

Virginia Small Business Financing Authority (VSBFA) State Small Business Credit Initiative (SSBCI) 2.0

UPDATES

Cheryl P. Bostick, VSBFA SSBCI Grants Manager
Monday, January 10, 2022

AGENDA

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- › APPLICATION UPDATES
- › PROGRAM DESIGN
- › TIMELINE PROJECTIONS
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INTRODUCTION



- > **PURPOSE: Support Small Businesses by Expanding Access to Capital through Lending and Investment Programs**
- > **American Rescue Plan Act of 2021 Reauthorizes and Amends the Small Jobs Act; State Small Business Credit Initiative (SSBCI) 2.0**
 - <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci>
 - **Priorities: Very Small Businesses of 9 Employees or Less and Socially and Economically Disadvantaged Individual-owned Businesses (SEDI)**
 - **VA's Awardable Amount is up to \$230,435,003 (Subrecipients WANTED – Request for Information via Survey Monkey – 41 Respondents)**
 - **Subrecipient Application is Due by Friday, January 14, 2022; 11:59 EST via DocuSign and Excel Spreadsheets, If Applicable, by Email**
 - **Cheryl P. Bostick, SSBCI Grant Manager – CHERYL.BOSTICK@SBSD.VIRGINIA.GOV**

| TYPE | Eligible Program | Description | |
|---------------------------|--------------------------------------|--|--|
| Lending | Capital Access (CAP) | the borrower and state contribute to a bank’s loan loss reserve account to provide additional coverage for losses in its loan portfolio | |
| | Other Credit Support Programs (OSCP) | Loan Participation (LPP) | two subtypes that are economically the same but entail different structures and administration: (a) direct “companion” loans for transactions in which the state makes a direct loan that closes at the same time as a larger private sector loan in the transaction; or (b) loan participations, in which the state purchases a participation interest in a loan (the Participant) that has been made by the lender (the Lead Bank) |
| | | Loan Guaranty (LGP) | the state guarantees a percentage of the bank’s loss on a loan |
| | | Collateral Support (CSP) | the state pledges cash to the bank as additional collateral to support a loan that does not meet all of the bank’s credit criteria |
| Equity Investment (Funds) | Venture Capital (VCP) | investors provide capital by purchasing an ownership interest or providing subordinated debt to small businesses that typically do not participate in debt financing markets due to the business stage or structure. | |

APPLICATION UPDATES

Attachments

- Letter of Designation
- Underserved Narrative
- Reports, if applicable
- Excel Spreadsheet(s) must also be submitted via email
- Audit/Financial Statements per program or organization

Recipients

- Full Names and Email Addresses
- Grant Writer/Developer
- Point of Contact
- Senior Executive Officer

Updates

- January 7, 2022 - Data Tables User Guide
- January 6, 2022 – Capital Access Program Fields
 - initially required checkboxes
 - replaced with optional fields for initials
- December 22, 2021 – Word Format Released

DocuSign®



PROGRAM DETAILS

CAP

- SATISFIES CRITERIA
- PROVIDES LOAN DATA
- ENROLLED LOAN DATA TABLE – IF APPLICABLE
UPLOAD AND EMAIL THE EXCELL SPREADSHEET

OCSP
LPP LGP
CSP VCP

- BACKGROUND DESCRIPTION
- SUMMARIZE GUIDELINES
- ANTICIPATED BENEFITS
- 1:1 PRIVATE CREDIT
- LENDER/INVESTOR CAPITAL AT RISK
- DESCRIPTION OF REQUIRED CREDIT SUPPORT
- LEVERAGE RATIO DATA TABLE – IF APPLICABLE
UPLOAD AND EMAIL THE EXCELL SPREADSHEET

STAFF COMPLIANCE AND OVERSIGHT REQUIREMENT

- Management Team
- Infrastructure to Accommodate Increases in Volume
- Internal Accounting and Administrative Controls
- Research and Market Demand
- Address Underserved Community
- Most Recent Independent Audit
- Financial Statement

