

# CDFA–Stifel Small, Medium and Rural Community Development Finance Solutions Webcast Series: Advancing Small Town America With Innovative Financing

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

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

**Intro Bond  
Finance WebCourse**



April 30-May 1, 2014  
Daily: 12-5pm (EDT)

**Intro Food Systems  
Finance WebCourse**



June 4-5, 2014  
Daily: 12-5pm (EDT)

**Fundamentals of  
Economic Development  
Finance Course**



August 11, 2014  
Washington DC



**CDFA-Stifel**  
Small, Medium and Rural Community  
Development Finance Solutions  
**Webcast Series**



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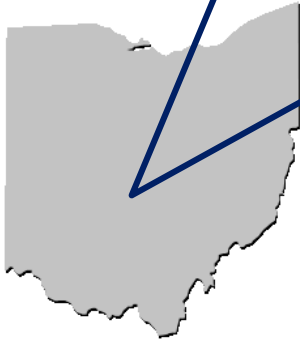
# Advancing Small Town America With Innovative Financing

**Katie Kramer**

**Vice President**

**Council of Development Finance Agencies**

**Columbus, OH**



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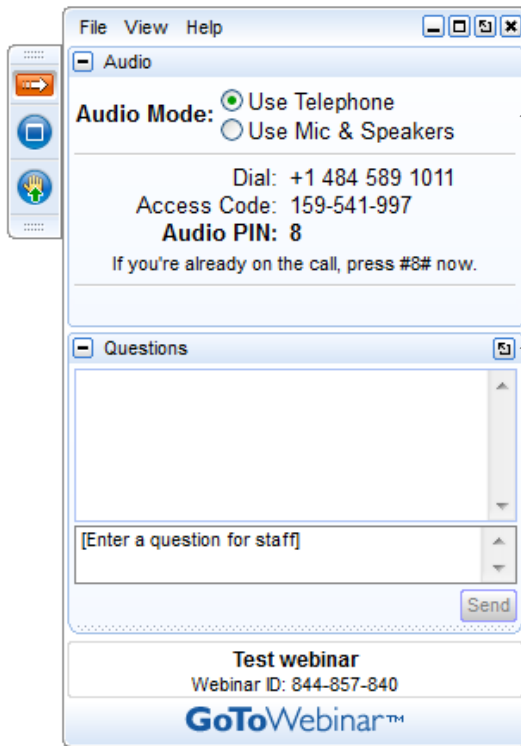
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# Advancing Small Town America With Innovative Financing



Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

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# Advancing Small Town America With Innovative Financing

## Speakers

**Laura Radcliff**, *Moderator*  
Stifel Nicolaus & Company, Inc.

**Jason Rittenberg**  
CDFA

**Nick Walters**  
Stone Adams Financial Partners

**John Connelly**  
SAFE-BIDCO



# Advancing Small Town America With Innovative Financing

**Laura Radcliff**

**Managing Director  
Stifel Nicolaus & Company, Inc.  
St. Louis, MO**



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# Advancing Small Town America With Innovative Financing

## Jason Rittenberg

Director of Research & Advisory Services  
Council of Development Finance Agencies  
Columbus, OH



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# Finance Tools for Rural Economic Development

*Jason Rittenberg*  
*Director, Research & Advisory Services*



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# Toolbox Approach

- Requires Local & Regional coordination
- Harness full spectrum community's financial resources
- Utilize existing authorities and programs
- Establish & maintain partnerships
- One size does not fit all!



