



Alaska Small Business
Development Center
UAA BUSINESS ENTERPRISE INSTITUTE

ALASKA TRIBAL SSBCI CONSORTIUM PROPOSAL

JON BITTNER, STATE DIRECTOR
ALASKA SBDC

ALASKA SBDC'S SSBCI PROGRAM BACKGROUND

- **Alaska SBDC has a 37-year history helping to connect businesses with funding opportunities**
 - 2,000 businesses directly through advising
 - 5,000 businesses through workshops and training
 - 115 communities across the state
 - Help connect Alaskan businesses with roughly \$40-\$50 million in funding annually
- **Experience with the previous round of SSBCI funding**
 - Worked with the initial Alaska SSBCI program (49SAF)
 - Partnered with 49SAF and other groups to provide Investor training and conferences
 - Processed business applications for the 49SAF direct equity program
 - Conduct diligence for the current 49SAF direct funding program
- **Managing the current State of Alaska SSBCI fund (\$59 million)**
 - Working with every financial institution in the state and most of the investor groups
 - Erin Baca, previous 49SAF SSBCI program manager, will be overseeing the Alaska SBDC SSBCI equity programs
 - Have conducted analyses of dozens of other programs across the US
 - The Alaska SBDC has one of the top NeoSerra database admins in the US to manage the data collection

ALASKA SBDC'S SSBCI PROGRAM PROPOSAL

The Alaska SBDC is offering to:

- Consolidate all interested tribal participants into one proposal submitted by the Alaska SBDC
- Design and deploy all five program options to ensure rapid and successful deployment of capital
- Manage the funding, data collection, reporting and diligence to ensure grant compliance
- Keep all tribal participants and federal partners informed of program status and progress on a regular basis
- Market and promote the various funding mechanisms created through the program
- Provide educational opportunities for financial institutions and businesses interested in the program

There are currently over 115 Tribal entities in the program with around \$82 million in allocations

- This is the largest Tribal SSBCI consortium in the country
- The various funds would be deployed regionally if possible
- Operating costs for the program would be taken from the allocations (5% tranche 1, 3% tranches 2 & 3) and program income generated
- The Alaska SBDC will not retain ANY of the initial allocations remaining after the program ends in 10 years
- Funds will be returned to the tribes minus operating costs and losses

GENERAL SSBCI FUNDING OPTIONS

Type of Program	Primary Purpose	Financing Products	Typical Customers
Capital access	Provide reserve funds to help protect lenders from losses	Working capital	Micro-enterprises (less than 10 employees or \$1 million in sales)
Loan guarantee	Provide repayment guarantee for large portion of a loan in the event of default after collateral recovery efforts by lender have failed	Lines of credit, working capital, asset purchases, commercial real estate	Established businesses or turn-around situations
Collateral support	Supplement collateral when borrowers do not otherwise meet loan-to-value ratio requirements	Asset purchases, commercial real estate; gap financing for SBA 504 transactions	Established, growing businesses with a collateral shortfall
Loan participation	Provide subordinated or pari-passu debt to encourage senior lenders to increase loan size or reduce borrower interest expense	Asset purchases, commercial real estate	Established businesses (i.e., more than 3 years of financials) with documented cash flow or collateral shortfall
Venture capital	Provide risk capital to small businesses with high growth potential	Seed, early stage, or growth capital	Start-ups or emerging small businesses (i.e., businesses with new products or growing markets)

TRIBAL SSBCI PROGRAM OVERVIEWS

Loan Guarantee - \$40 million

- Guarantees will average around 50% of total loan (up to 80% in certain circumstances)
- The guarantee will be in the form of a CD deposited with the lending institution
- This program will be best for higher risk loans and businesses that have struggled due to COVID or economy

Loan Collateral - \$10 million

- Collateral will average around 20% (up to 25% in certain circumstances)
- The guarantee will be in the form of a CD deposited with the lending institution
- This program will be best for commercial fishing, tourism and other hard to collateralize industries

Loan Participation - \$15 million

- Loan participation will average around 50% of the total loan
- The SSBCI funds will be used to provide a lower interest and sometimes longer term loan alongside bank loan
- This program will be best for businesses that might have difficulty making monthly payments at bank rates

Equity - \$20 million

- This program will be a fund-to-fund model offering to match private sector money 1:1
- The funds will also be used to develop incubator and non-traditional funding options

GENERAL SSBCI PROGRAM TIMELINE

- **September 1, 2022 – Program proposal due**
- **December 10, 2022 – Tribal Technical Assistance Grant Proposal Due**
- **February, 2023 – Alaska Tribal SSBCI Proposal approved by US Treasury (ESTIMATED)**
- **March, 2023 – Operating Agreements signed between participating tribes and UAA (ESTIMATED)**
- **April, 2023 – Allocation Agreement signed between UAA and US Treasury (ESTIMATED)**
- **July, 2023 – Tribal SSBCI program launch (90 DAYS AFTER ALLOCATION AGREEMENT IS SIGNED)**
- **April 2033 – Tribal SSBCI program ends and funding becomes "defederalized"**
- **May 2033 - Jon takes a VERY long vacation somewhere tropical**

THANK YOU!

JON BITTNER

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