



Financing Sources

- *Small Business Administration*
- *Recycling Market Development Zones*
- *Industrial Development Revenue Bond Program*
- *Tech Coast Angels*

Small Business Administration

The SBA - Who We Are and What We Do

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. We recognize that small business is critical to our economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Although SBA has grown and evolved in the years since it was established in 1953, the bottom line mission remains the same. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.

Santa Ana District Office

The Santa Ana District Office is responsible for the delivery of SBA's programs and services to Orange, Riverside and San Bernardino Counties.

Stop by our office located at 200 W. Santa Ana Blvd. Suite 700, in downtown Santa Ana across from the Old Orange County Courthouse. Office hours are from 8:00 AM until 4:30 PM, Monday through Friday.

Services Available

- Free counseling, advice and information on starting a business through SCORE, Counselors to America's Small Business. SCORE also conducts training events throughout the district, including pre-business seminars (some require a nominal registration fee), as well as cyber counseling.

- Free consulting services through the network of Small Business Development Centers (SBDC). SBDCs also conduct numerous training events throughout the district (some require a nominal registration fee).
- Assistance to businesses owned and managed by socially and economically disadvantaged individuals through the Minority Enterprise Development Program.
- A woman's business ownership representative is available to assist women business owners.
- Special loan programs are available for businesses involved with international trade.
- A veteran's business representative is available to assist veteran business owners. Contact our veteran business owner representative at (714) 560-7455.

SBA Guaranteed Loan Programs

Banks and other lending institutions offer a number of SBA guaranteed loan programs to assist small businesses. While SBA itself does not make loans, it does guarantee loans made to small businesses by private and other institutions.

Below is an overview of SBA's guaranteed loan programs. For more information, click on the name of the program.

[7\(a\) Loan Program](#): This is SBA's primary and most flexible loan program, with financing guaranteed for a variety of general business purposes. It is designed for start-up and existing small businesses, and is delivered through commercial lending institutions.

The major types of 7(a) loans are:

[Express Programs](#)

[Export Loan Programs](#)

[Rural Lender Advantage Program](#)

[Special Purpose Loans Program](#)

[CDC/504 Loan Program](#) : This program provides long-term, fixed-rate financing to acquire fixed assets (such as real estate or equipment) for expansion or modernization. It is designed for small businesses requiring "brick and mortar" financing, and is delivered by CDCs (Certified Development Companies)—private, non-profit corporations set up to contribute to the economic development of their communities. For more information, please visit www.cdcloans.com.

[Microloan Program](#): This program provides small (up to \$35,000) short-term loans for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment. It is designed for small businesses and not-for-profit child-care centers needing small-scale financing and technical assistance for start-up or expansion, and is delivered through specially designated intermediary lenders (nonprofit organizations with experience in lending and technical assistance).

[Disaster Assistance Loan Program](#): This program provides low-interest loans to homeowners, renters, businesses of all sizes and most private non-profit organizations to repair or replace real estate, personal property, machinery and equipment, inventory and business assets that have been damaged or destroyed in a declared disaster.

Additional information on SBA's loan programs is available at www.sba.gov/financing

Management and Technical Assistance

SCORE, Counselors to America's Small Business, is a nonprofit organization that provides small business counseling and training. Volunteer business executives, whose collective experience spans the full range of American enterprise, share their management and technical expertise with present and prospective owners/managers of small businesses. Counseling can take place at a SBA field office, SCORE chapter location, or a client's business. Cyber counseling is also available. There are 3 SCORE chapters in the Santa Ana District.

Small Business Development Centers (SBDC) are designed to deliver up-to-date counseling, training and technical assistance in all aspects of small business management. SBDC services include, but are not limited to, assisting small businesses with financial, marketing, production, organization, engineering and technical problems and feasibility studies. Special SBDC programs and economic development activities include international trade assistance, technical assistance, procurement assistance, venture capital formation and rural development.

For information and scheduling of upcoming events, workshops and seminars please see our local management training calendar.

8(a) Business Development

SBA offers assistance to small businesses owned and controlled by socially and economically disadvantaged persons through the Section 8(a) business development program. Small businesses that qualify under the 8(a) program are those businesses that offer products or services to the Federal Government through agencies of government and through government prime contractors. Since various government agencies have different mission requirements which affect purchasing needs, we encourage all firms owned by socially or economically disadvantaged individuals to contact our 8(a) Business Development Staff at (714) 550-7420.

