

May 14th, 2024

# State Small Business Credit Initiative

*Other Credit Support Program  
(OCSP) and Technical  
Assistance (TA)*

**ARIZONA**  
COMMERCE AUTHORITY





# Arizona SSBCI Programs

Matthew Bolin



## State Small Business Credit Initiative (SSBCI)

# Arizona SSBCI Programs

SSBCI is a federal program administered by the Department of the Treasury to **strengthen state programs that support private financing to small businesses** and business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses).





# Arizona's SSBCI Programs

Arizona Loan Guarantee Program

Arizona Multi-Fund Venture Capital Program

Arizona Venture Co-Invest



# Loan Guarantee Program

The loan guarantee program will provide a guarantee to approved lending partners. If a small business were to default on a loan, the ACA, using SSBCI funds, will serve as a guarantor for the outstanding loan amount up to 50% of the loan.

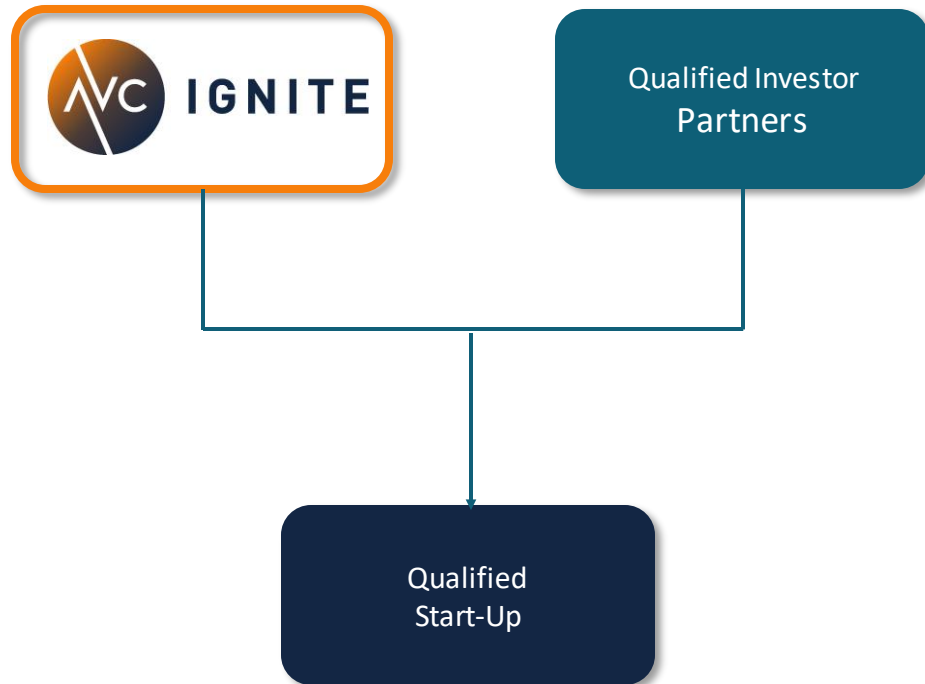


# Loan Guarantee Program

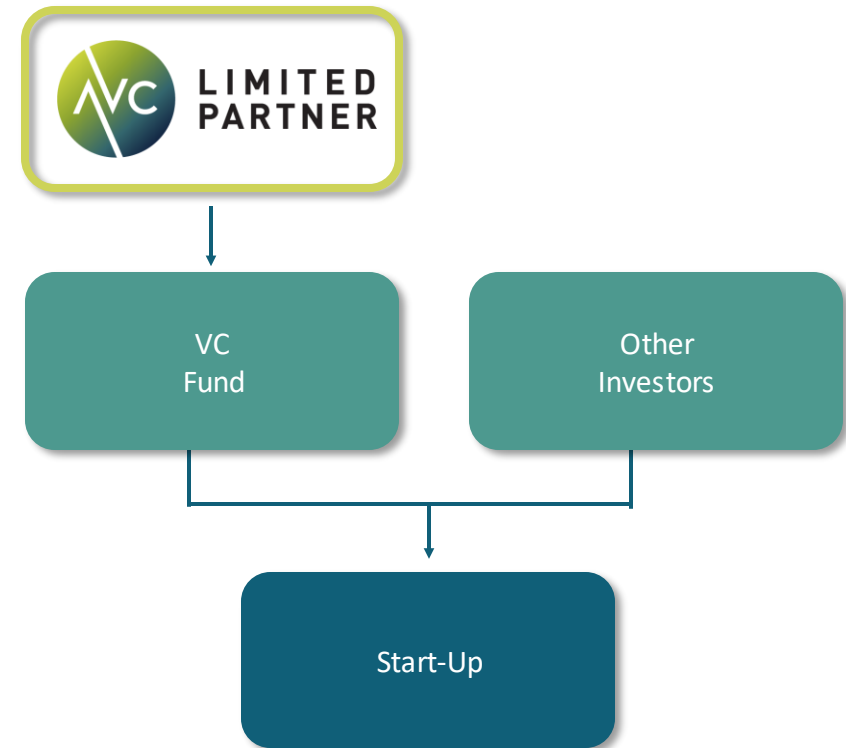
- Lending decisions are made by the partnering Community Development Financial Institution (CDFIs)
- The 3 CDFI partnerships include Clearinghouse CDFI, Lendistry CDFI and Prestamos CDFI



# Venture Programs



AVC invests directly in early-stage companies to expand access equity capital in Arizona



AVC invests in venture capital funds to catalyze private investment in Arizona companies

# What is Venture Capital (“VC”)

## Definition

Investment capital for high growth startups to enable them to fund their business through the valley of death and beyond in exchange for an ownership stake in the company.

## Key Features

### Long Term Investment

VCs target 25-20% returns and generally won't achieve those returns for 5-10 years. Most venture capital investments are high risk, high reward, as 8 out of 10 investments ultimately go to \$0 return.

