:
 - Requirement of at least 1:1 private sector contribution for each loan/investment
 - States must leverage \$10 in private sector investment for every \$1 of SSBCI funding provided
 - All loan and investment programs are intended to address access to capital (not cost of capital)





CAP / LOAN GUARANTEE

Support small business capital needs of generally \$250,000 or less.

COLLATERAL SUPPORT PROGRAM

Support new lending by pledging cash which acts as collateral for new lending.

LOAN PARTICIPATION PROGRAM

Support new lending for expansion projects or for situations in which the lead lender is seeking to decrease its exposure.

CAPITAL ACCESS PROGRAM (CAP) & LOAN GUARANTEE PROGRAM



PURPOSE

Support small business with with capital needs of generally \$250,000 or less.

DETAILS

- No industry requirements
- Real estate, equipment, and working capital
- Master agreement between lender & MEDC

COLLATERAL SUPPORT & LOAN PARTICIPATION

Under \$500,000 - no industry requirements

\$500,001 or more, qualifying industries:

- Manufacturing
- Mobility
- High technology
- Professional and Corporate Services
- Medical Device Technology
- Engineering
- Design and Development
- Agribusiness
- Tourism
- Logistics
- Financial Services

Use of Proceeds:

- Real Estate
- Furniture, Fixtures & Equipment
- Working Capital

Companies with 750 global employees or less

Designed to work with lender policy and regulatory framework for commercial credit.

POTENTIAL IMPACT



Create 1,500 Jobs

Foster local startups and attract fast-growing businesses in advanced manufacturing, mobility, medical devices and other key MEDC focus sectors/areas



10:1 Ratio in Private Capital Raised

Bolster local venture capital funds and attract high-performing investors that focus on innovation in key MEDC focus sectors/areas



Support 2,475 Microbusinesses

Support financing to 2,475 microbusinesses and generate \$293 million in private sector investment



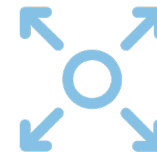
2,200 Businesses Receive Technical Assistance Support

Prospective services align with identified stakeholder priorities: capital readiness, financial education & coaching, and pre- and post loan assistance



Support 380 Growth/Mature Companies

Support financing to 380 growth/mature companies and generate over \$1 billion in private sector investment



Strengthen Lender Capacity and Reduce Barriers to Accessing SSBCI Programs

Provide an increased level of customer experience and expanded coverage across Michigan

GET SUPPORT

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Sign up for MEDC's Capital Access Newsletter at
michiganbusiness.org/access-capital



THANK YOU