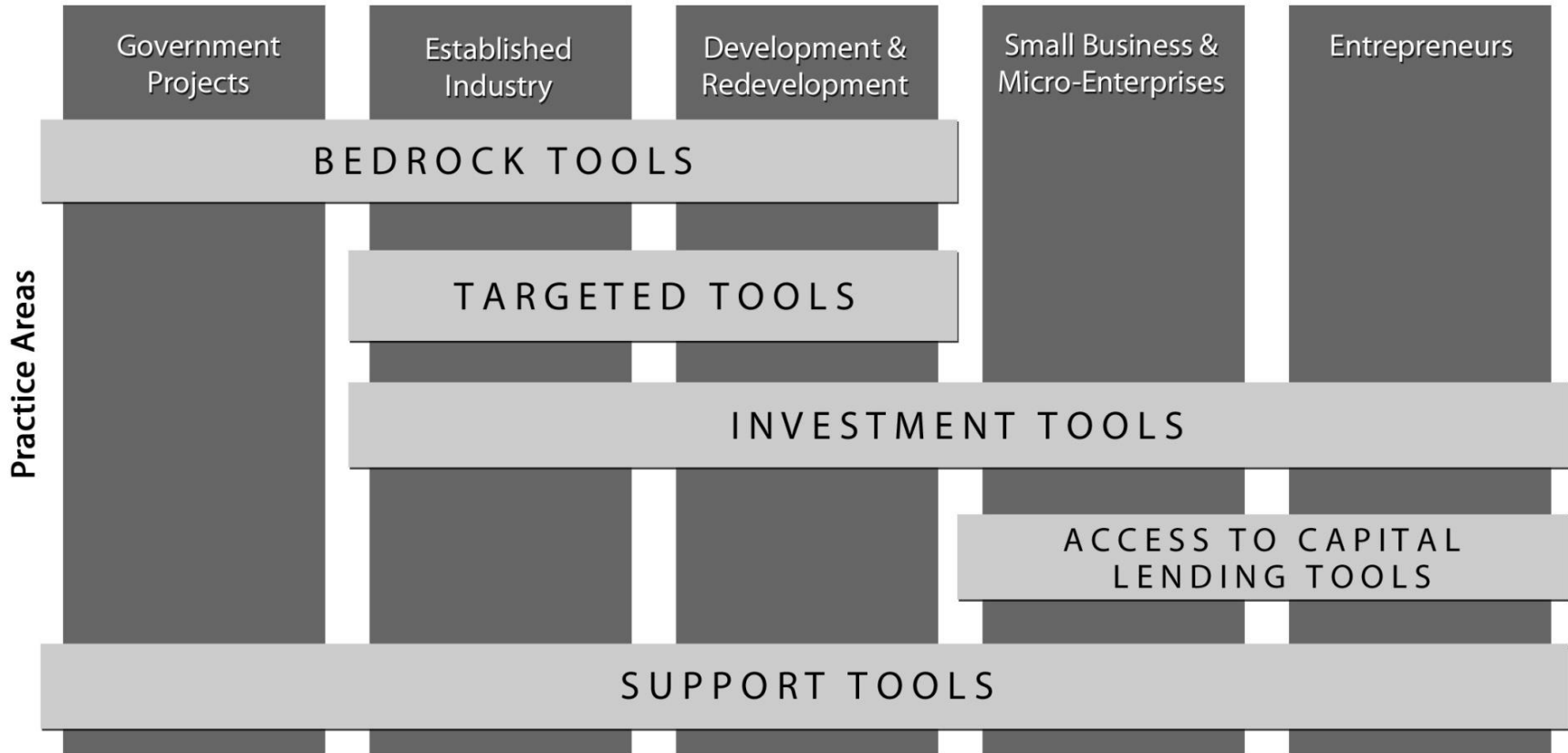
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# Development Finance SPECTRUM

## Types of Financings



From the *Practitioner's Guide to Economic Development Finance*

# *Practice Area 1:*

# *Bedrock Tools*



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# Why Use Private Activity Bonds?

- Lower interest rates (conventional loans vs. tax-exempt)
- Tax-exempt status to buyers of bonds – attractive
- Bonds are issued on a conduit basis
- Public-Private Partnership on development



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# Types of Private Activity Bonds

- Exempt Facility Bonds
- Small Issue Bonds
  - Industrial Development Bonds
  - Aggie Bonds
- 501(c)(3) Bonds



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# Bond Finance Resource Center

## Bond Finance Resources

- >>> [Understanding Bonds](#)
- >>> [Bond Volume Cap](#)
- >>> [Bond Deal Structuring](#)
- >>> [Bond Credit Enhancement](#)
- >>> [Investing Bond Proceeds](#)
- >>> [Bond Rating Agencies](#)
- >>> [Bond Swaps & Derivatives](#)
- >>> [Advance Refundings](#)
- >>> [Auction Rate Securities](#)
- >>> [Bond Arbitrage & Rebate](#)
- >>> [Bond Insurance](#)
- >>> [Bond Program Marketing Examples](#)
- >>> [Bond Banks](#)
- >>> [Federal Home Loan Bank Letter of Credit \(LOC\)](#)
- >>> [MSRB's EMMA Muni Disclosures & Market Data](#)