TIMELINE PROJECTIONS



| EVENT | DATE/TIMELINE |
|--|---|
| SUBRECIPIENT APPLICATIONS DUE TO VSBFA | JANUARY 14, 2022 |
| VSBFA MOU DELIVERY TO SELECTED SUBRECIPIENTS | JANUARY 21, 2022 |
| MOU FOR PARTICIPATION DUE TO VSBFA | JANUARY 28, 2022 |
| NOTICE OF SUBRECIPIENTS INCLUDED IN THE VSBFA APPLICATION | FEBRUARY 1, 2022 |
| VSBFA APPLICATION TO TREASURY | FEBRUARY 11, 2022 |
| TREASURY ALLOCATION AGREEMENT TO VSBFA | MARCH – MAY 2022* |
| <p>CONTINGENT UPON TREASURY'S AWARD TO VSBFA* PROGRAMS MUST BEGIN WITHIN 90 DAYS AFTER TREASURY'S NOTICE OF AWARD</p> | |
| NOTICE OF SUBAWARD TO SUBRECIPIENTS | Within 5 business days of Treasury's notice to VSBFA* |
| TREASURY ALLOCATION TO VSBFA | Within 2 weeks notice of the allocation agreement* |
| VSBFA ALLOCATION TO SUBRECIPIENTS | Within 5 business days of Treasury's notice to VSBFA* |

OUTREACH

CHAMBERS OF COMMERCE

VIRGINIA BANKERS ASSOCIATION (VBA)

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS
(CDFI)

HISTORICAL BLACK COLLEGES AND UNIVERSITIES
(HBCU)

MINORITY BUSINESS DEVELOPMENT AGENCY-VIRGINIA
(MBDA)

FAQs

- 1. Who is eligible to apply as a subrecipient?** Quasi-state agencies, Investment Firms, Angel Funds, CDFIs, Non-profit organizations, For-profit organizations, Financial Institutions (including credit unions and lending organizations, but excluding commercial banks) who have at least two years of experience in lending and/or investing.
- 2. When will applicants receive notice of subaward?** Applications are due via DocuSign on January 14, 2022. Notice regarding inclusion of selected applicants for the state application will be made by February 1, 2022. Notice regarding subaward status is contingent upon Treasury's delivery of an approved allocation agreement to VSBFA.
- 3. Will subrecipients receive a grant?** Subrecipients will receive a subaward.
- 4. Who will underwrite loan applications?** The subrecipient will underwrite loan applications that are received by its organization. VSBFA will function as the approver.
- 5. Are investment programs required to return funds to VSBFA?** After awarded, funds that are deployed and profits that are gained in accordance to Treasury guidelines will not be returned to VSBFA.
- 6. What are the reporting requirements?** If selected for a subaward, subrecipients must sign a MOU agreeing to participate in quarterly reporting and annual monitoring (virtual and/or on-site). Subrecipients may also be required to use a SSBCI portfolio management application.

FAQs continued

7. Can additional subrecipients be added to the VSBFA program later? Treasury allows amendments to approved applications. Although it is not ideal to add additional subrecipients, VSBFA reserves the latitude to submit potential subrecipients for amendments. Applicants will be considered pending a very strong proposal. Participation of applicants who apply after the January 14, 2022 due date can not be guaranteed.

8. Can the subaward be adjusted after the subaward has been made? Although it is not preferred, there may be allowances for award adjustments that can be initiated by VSBFA or by the subrecipient. Subrecipients must receive written prior approval from VSBFA before adjustments between awarded program amounts are made.

9. How can subrecipients determine success of the leveraging component? Applicants must provide a “reasonable expectation” that the program(s) have the ability to generate small business lending or investing of at least 10 times the amount of federal funding over the life of the program. An estimation is expected.

10. What amount should be indicated on the application? Indicate the SSBCI amount only.

11. Can programs be combined to cover a loan application? No. Subrecipients must select from one of the five eligible programs as approved per organization to support a deal.

12. When will the SSBCI 2.0 Technical Assistance application become available? Treasury is expected to promulgate SSBCI 2.0 Technical Assistance (TA) guidelines and the TA application early 2022. The TA application is due March 31, 2022.

Treasury’s FAQs - <https://home.treasury.gov/system/files/136/SSBCI-FAQs-as-of-12-15-2021.pdf>

OFFICE HOURS

| DATE | HOURS |
|-----------------------------|---|
| Monday, January 10, 2022 | 12:00 p.m. – 4:00 p.m. |
| Tuesday, January 11, 2022 | 3:00 p.m. – 4:00 p.m. |
| Wednesday, January 12, 2022 | 9:00 a.m. – 12:30 p.m. and 4:00 p.m. to 5:00 p.m. |
| Thursday, January 13, 2022 | 9:00 a.m. – 12:30 p.m. and 4:00 p.m. to 5:00 p.m. |
| Friday, January 14, 2022 | 10:30 a.m. – 4:00 p.m. |

CONTACT INFORMATION

Cheryl Bostick, SSBCI Manager

Virginia Small Business Financing Authority

101 N 14th Street, 11th Floor

Richmond, VA 23219-0446

cheryl.bostick@sbsd.virginia.gov

<https://www.sbsd.virginia.gov/virginia-small-business-financing-authority/>

(804) 371-0657



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