



Advantage Illinois

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Advantage Illinois ("AI")

- **Origin**
 - American Recovery & Reinvestment Act of 2009 (\$787BN)
 - Small Business Jobs Act of 2010 (\$30BN)
- **Title III – "State Small Business Credit Initiative"**
 - \$1.5 BN divided according to state/territory population and unemployment experience during 2008 & 2009
 - Illinois Allocation: *\$78,365,264*
- **Maximum Borrower/Recipient Size: <750 FTEs**
- **Maximum Loan/Investment Size: \$20MM or Less**

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Advantage Illinois ("AI")

AI Performance as of 6/1/15

- Total Amt of Loans/Investments: **\$504,592,637**
- Total Amt of AI Funds Obligated/Expended: **\$63,318,947**
(incl. \$1.5MM in "Recycled Funds")
- Total Amt of Private Sector Loans/Investments Catalyzed:
\$485,944,461 (including Follow-on Funds)
- Total Jobs Created/Retained: **2,675 / 1,414**
- Leverage (Private Sector Funds : SSBCI Funds): **7.86:1.0**

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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/Purposes

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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)

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Capital Access Program



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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

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Participation Loan Program Application Process

- Lender signs Master Agreement which covers all Lending Officers in all Lender Branches with the same FEIN.
- Once Lender signs Master Participation Agreement, deal-specific documentation and loan servicing is "short and simple".
 - Lender electronically transmits a copy of their internal Credit Approval, "contingent on participation by Advantage Illinois". Version sent should be "cuttable/pasteable".
 - Lender completes 1-page "Lender's Application for Participation"
 - Borrower & Guarantors complete 1-page "Applicant's Project Proposal" and sign/complete "Applicant's Certifications" & ITR-1s.
- DCEO usually takes 2-3 weeks to secure internal Approvals.
- Approval Letter sent to Lender, who signs the document and is then able to disburse the full amount of the Loan.

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Standard Participation Loan Program Guidelines

- 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" job to be retained.
- Refinancing of one Lender's loans by an unrelated Lender is permitted (refinancing of a Lender's own existing exposure is possible under 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 - \$65K per FTE.
- 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 (refinancing of an already PLP-supported Facility is possible but requires reapplication).
- DCEO's Participation in the Facility will be deposited in an Escrow Account at the Lender's Branch, with Lender paying ¼% p.a. interest on the *entire* amount of DCEO's Participation.

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PLP Assistance in Conjunction with Small Business Administration ("SBA") Supported Activity

Previous Advantage Illinois SBA-7A and SBA-504-linked activities have been terminated by the U.S. Treasury.

- DCEO support is now restricted to financing "purposes other than those financed with SBA assistance". Thus DCEO may participate in up to 50% of "Companion Loans" provided by the Lender to the same Borrower, when 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.
- DCEO may not support Lender's unguaranteed portion under the SBA-7A Guarantee.
- Same restrictions apply in relation to other Federal Programs

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Invest Illinois Venture Fund ("IIVF") Program

Due to unexpected high interest in this product, DCEO has indefinitely suspended accepting new Applications.

- DCEO invested in common stock, preferred shares, and/or other equity/quasi-equity investments acceptable to SSBCI Management at Treasury.
- Targeted hi-tech companies, and others with high potential for growth and the creation of high-paying professional jobs in Illinois.
- DCEO limited its equity investments in any particular company to not more than 25% of the company's equity.
- Investee had to have firm commitments from other Lenders/Investors totaling no less than 3 times the amount of DCEO's investment.

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WHY ILLINOIS | SMALL BUSINESS ASSISTANCE | EXPANSION/RELOCATION | WORKFORCE DEVELOPMENT | COMMUNITY SERVICES

DCEO > Small Business Assistance > Financing Options > Advantage Illinois

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.

ADVANTAGE ILLINOIS
Capital Access Program
Participation Loan Program
Invest Illinois Venture Fund
Lenders
Frequently Asked Questions

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<http://www.illinois.gov/dceo/SmallBizAssistance/Financing/AdvantageIllinois/Pages/default.aspx>

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