>>> [ADVANCED SEARCH](#)

## Types of Bonds

- >>> [Industrial Development Bonds \(IDBs\)](#)
- >>> [501\(c\)\(3\) Bonds](#)
- >>> [Exempt Facility Bonds](#)
- >>> [TIF Bonds](#)
- >>> [Aggie Bonds](#)
- >>> [Green Bonds](#)
- >>> [New Clean Renewable Energy Bonds \(New CREBS\)](#)
- >>> [Property Assessed Clean Energy Bonds \(PACE\)](#)
- >>> [Qualified Energy Conservation Bonds \(QECBs\)](#)
- >>> [Qualified School Construction Bonds \(QSCBs\)](#)
- >>> [Qualified Zone Academy Bonds \(QZABs\)](#)
- >>> [Enterprise Zone Bonds](#)

>>> [ADVANCED SEARCH](#)

## Want more bond finance?



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## The Bond Market

**Interest Rate Risk Management Weekly Update**

*KeyBank* | Apr. 28

**Interest Rate Market Insight**

*Interest Rate Market Insight* | Apr. 28

**Muni Commentary - Where's the Infrastructure Volume?**

*Wells Fargo* | Apr. 25

**Bond Market: Lack of Supply, High Demand Creating Opportunity**

*Lancaster Pollard* | Apr. 23

>>> [MORE MARKET REPORTS](#)

## IRS Guidance & Resources

**Analysis of Federal Tax Proposals Affecting State and Local Budgets**

Members Only

An economic analysis published by Moody's examines the fiscal impacts over the next decade of several parts...

**Post-Issuance Compliance Voluntary Compliance Agreement Program**

Members Only

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# *Practice Area 2:*

# *Targeted Tools*



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# Special Assessment District Financing

- Two general structures:
  1. Business and Neighborhood Districts
    - Self assessment
    - BID, SID, NID, etc.
  2. Government Districts
    - Sometimes self-assessed, often govt. created
    - SSD, SAD, CFD, CDD, TID



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# Tax Increment Financing

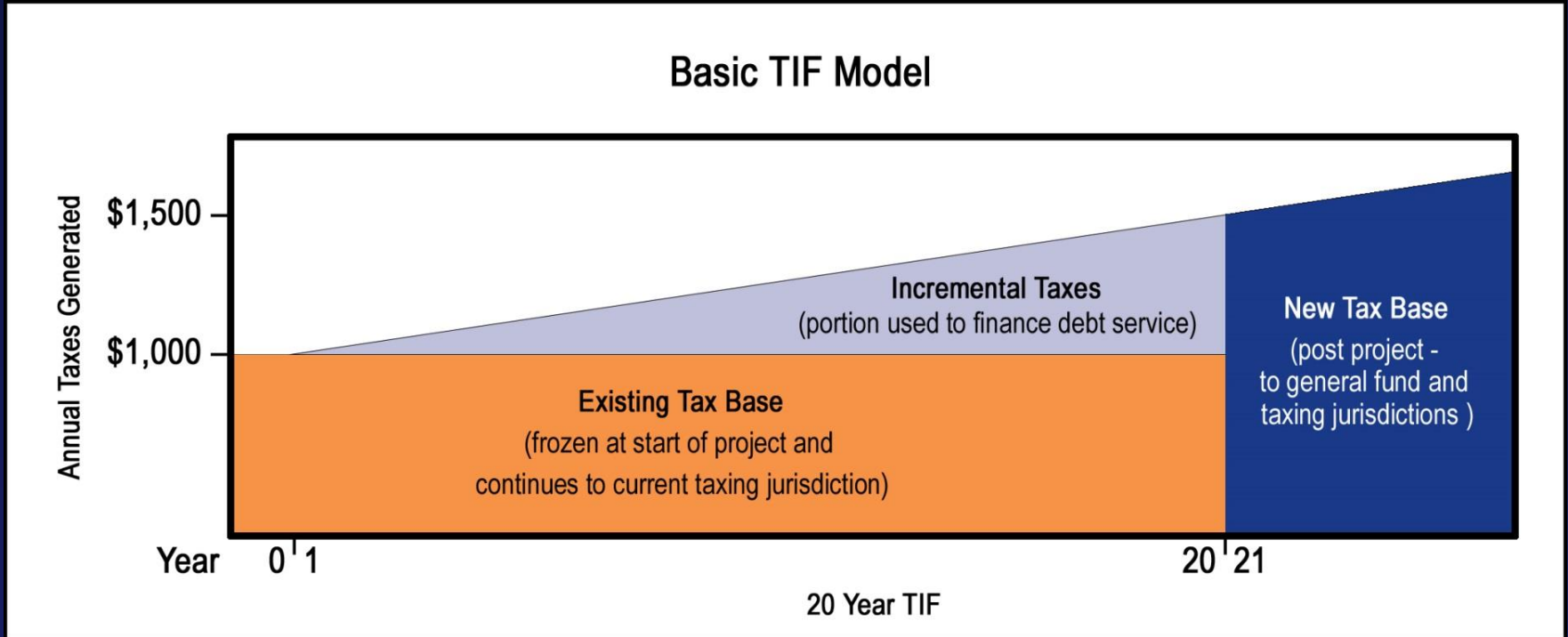
- States authorize enabling legislation.
- Local government designates districts or project areas.
- Development authorities implement the program.
- Partnership with developers, planners, financiers to execute the projects