Special Emphasis Areas

SBA considers itself to be an advocate for the interests of all small businesses. The agency has a number of programs available to women, minorities, veterans and to businesses pursuing international trade. For more information concerning these programs, please call (714) 550-7420.

General Contact Information

<http://www.sba.gov>
SBA Answer Desk
1-800-U-ASK-SBA (1-800-827-5722)

Your Local SBA

Santa Ana District Office
200 W Santa Ana Blvd.
Suite 700
Santa Ana, CA 92701
(714) 550-7420
Fax (714) 550-0191
<http://www.sba.gov/localresources/district/ca/santa>

More funding sources....

Recycling Market Development Zones (RMDZ)

The Recycling Market Development Zones strive to attract businesses using recycled materials in their manufacturing process. The state has established a low-interest rate revolving loan fund which may be used for land acquisition, leasehold improvements, equipment purchases, and working capital for up to 75 percent of the project cost to a maximum of \$2 million.

Riverside County RMDZ

<http://www.ciwmb.ca.gov/RMDZ/Riverside/Default.asp>

Riverside County Economic Development Agency
3499 10th Street, Suite 100
Riverside, CA 92501
Phone: 951-955-8916

Industrial Development Revenue Bond Program

What are Industrial Development Bonds?

Industrial Development Bonds (IDBs) are tax-exempt securities issued by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies. IDBs can be issued by the I-Bank, local Industrial Development Authorities, or by Joint Powers Authorities.

General Eligibility Requirements

The use of IDBs is governed by both federal and state laws and regulations. The following are some of the key requirements:

- **Manufacturing Facility.** The project financed by the bonds must be a facility used for the manufacturing, production or processing of tangible property (including the processing resulting in the change of such property). No more than 25% of the bond proceeds can be applied to ancillary office, warehouse or other space.
- **Qualifying Costs.** At least 95% of the bond proceeds must be spent on qualifying costs. Qualifying costs are generally capital expenditures such as land, building and equipment and other depreciable property (and can also include capitalized interest during construction).
- **Land.** No more than 25% of the bond proceeds can be used to acquire land.
- **Acquisition of Existing Manufacturing Facilities.** The acquisition of an existing facility can be financed if at least 15% of the portion of the bond amount used to purchase the facility is spent on rehabilitation of the building within a two-year period.
- **Used Equipment.** If bond proceeds are used to acquire used equipment, 100% of the cost must be spent on rehabilitation of the equipment within a two-year period.
- **Maturity.** The average maturity of the bonds cannot exceed 120% of the average economic life of the assets financed.
- **No Working Capital or Inventory.** Bond proceeds cannot be used to finance working capital or inventory.
- **\$20,000,000 Limitation.** The capital expenditures for the project, when added to the company's other capital expenditures in the same public jurisdiction as the project for the three years immediately preceding and three years following the closing of the financing of the project, cannot exceed \$20,000,000.
- **\$40,000,000 Aggregate Limitation.** A borrower and certain users may not be the beneficiary of more than \$40,000,000 of certain tax-exempt bonds regardless of the location of the projects, during a three year period after the facility being financed is placed in service.
- **Public Benefits.** The project financed by the bonds must meet certain public benefit criteria established by the California Debt Limit Allocation Committee (CDLAC), which include, among other things, the creation or retention of jobs. CDLAC's criteria for IDBs and other types of private activity bonds can be obtained at www.treasurer.ca.gov/cdlac/.

- **Prevailing Wage.** The prevailing wage must be paid to workers involved in the construction or renovation of a facility financed with IDBs in compliance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code and implementing regulations. California Labor Code, Division 2, Part 7, Chapter 1, Article 1, Section 1720-1743 can be viewed at www.leginfo.ca.gov/cgi-bin/displaycode?section=lab&group=01001-02000&file=1720-1743.
- **Credit Requirements.** The borrower must generally secure a letter of credit in the amount of the bonds from a bank with a long-term credit rating of "A" or better. An unrated private placement with a Qualified Institutional Buyer is also possible under certain conditions.

Benefits of IDB Financing

- **Low Interest Rates** - generally 20% to 30% below comparable commercial alternatives.
- **Long-Term Financing** - longer than conventional financing, often up to 30 years.
- **Comprehensive Funding** - funds can be used for construction and take-out financing for land, buildings and equipment.
- **Assumable** - the bonds are assumable if the business is sold to an entity engaged in a qualified use.
- **No Prepayment Penalty.**

The IDB Process

The IDB financing process can generally be completed within 120 - 150 days. The Riverside County staff and a financing team, which typically consists of an underwriter, bond counsel and financial advisor, will assist the applicant through each stage of the process.