### Equity

Venture capitalists purchase shares (or a % ownership) of a company in exchange for startup funding; VCs are betting that their portfolio will include companies whose valuation grows several multiples from the point at which the VC invested.

### Startup Companies

Startups generally cannot raise traditional capital, like bank loans and capital markets. Because VCs take on the risk of funding early-stage companies, they ask for meaningful ownership in the company in order to get the ROI that makes their model work.



# Different Businesses Need Different Funding

## VC-Backable Companies

- Exponential growth potential
- Scalable business model
- National or global reach and impact
- Significant potential return for investors
- Innovative technology or business models
- Typically, high-margin economics
- Outside Capital - VC Equity

## Main Street Businesses

- Steady linear growth
- Predictable business model
- Local customer base and economic impact
- Defined potential return for investors
- Sells mature product types
- Typically, consistent economics
- Outside capital - Loans

Robinhood 

 Pinterest

Best Donuts In Arizona  
  
Coffee & Smoothies



**PROVISION**  
coffee & roaster



Uber

  
Spotify

  
workday

 airbnb

  
AQUA-TOTS  
SWIM SCHOOLS

# SSBCI Technical Assistance Program

Albert Escobedo



# Technical Assistance Program

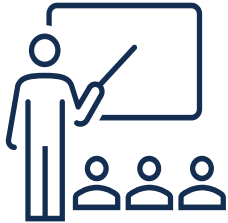
## WHAT IS TECHNICAL ASSISTANCE?

Technical assistance involves helping business owners (Beneficiaries) utilize Legal, Financial Advisory and Accounting services to ultimately assist to secure financing (Debt or Equity).



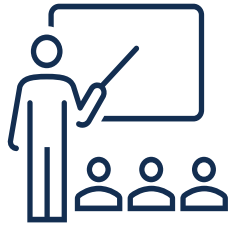
This Technical Assistance is provided at no-cost to the beneficiary by the ACA through the SSBCI Grant by U.S Treasury.