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# In Other Words





# Tax Increment Finance Resource Center

## TIF Resources

- >>> Understanding TIF
- >>> TIF Policies & Procedures
- >>> TIF Bond Process
- >>> Building Community Support & Buy-In
- >>> TIF Reports & Analysis
- >>> State Resource

>>> ADVANCED SEARCH

## TIF Special Districts

- >>> TIF Special Assessment
- >>> Special District Finance

>>> ADVANCED SEARCH

## TIF State-By-State Map & Report

Featured State
Alaska
Year Authorized
2001
Terminology
Tax Increment Finance (TIF)
State Statute
Sec. 29.47.460
Maximum District Length
No limit



>>> STATE TIF STATUTES

### Explore Your State

Select a State:

Want more  
**TIF?**



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## TIF Case Studies

### PGAV - Arnold Commons Bond Revenue Study

PGAV Planners produced this concise case study highlighting the Arnold Commons project in Arnold, Missouri....

### Financing the Robert Mueller Municipal Airport Redevelopment Members Only

Greg Canally of City of Austin and Dennis Waley of PFM discuss the financing for the Robert Mueller Municipal...

>>> MORE CASE STUDIES

## TIF Reports & Analysis

### PGAV - Arnold Commons Bond Revenue Study

PGAV Planners produced this concise case study highlighting the Arnold Commons project in Arnold, Missouri....

### Tax Increment Financing Trends in Southern Maine 2001-2011 Members Only

Kevin Price with the University of Southern Maine identifies and presents

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# *Practice Area 3:*

# *Investment Tools*



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# Why Use Tax Credits?

- Fill specific holes in marketplaces
- Increase ROI for investors
- State and local administration and control
- Access different investors



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# Types of Tax Credits

- New Markets Tax Credits
- Historic Rehabilitation Tax Credits
- State Tax Credits
  - Federal program copies (NMTC, Historic)
  - Angle investment credits



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# Innovation Finance

- Seed & Venture Capital not just for the coasts or urban communities
- State-supported programs have been successful in a number of relatively rural states
- Incubators, Commercialization, Angel Investor Tax Credits, Direct Investment, Leveraged Investing



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# *Practice Area 4:*

# *Access to Capital Lending Tools*



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# Revolving Loan Funds

- Gap financing for businesses
- Complement – not compete – with private lenders
- Program can have rates/terms targeting certain project types
- Goal is a sustaining fund





# Revolving Loan Fund Resource Center

## RLF Resources

- >>> Understanding Revolving Loan Funds
- >>> RLF Lending Policies, Criteria & Conditions
- >>> RLF Marketing Examples
- >>> RLF Sample Applications
- >>> RLF Case Studies

>>> [ADVANCED SEARCH](#)

## Federal RLF Resources

- >>> EDA RLF Grant Program
- >>> EPA RLF Grants
- >>> CDFA Federal Financing Clearinghouse

>>> [ADVANCED SEARCH](#)

## RLF Program Profiles

### Featured Program

**Rural Development Loan Program**

**Managing Organization**

Colorado Housing and Finance Authority

**Capitalization Source(s)**

USDA, Federal

**Loan Terms**

20 years

**Loan Rates**

5.99% fixed



- >>> [RLF Programs](#)
- >>> [Submit Your RLF](#)
- >>> [All RLF Resources](#)

## Want more RLF?



**SUBSCRIBE**

## CDFA Original Research

### How the Tool Works: Revolving Loan Funds

This CDFA "How the Tool Works" profile addresses revolving loan funds (RLFs), which use interest and...

