Kansas Center for Entrepreneurship

**Kansas Capital Multiplier Loan and Venture Funds**

SBA Lenders Roundtable
June 13, 2012

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**NetWork Kansas**

**State Small Business Credit Initiative (SSBCI) – U.S. Treasury**

- $1.5 billion nationwide to strengthen lending to small businesses (500 employees or less)
- Matching program – 10x leverage on private investment, including bank loans and applicant equity
- NetWork Kansas partnership with Kansas Department of Commerce to provide funds

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**NetWork Kansas**

**SSBCI in the State of Kansas**

- Kansas award announced June 2011
- $10.5 million for the Kansas Capital Multiplier Loan Fund
- $2.6 million for the Kansas Capital Multiplier Venture Fund
- Loan and Venture Funds administered by NetWork Kansas in partnership with the Kansas Department of Commerce

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**NetWork Kansas**

**Examples - Eligible Uses of Funds**

- Asset purchase
- Commercial real estate acquisition
- Construction
- Expansion
- Franchise financing
- Inventory financing
- Start up costs
- Working capital
**Kansas Capital Multiplier Loan Fund**
- Loan minimum of $25K and max of $500K on multiplier portion (minimum total deal of approximately $775K)
- 9% match on private capital, including bank loans
- Loan terms: 1-3 year terms 3% fund rate
  6-10 year terms - 5% fixed rate
- Currently accepting applications from NetWork Kansas resource partners
- Multiplier Loans will be subordinate to private capital and be administered by certified development companies who are NetWork Kansas partners

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**What Counts as Private Match?**

**LOAN FUND**
- New bank loan
- New line of credit
- Addition to existing line of credit
- Owner down payment
- Equity investment

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**Example 1, Leveraging Conventional Loan**

$300,000 bank loan  
X 9% match on private capital  

= $27,000 from Kansas Capital Multiplier Fund, provided as low-interest loan.

*$327,000 = New total available to business

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**Example 2, Line of Credit Increase**

$2,000,000 - New Line of Credit Amount  
- $1,000,000 - Original Line of Credit Amount

$1,000,000 of new credit  
X 9% match on private capital

= $90,000 from Kansas Capital Multiplier Fund, provided as low-interest loan.

*$1,090,000 = New total available to business
**NetWork Kansas**

**Awarded Loan Projects**
- JCB Labs, Wichita
- MoJack Distributors, Wichita
- Global Aviation Technologies, Wichita
- KKAN, Phillipsburg
- McCarty Dairy LLC, Rexford
- McCarty Dairy (Bird City) LLC, Bird City
- McCarty Dairy (Scott City) LLC, Scott City

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**Who Are Resource Partners?**
- Certified development companies (CDCs)
- Chambers of commerce
- Economic development agencies
- Federal agencies (SBA, USDA)
- Kansas Bioscience Authority
- Kansas Department of Commerce
- Kansas Main Street organizations
- State entrepreneurial centers
- University Centers of Excellence

**NetWork Kansas**

**Benefits to Businesses/Lenders**
- Funds are subordinate to private capital
- Closing costs are partially paid by NetWork Kansas
- Augments risk by providing avenues for capital beyond collateral
- Flexible uses for funds

**NetWork Kansas**

A Service of the Kansas Center for Entrepreneurship

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