



Advantage Illinois

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[http://www.illinois.gov/dceo/SmallBizAssistance/Financing/
AdvantageIllinois/Pages/default.aspx](http://www.illinois.gov/dceo/SmallBizAssistance/Financing/AdvantageIllinois/Pages/default.aspx)

Advantage Illinois ("AI")

- **Origin**
 - Small Business Jobs Act of 2010
 - Title III – "State Small Business Credit Initiative"
- **\$1.5 Billion**
 - Divided according to state/territory population and unemployment experience during 2008 & 2009
 - Illinois Allocation: \$78,365,264, divided into three disbursements of approximately \$26MM each
- **Maximum Borrower/Recipient Size**
- **Maximum Loan/Investment Size**

Advantage Illinois ("AI")

AI Performance as of 1/23/14

- Total Amt of Loans/Investments:
\$443,904,877
- Total Amt of AI Funds Obligated/Expended:
\$54,732,073
- Total Amt of Private Sector Loans/Investments Catalyzed:
\$389,227,115
- Total Jobs Created/Retained:
2,319 / 1,521

Advantage Illinois ("AI")

Prohibited Uses

- Passive Real Estate
- "Ownership Interests"
 - Purchases of Shares/Stock
 - "Goodwill", (though almost all other Tangible/Intangible assets may be financed)
 - Support of "Companion Loans" permitted
- Certain Industries

Advantage Illinois ("AI")

• Capital Access Program ("CAP")

• Methodology

- Fee-based, Escrow Account Reserve Program
- Lender may access to offset shortfalls after Borrower liquidation
- Fee Match: 2% to 5%. Fee is paid 50%/50% by Borrower and Lender, (however Lender can debit the Borrower for its portion).
- Bank's Loan Size: Up to \$1,000,000

• Types of Loans Covered

- Term Loans up to 5 year tenor.
- Revolving LOCs (Renewable for up to one additional year, with only one fee due.)

Advantage Illinois ("AI")

Participation Loan Program – Overview

- Standard Participation Loan Program ("PLP")
- Minority/Women/Disabled/Veteran-Owned Businesses ("MWDV PLP")
- Revolving Line of Credit ("RLOC PLP")
- SBA Supported Projects

Advantage Illinois ("AI")

Standard Participation Loan Program

- DCEO's Participation is subordinated to Lender's credit exposure
- Once Lender signs Master Agreement, deal-specific documentation and loan servicing is "short and simple".
- Maximum support is the lesser of a) 25% of the Project, b) 50% of the Loan, or c) up to \$2MM, depending on job creation/retention.
- Maximum DCEO tenor is 10 years.
- Interest Rate is "below market".
- DCEO financial support may range up to \$50K per FTE to be created within 2 Years or "At Risk" jobs to be Retained.
- Refinancing of one Lender's loans by an unrelated Lender now permitted. (Refinancing of a Lender's existing exposure is possible under substantially limited terms/conditions.)

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PLP for Minority/Women/Disabled/Veteran-Owned Businesses ("MWDV PLP")

- Basic structure is similar to the Standard PLP, except that maximum support is the lesser of a) 40% of the "Project", b) 50% of the Loan, or c) up to \$200K, depending on job creation/retention.
- Maximum MWDV PLP tenor is 7 years.
- DCEO financial support may range from \$25K to \$65K per FTE, (depending on Loan term).
- MWDV majority ownership, (51% or more), and "control".

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Revolving Line of Credit PLP Program ("RLOC PLP")

- Basic structure is similar to the Standard PLP.
- Maximum support is the lesser of a) 25% of the "Project", b) 50% of the RLOC Facility, or c) up to \$2MM, depending on job creation/retention.
- Interest Rate on DCEO's portion is "below market".
- DCEO financial support may range from \$25K to \$50K per FTE.
- Maximum Tenor is 2 years. (Further support requires reapplication.)
- Refinancing of one Lender's RLOC facility by an unrelated Lender is now permitted.
- DCEO's Participation in the Facility will be deposited with Lender. Lender pays a low annual interest rate on the entire amount of DCEO's Participation.

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PLP Support of Small Business Administration SBA-7a Activity

This product has now been restricted by Treasury.

- DCEO support will now be restricted to financing purposes other than those financed under the SBA-7A Guaranteed Loan. Thus DCEO will participate in up to 50% of "Companion Loans" provided by the Lender to the same Borrower, and documented with separate, unguaranteed Notes.
- DCEO's credit exposure will be subordinated to the Lender's, and when required, to the SBA's interests as well.
- No DCEO support is permitted for the Lender's unguaranteed portion under the SBA-7A Guarantee.

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PLP Support of Small Business Administration SBA-504 Activity

This product, which DCEO has offered over the last 8 years in support of Borrowers' Equity Portions of SBA-504-assisted projects, has now been restricted by Treasury.

- DCEO support will now be restricted to financing purposes other than those financed under the SBA-504 Structure. Thus DCEO will participate in up to 50% of "Companion Loans" provided by the Lender to the same Borrower, and documented with separate Notes.
- DCEO's credit exposure will be subordinated to the Lender's, and when required, to the SBA's interests as well.

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Collateral Support Program ("CSP")

This Program is now cancelled due to a lack of sufficient market interest.

(Under this Program, DCEO established savings accounts/ C/Ds at Lenders, (up to 20% of Initial Loan amount), to supplement Borrower's pledged collateral.)

Advantage Illinois ("AI")

Invest Illinois Venture Fund ("IIVF") Program

Due to unanticipated high interest in this product, DCEO has tentatively suspended accepting new Applications at this time.

- DCEO invests in common stock, preferred shares, and/or other equity/quasi-equity investments acceptable to SSBCI Program Management at Treasury.
- Projects are screened by DCEO's Venture Capital Panel, composed of internal/external technology/capital-raising specialists, before submission to DCEO's Business Finance Division, for assessment of the venture's creditworthiness.
- Targets hi-tech companies, and others with high potential for growth and the creation of high-paying professional jobs in Illinois.
- DCEO prefers an exit strategy that has it exiting in about 5 yrs or less.
- DCEO limits its equity investments in any particular company to not more than 25% of the company's equity.
- Investee must have firm commitments from other Lenders/Investors totaling no less than 3 times the amount of DCEO's investment.



Advantage Illinois



Enhancing business access to capital is a top priority for this administration and the Illinois Innovation Council. The Brookings Institution recently noted more than 95% of new jobs are derived from business expansion or start up activity.

Advantage Illinois will accelerate investments and ease the credit crunch for small businesses, thanks to more than \$78 million from the federal State Small Business Credit Initiative (SSBCI) of the Small Business Jobs Act of 2010. Advantage Illinois consists of three programs to spur institutional lending to small businesses and one program to leverage private venture capital in start-ups and high-growth businesses.

Illinois expects to generate a minimum "bang for the buck" of at least \$10 in new private lending for every \$1 of federal funding provided through this program, generating more than \$800 million in private investments in Illinois' small businesses. There has never been a better time to grow Illinois ideas or business!

Small businesses are the backbone of the Illinois economy, and the Great Recession was tough on them. Advantage Illinois will be a shot in the arm to our small businesses. By working with the state's banking community and venture capitalists, we'll get entrepreneurs and small businesses starting up or expanding and creating new jobs at a faster rate.

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