

# ACCESS TO CAPITAL ACCESS TO OPPORTUNITY ACCESS TO BONDING



CALIFORNIA  
**CAPITAL  
ACCESS**  
PROGRAM



# ACCESS TO CAPITAL OVERVIEW

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# BACKGROUND: History of California's SSBCI Federal Funds

**April 2011**

- US Treasury & State of California \$1.7B Small Business Lending Initiative
- \$168M in Federal Funds under SSBCI
- \$84 M each to SBLGP and CalCAP
- January 2013 – CalCAP Collateral Support was approved for use under SSBCI

The screenshot shows the Silicon Valley Business Journal website. The main headline is "\$1.7B in small-business lending expected in California", which is circled in red. The article text includes: "The U.S. Department of the Treasury said Thursday it has approved California's plan for using its full State Small Business Credit Initiative funding allocation, which will help create jobs and spur an expected \$1.7 billion in additional small-business lending in the state." It also features a quote from California State Treasurer Bill Lockyer: "These funds will help break down barriers to credit for small businesses so that Main Street entrepreneurs can continue hiring and investing in their local communities." The article is dated February 11, 10:50am PST. The page also includes a sidebar with sponsored links for CreditSecure and Cisco WebEx Meetings, and a right-hand navigation area with sections like "One on One CONVERSATIONS" and "SPARK BUSINESS".

**SSBCI**  
State Small Business  
Credit Initiative



# NOR-CAL MISSION AND BACKGROUND

## NOR-CAL FDC MISSION

Enhance and Expand Economic Development, Job Creation and Small Business Success by Providing Access To Capital, Technical Assistance, Tools and Resources to Small Business Owners and Entrepreneurs.

Nor-Cal Capital Access for 2013-2014	
Critical Focus Areas	Community Benefit
Loan Guarantees up to \$2.5 million	Nor-Cal provided 19% of all state guarantees to CA Businesses
Loan Guarantees \$100,000 or less	Nor-Cal provided 29% of all state guarantees to CA businesses
Loan Guarantees \$50,000 or less	Nor-Cal provided 50% of State guarantees
Nor-Cal Capital Access for 2012-2013	
Critical Focus Areas	Community Benefit
Loans to Small Businesses	150 loans made to California businesses
Capital Funding	Provided over \$23M to CA businesses
Job Creation	Over 2,800 new and/or retained jobs

# SMALL BUSINESS PROGRESSIVE FINANCING

A

## Size of Loan Requests

\$ 5 Million and Up

\$250k to \$5 Million

\$50k to \$250k  
“The Box”

\$5k to \$50k

B

## Lending Partners

- Micro Lenders
- Mobilization Funds
- Revolving Loan Funds
- Community CDFI's
- Banks – Midsize
- Banks - Upper End