Each State has allocated TA funds by U.S Treasury and is expected to deliver these services to their residents





# Technical Assistance Program



**Group Example:** An in person or virtual class is held to assist beneficiaries in basic financial education. This course goes through the basics in understanding requirements of funding and different funding avenues.



**1 on 1 Example:** A beneficiary applies for a small business loan but only has 1 year of financial statements when the bank needs 2 years of statements. The TA program run by the ACA can pay for an accounting expert to provide that service to the beneficiary so they can continue with the loan process and ultimately secure funding.

# Technical Assistance Program

The ACA has contracted with Prestamos Community Financial Institution to provide financial advisory classes around the State of Arizona, virtually and in person.

Some topics of these classes will be but are not limited to:

- Financial Literacy
- Understanding Funding Options
- SSBCI Programs
- Preparing for Funding

- Prestamos Calendar

<https://prestamoscdfi.org/events/>



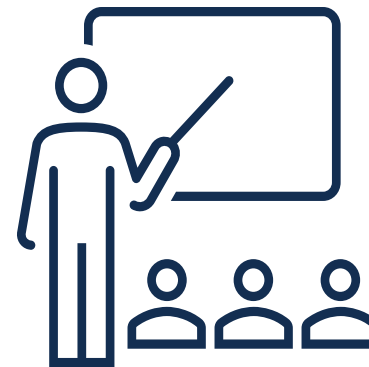
# Technical Assistance Program

Appropriate Candidates fit most of the criteria below:

- Interest in understanding the loan process
- New business under 2 years
- Interest in the SSBCI program
- Interested in gaining more knowledge on financial literacy for their business
- Thinking about starting a business

- ACA Technical Assistance Resources (Funding Checklist)

<https://www.azcommerce.com/ssbci/ssbci-technical-assistance-grant-program/>

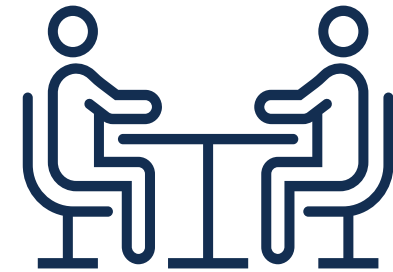




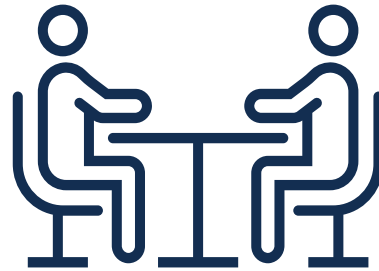
# Technical Assistance Program

The ACA has contracted with different service providers that can assist businesses with special services. Those special services include Financial Advisory, Legal and Accounting services.

If a beneficiary is identified as needing specialized services, they will go through an initial consultation to verify the need.



# Technical Assistance Program



Ready candidates will fit most the criteria below:

- Understanding of the loan process
- Close to applying for funding OR been recently denied for funding
- Been in business for 2+ years
- Involved with ACA partners and programs

• Request Technical Assistance

<https://prestamoscdfi.org/ssbci/>

Unready candidates will fit most the criteria below:

- Little understanding of the loan process
- Not interested or close to applying for funding
- New business
- Not involved with ACA partners and unaware of small business programs



# Webinar Closure

## Contacts

Small Business Vice President	Robert Theobald	<a href="mailto:Robertt@azcommerce.com">Robertt@azcommerce.com</a>	(602) 845-1247
SSBCI Program Manager	Matthew Bolin	<a href="mailto:matthewb@azcommerce.com">matthewb@azcommerce.com</a>	(602) 845-1235
SSBCI TA program manager	Albert Escobedo	<a href="mailto:alberte@azcommerce.com">alberte@azcommerce.com</a>	(602) 845-1225







# Questions?

