

ILLINOIS FINANCE AUTHORITY PARTICIPATION LOAN PROGRAM



**(INCLUDES SPECIAL PROGRAM FOR VETERAN,
FEMALE, MINORITY, AND DISABLED-OWNED
VENTURES, AS WELL AS AGRIBUSINESSES)**

Illinois Finance Authority

- Since being created in 2004, the Illinois Finance Authority (IFA) has provided access to low-cost capital to public & private entities involved in supporting economic development, creating and retaining jobs, and improving quality of life for Illinois residents. Thus far, IFA's conduit financing programs - - that is the practice of using its name in an issuance of fixed income securities for large capital projects - - have extended to every Illinois county and helped provide lower cost capital to thousands of projects - - especially those assisting farmers/agri-businesses, business and industry, school districts and higher education institutions, healthcare facilities, cultural and social entities, and local governments - - develop, upgrade, expand, and sustain their operations and services.
- IFA is a governmental State entity that was created as a result of the consolidation and elimination of 7 State authorities and entities. It is authorized to issue tax-exempt and taxable bonds and to make and guarantee certain non-conventional loans. IFA does not receive appropriated funding from the State and operates at no cost to taxpayers.
- IFA is governed by a 15-member, non-paid Board, with combined experience in economic & industrial development, small business management, real estate development, housing, health facility financing, local government financing, infrastructure financing and public-private partnerships. The Board is appointed by the Governor & confirmed by the Senate. Leading the IFA team is the Executive Director, (nominated by the Governor and appointed by the Board).

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NEW PARTICIPATION LOAN PROGRAM ("PLP")

- How does a Participation Loan work?
- Master Agreements and Application Forms on IFA Website
- Standard Program Parameters
 - Maximum support is the lesser of a) 25% of the Project, b) 50% of the Loan, or c) up to \$500K, depending on job creation/retention over the following two years.
 - Maximum IFA tenor is 10 years.
 - Interest Rate is "below market". No Fees or Prepayment Penalties on IFA portion.
 - IFA financial support ranges up to \$50K per FTE to be created or "at risk" jobs to be Retained.
 - Revolving Lines of Credit and/or Term Loans
 - Refinancing of one Lender's loans by an unrelated Lender permitted.
- What are the benefits to the Lender and Borrower?
- Why many banks prefer Loan Participations over Guarantees
- What the Borrower will need to qualify for support
 - Business Plans (Where assistance is available)
 - Prospective Lender and/or Lender feedback

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NEW PARTICIPATION LOAN PROGRAM FOR DISADVANTAGED CLASSES

- Focus is currently on Veterans, (however currently available for all MWDV)
A "Qualified Veteran-Owned Small Business" is defined as a small business that: (i) is at least 51% owned by one or more qualified veterans living in Illinois or, in the case of a corporation, reflects at least 51% of its stock as being owned by one or more qualified veterans living in Illinois, and (ii) that has its home office in Illinois.
- Program Parameters: Maximum support is the lesser of a) 40% of the Project, b) 50% of the Loan, or c) up to \$300K, depending on job creation/retention over the following two years. However, depending on circumstances, flexibility in terms of Participation percentage or amount may be approved.
- Supports funding for general corporate purposes
 - Maximum IFA tenor is 7 years.
 - IFA Interest Rate is "below market". No Fees/Prepayment Penalties on IFA portion
 - IFA support may range up to \$65K per FTE to be created/"at risk" job to be Retained.
 - Revolving Lines of Credit and/or Term Loans
 - Refinancing of one Lender's loans by an unrelated Lender now permitted.
- What are the benefits to the Lender and Veteran entrepreneur?

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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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