### DF Perspectives 3: Tips for Managing Your RLF Program

This article providing fund capitalization, RLF committee, program marketing, and loan servicing tips for...

>>> [MORE CDFA RESEARCH](#)

## RLF Applications

### Entrepreneurial Development Loan Fund Application Members Only

This application for Business Oregon's Entrepreneurial Development Loan Fund is for small businesses that are...

### Urban Redevelopment Authority - Center for Innovation and Entrepreneurship Members Only

Tom Link with the Urban Redevelopment Authority of Pittsburgh shares how the URA has catalyzed job growth.

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# Credit Enhancement Program Types

- Collateral Support Program
- Loan Loss Reserve
- Loan Guarantee
- Capital Access Program



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# State Small Business Credit Initiative

- Allocated \$1.5B for state lending programs
- At least one credit enhancement or venture capital program in every state
- Treasury provides funds to states
- States can run program or work with locals or CDFIs



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## State Small Business Credit Initiative Portal

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### 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 Progress Reporting](#)
- [>>> All CDFA SSBCI Resources](#)

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### 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 [CDFA](#).

#### 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](#)

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#### Alabama

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

[>>> State SSBCI Resources](#)

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#### Alaska

Programs: 49th State Angel Fund

[>>> State SSBCI Resources](#)

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# *Practice Area 5:*

## *Support Tools*

### *Federal Financing*



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# Federal Financing

- Federal government plays a significant role in economic development financing and currently operates over 170 programs across 17 federal agencies.
- 39 federal programs offer assistance for energy related projects
- 25 federal programs provide some type of access to capital
- 12 programs help address brownfield financing
- 7 provide resources for starting up or accessing a revolving loan fund
- 25 address innovation finance opportunities
- 9 programs provide resources to U.S. based business trying to access global markets



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# USDA Development Finance Programs

- Business & Industry Guaranteed Loans
- Rural Economic Development Loan & Grant
- Intermediary Relending Program



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# CDFA Federal Financing Clearinghouse

- CDFA's **Federal Financing Clearinghouse** is the only online resource cataloging the development finance programs offered by the federal government. The Clearinghouse includes program overviews of over 170 federal financing programs available to both public and private sector users.

This is an exclusive CDFA member benefit. Users must log-in with their unique CDFA username and password to search the Clearinghouse.



A screenshot of the CDFA Federal Financing Clearinghouse website. The page has a blue and white color scheme. At the top right, there is a 'CDFA Member Login' link. Below it is a banner for 'National Sponsors' featuring the 'business oregon' logo. The main navigation menu on the left includes links for 'About CDFA', 'Membership', 'Training Institute', 'Legislative Affairs', 'National Summit', 'Resources &amp; Research', 'Technical Assistance', 'TIF Coalition', 'Webcasts', 'Bookstore', and 'Join CDFA'. A 'Renew Your Membership' button is also present. The main content area is titled 'Advancing Development Finance Knowledge, Networks &amp; Innovation'. It features a 'Intro Bond Finance Course' announcement for March 15-16, 2012 in Washington, DC, with a 'Register today' call to action. Below this is a 'Development Finance Review' section with 'This Week's Headlines' listing various articles such as 'CA Redevelopment Agency Saga Isn't Over Yet', 'Where Will Muni Rates Go Next?', and 'VEDA Approves \$13.4M in Development Financing'. On the right side, there are several resource boxes: 'CDFA Online Resource Database' with a search bar, 'Development Finance Perspectives' magazine cover, 'Bond Finance Resource Center', 'Tax Increment Finance Resource Center', and 'CDFA Federal Financing Clearinghouse' with a large arrow pointing to the main heading.