Stage 1 - Pre-Qualification

- Pre-Application
- Federal Requirements
- State Requirements

Stage 2 - Approvals

- Inducement Resolution by Issuer
- Application to Issuer for Final Approval
- Noticed Public Hearing ("TEFRA")
- Letter of Credit Commitment from Bank
- State Tax-Exempt Allocation Approvals

Stage 3 - Bond Issuance

- Documentation
- Final Resolution of Issuance by Issuer
- Bond Sale
- Funding

How to Apply

Applications are accepted on a continuous basis and the I-Bank Board of Directors normally meets each month to consider approval of complete applications received at least twenty working days prior to the meeting date. For additional information, please contact 1-800-984-1000.

Disclaimer:

Nothing contained herein should be construed or relied upon as legal advice. Instead, this information is intended to serve as an overview of the general subject of the use of tax-exempt bonds by manufacturing companies, from which better-informed requests for advice, both legal and financial, can be formulated.

Contact:

Riverside County EDA
3499 10th Street, Suite 100
Riverside CA, 92501
(951) 955-8916 (Phone)
(951) 955-2159 (Fax)

Funding Sources from Venture Capital...

TECH COAST ANGELS

www.techcoastangels.com

Building Valuable Companies

Angel investing isn't just about money. It is also about mentoring, strategic advice and connections to customers, management and venture capital.

Tech Coast Angels (TCA) is helping fuel the growth of the most innovative companies and entrepreneurs in Southern California. TCA's 270 members devote time, expertise and capital to help companies grow and succeed. Companies benefit from working with a group of seasoned, well-connected advisors.

That's why TCA is the largest angel network in the U.S. and the number one source of startup funding in Southern California. TCA members have invested more than \$65 million in more than 100 companies and have helped attract more than \$650 million of additional capital, mostly from venture capital firms. TCA operates four networks in Los Angeles, Orange County, San Diego and Westlake/Santa Barbara.

Interested in how TCA can help your innovative company grow or in becoming a TCA member? Take the first step and fill out a funding or membership application today.

Investment Criteria

Tech Coast Angels members invest in Southern California companies with the potential to rapidly scale into market and financial leadership. This usually implies potential for **high growth**, a **strong market position**, and a **sustainable advantage**. Specifically, members look for:

- A market opportunity sufficiently large to create a business with at least \$50 to \$100 million in annual revenues.
- A compelling, well articulated strategy for capturing and defending a significant market share.
- Proprietary technology or other strong barriers to entry.
- Strong management (not necessarily a complete team) with relevant and successful experience.
- An exit strategy for the investors.
- A desire for advice and coaching.

- Lastly, the company valuation must fit within our risk/reward expectations for the investment.

Normally, members do not consider investments in companies based outside of Southern California.

Use of Funds

TCA members look for situations where the capital sought (approximately \$1-2 million, or less) will take the company to the next level, and materially increase its valuation. A company must be able to demonstrate how it will use members' investment to complete at least some of the following:

- Proof of concept
- Prototype of its product or technology
- Patent filing (for broad patent)
- Product development
- Market research
- Product launch
- Major contract or customers
- Management team
- Reduce other investment risks

Screening Process

TCA has developed a fairly comprehensive screening process to help members make investment decisions.

Submitting a Proposal

Neither TCA nor its members pay finders, or similar, fees to any person or entity in any way connected with investments made by its members; only members may process investment opportunities. We also do not charge companies for making presentations to member of the group.

To be considered for our review by our members, please complete the Funding Application Form and upload an investor PowerPoint presentation. TCA members accept only electronic submissions.

*Do **not** include confidential information. Neither Tech Coast Angels nor its members sign Non-Disclosure Agreements for initial proposals. If there is sufficient interest, an NDA may be negotiated with individual members at a later time.*

For Investments Some of the investment opportunities that TCA members evaluate are referred to us either by our members, or by investors, entrepreneurs or professionals who know one of our members, but a referral is not necessary, and many successful applications had no previous connection to TCA. You must **submit a funding application here** as a pre-condition of our members' evaluation of your investment opportunity. There are no fees associated with a TCA application.