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August 11-12, 2011

**Advanced Bond Finance  
WebCourse**  
Daily: 1-5 pm (EDT)  
September 20-22, 2011

**Intro Tax Increment Finance  
Course**  
Washington, DC  
November 3-4, 2011



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Agencies

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<input type="checkbox"/>	Internal Revenue Service (IRS)
<input type="checkbox"/>	National Aeronautics and Space Administration (NASA)
<input type="checkbox"/>	National Science Foundation (NSF)
<input type="checkbox"/>	U.S. Dept. of Agriculture (USDA)
<input type="checkbox"/>	U.S. Dept. of Commerce (DOC)
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<input type="checkbox"/>	U.S. Dept. of Health & Human Services (HHS)
<input type="checkbox"/>	U.S. Dept. of Housing & Urban Affairs (HUD)
<input type="checkbox"/>	U.S. Dept. of Interior - National Park Services (NPS)
<input type="checkbox"/>	U.S. Dept. of Justice (DOJ)
<input type="checkbox"/>	U.S. Dept. of Treasury
<input type="checkbox"/>	U.S. Dept. of Treasury CDFI Fund
<input type="checkbox"/>	U.S. Economic Development Administration (EDA)
<input type="checkbox"/>	U.S. Environmental Protection Agency (EPA)
<input type="checkbox"/>	U.S. Small Business Administration (SBA)

Sort results by



▪ Search by Agency

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An online searchable clearinghouse of federal economic development finance programs.

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- [Search By Agency](#)
- [Search By Program](#)
- [Search By Financing Category](#)
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Program:

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Search By Agency

Search By Program

Search By Financing Category

Categories

- Access to Capital
- Bond Finance
- Brownfield Financing
- Community Development
- Energy Finance
- Foreign Investment
- Green Finance
- Infrastructure Finance
- Innovation Finance
- Revolving Loan Funds (RLFs)
- Rural Development
- Tax Credits
- Urban Development

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- Search by Financing Category

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Washington, DC  
March 6-7, 2014

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Free webcast  
March 18, 2014



## HUD Section 108 Loan Guarantee Program

Program Agency	U.S. Dept. of Housing & Urban Affairs (HUD)
Financing Category	Access to Capital Urban Development
Financing Type	Loan Guarantee(s)
Program Overview	<p>Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods.</p> <p>Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security. Loan commitments are often paired with Economic Development Initiative (EDI) or Brownfield Economic Development Initiative (BEDI) grants, which can pay predevelopment costs of a Section 108-funded project. They can also be used as a loan loss reserve (in lieu of CDBG funds) to write-down interest rates or to establish a debt service reserve.</p>

**Eligible Users** Eligible applicants include the following public entities:

- Metropolitan cities and urban counties (i.e., CDBG entitlement recipients);
- Nonentitlement communities that are assisted in the submission of applications by states that administer the CDBG program; and
- Nonentitlement communities eligible to receive CDBG funds under the HUD-Administered Small Cities CDBG program (Hawaii). The public entity may be

Example:

Search by Agency

HUD

Program

HUD Section 108  
Loan Guarantee  
Program

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# Questions

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## 10 KEY Development Finance Toolbox Concepts

- 1 Understand Development Finance & the Financing Spectrum
- 2 Build a Development Finance Toolbox Strategy with Supporting Public Policy Goals
- 3 Bonds are the Bedrock of Finance
- 4 Targeted Tools Help Direct Public Investment
- 5 Investment Tools Cover a Wide Range of Financing Opportunities
- 6 Access to Capital Lending Tools Finance Underserved Markets & Growth Industries
- 7 Support Tools Supplement Financing Efforts
- 8 Development Finance Toolbox Education is Essential
- 9 Tool Combinations & Creativity Make the Difference
- 10 Public & Private Sector Partnerships are Critical

From the *Practitioner's Guide to Economic Development Finance*

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# Advancing Small Town America With Innovative Financing

**Nick Walters**

**Principal  
Stone Adams Financial Partners  
Jackson, MS**

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# BRINGING IT ALL TOGETHER

A Public - Private Partnership in  
Rural America





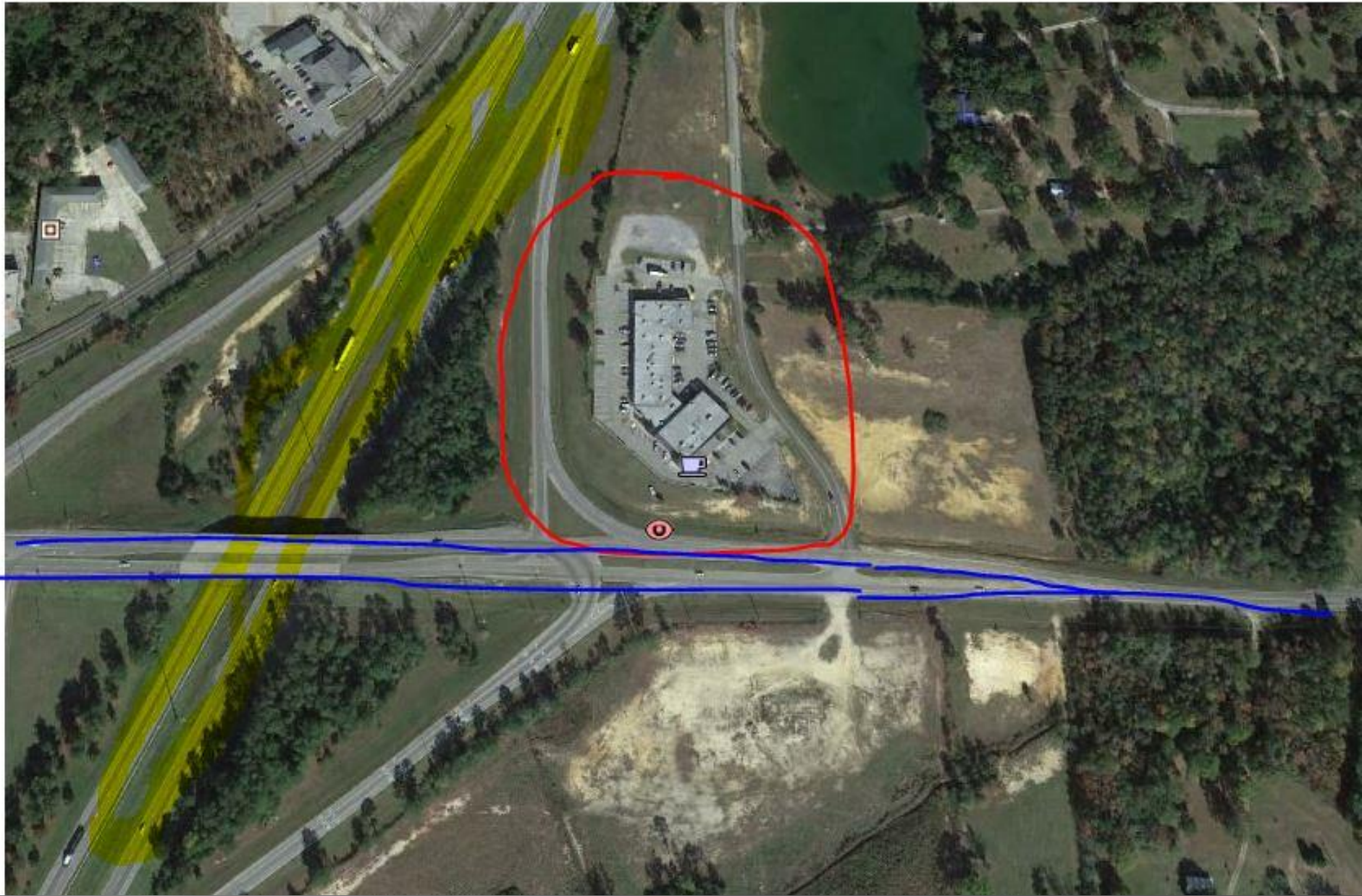
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PASTRY SHOP



# Public-Private Partners – Phase 1

- ▣ City of Picayune – Public Funds in a Revenue Bond
  - water/sewer infrastructure
  - city street improvements
- ▣ Department of Transportation – Right of way repair
- ▣ Shopping Center Developer – borrowed money
- ▣ Paul's Pastry – Driver of project/Primary tenant in shopping center





# Public-Private Partners – Phase 2

- ▣ Paul's Pastry Growth Needs: updated baking equipment +/- \$250,000
- ▣ Create 10 full time jobs – 30 PT jobs
- ▣ Picayune Chamber of Commerce applies for USDA equipment grant
- ▣ Leases baking equipment to Paul's Pastry during useful life (\$1 a year for 8 years)
- ▣ Paul's buys equipment for fair market value if need be

Nick Walters

[www.stoneadams.us](http://www.stoneadams.us)

[www.easygrants.us](http://www.easygrants.us)

601.961.6888

[n.walters@stoneadams.us](mailto:n.walters@stoneadams.us)



# Advancing Small Town America With Innovative Financing

**John Connelly**

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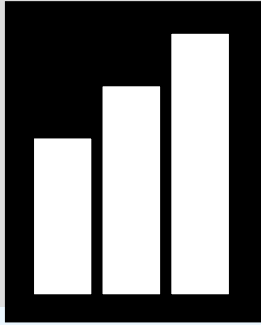
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# SAFE-BIDCO

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**State Assistance Fund for Enterprise,  
Business and Industrial Development Corporation**

## **SAFE-BIDCO and Rural Lending**

*Presented by  
John Connelly*



## What is a BIDCO?



**Business and Industrial Development Companies (BIDCO's) came into being by Federal legislation as designated entities (which may be non-profit or for-profit); which were created for the purpose of catalyzing economic development in designated geographic areas, generally to assist the underserved. Unlike Community Financial Development Institutions (CDFI's), BIDCO's are regulated by each individual States' banking regulatory agency(s).**



## What is SAFE-BIDCO?



**SAFE-BIDCO was founded in 1981 by the CA State legislature as a non-profit corporation/non-depository lender, with programs to bolster economic development. We are a non-traditional financing source, as well as an administrative intermediary, operating as a Financial Development Company, for California's Small Business Loan Guarantee program. In turn, we offer several direct lending, as well as State loan guarantees, as financing solutions to underserved and rurally located small businesses across California.**





# Examples of SAFE-BIDCO Lending Programs

- **USDA / Intermediary Relending Program (IRP)**
  - Designated exclusively for rural areas
  - Requires lender to disburse proceeds within designated period (1 – 3 yrs)
- **SBA Loans**
  - Can be used across all eligible industries and geographic areas, including rural
- **SSBCI/CA State Loan Guarantee Program**
  - State-specific program funded through Federal grant as part of the Recovery Act
- **FSA Loans**
  - For agricultural purposes
  - Comes with a 90% guarantee from USDA



# Marketing Strategies

- **Website with Internet Optimization**
  - Periodic newsletter
  - YouTube videos of success stories: [SAFE-BIDCO Testimonials](#)
- **Presentation to Banks**
  - Direct lending referrals
  - CA State Loan Guarantee
- **Participation on lending panels and finance/education forums**
  - SBDC's & SCORE
  - Rural EDC's
  - Community workshops
  - Chambers of Commerce



## Rural Case Study:



- **Retailer of high-end olive oil and cooking products (some production of olive oil)**
- **In 2011, SAFE-BIDCO provided IRP loan for start-up financing of \$30,000 to support opening of Calistoga store in 2012:**
  - **Inventory acquisition/production**
  - **Advertising**
  - **Working capital**
- **Expanded to second location in Healdsburg in 2013**



# CA State Loan Guarantee Program

## *Contact Information*

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# Advancing Small Town America With Innovative Financing

## Audience Questions



◆ Register Today

Early Bird Rates  
available until  
September 26, 2014.



# Upcoming Events at CDFA

## **Intro Bond Finance WebCourse**

Daily: 12-5pm EDT  
April 30-May 1, 2014

## **Intro Food Systems WebCourse**

Daily: 12-5pm EDT  
June 4-5, 2014

## **CDFA Summer School**

Washington DC  
August 11-15, 2013

**Register online at [www.cdfa.net](http://www.cdfa.net)**





# Next Webcasts

**CDFA // BNY Mellon Development Finance Webcast Series**

**Tuesday, May 20, 2014 @ 1:00pm Eastern**

**CDFA-Stifel Small, Medium and Rural Community Development Finance Solutions Webcast Series**

**Tuesday, June 10, 2014 @ 1:00pm Eastern**



**CDFA-Stifel**  
Small, Medium and Rural Community  
Development Finance Solutions  
**Webcast Series**



**STIFEL**

# For More Information

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