C

## Financing Drivers

- Management
- Ability to Repay
- Collateral
- Credit Equity
- Injection

# ACCESS TO CAPITAL: Key Metrics for Your Business

1

CREDIT

2

ABILITY TO REPAY

3

MANAGEMENT

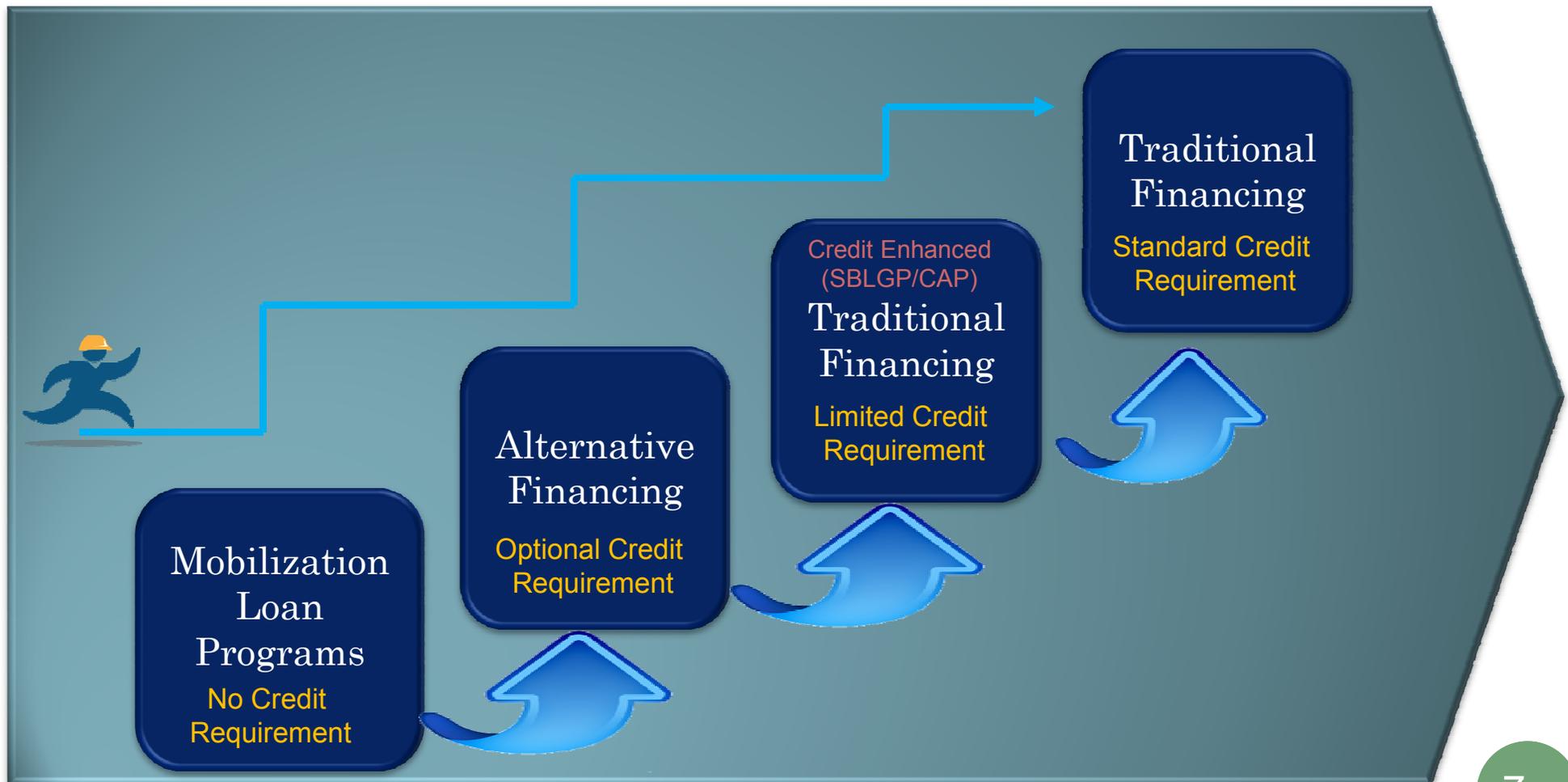
4

EQUITY INJECTION

5

COLLATERAL

## Access To Capital Path To Success



# OVERVIEW

## NOR-CAL AND CALTRANS PARTNERSHIP

***INTRODUCING...***

***THE NOR-CAL PATHWAYS PROGRAM***

**DOUGLAS MACKBEE**

*CHIEF STRATEGY AND PLATFORM*

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# **PRIME CONTRACTORS BIGGEST CHALLENGES**

- 1. WINNING NEW BUSINESS**
- 2. PROFITABILITY ON JOBS**
- 3. PRE-CONSTRUCTION COLLABORATION**
- 4. COMPLETING WORK ON TIME/ON BUDGET**
- 5. PROJECT MANAGEMENT**



# PRIME CONTRACTORS BIGGEST CHALLENGES

PEEL BACK THE LAYERS.....

- ✓ **INCREASING BID WIN RATE**
- ✓ **FINDING SUITABLE SUBS**
- ✓ **MANAGING and SUPPORTING SUBS**
  - **ASSESSMENT/VETTING/PRE-QUAL**
  - **BUSINESS SUPPORT and TA**
  - **CREDIT/ACCESS TO CAPITAL**
  - **INSURANCE/BONDING CAPACITY**



# Did you know?

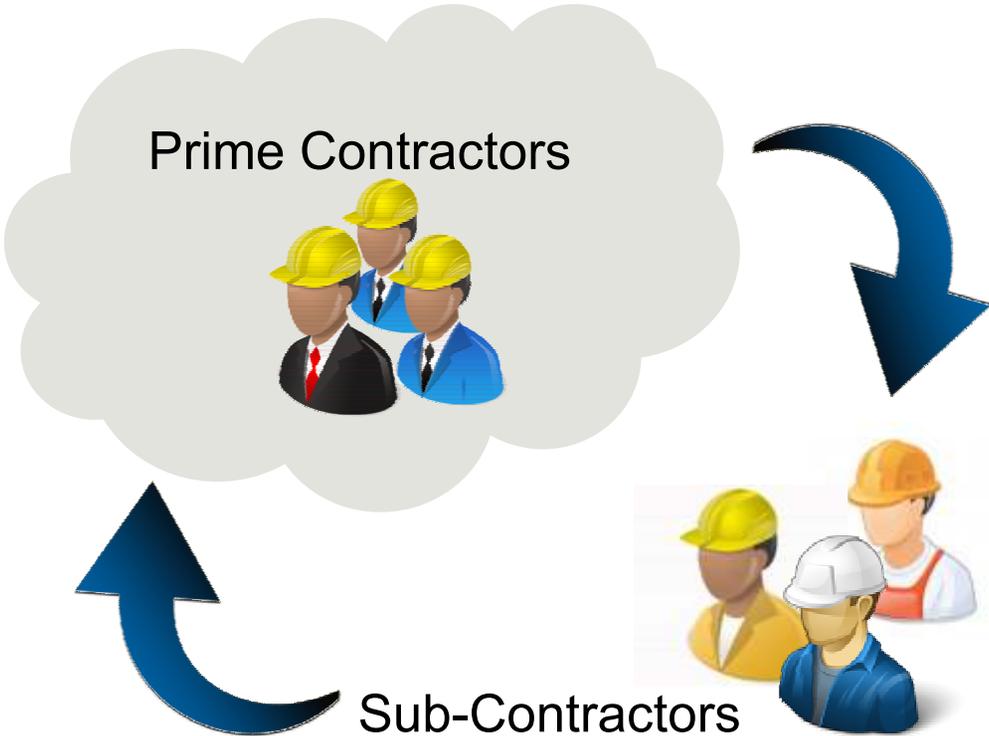
## RECENT SURVEY OF PRIME CONTRACTORS

- 75%-90% of work outsourced/sub'd out
- Up to 70% spent “significant” time managing/supporting subs
- Up to 80% had issues finding or providing credit lines/capital
- Up to 70% had issues finding or providing bonding/insurance



# ACCESS TO CAPITAL

TECHNICAL ASSISTANCE



ACCESS TO BONDING

OUTREACH AND OPPORTUNITY MATCHING

# Introducing...



*In Partnership With...*

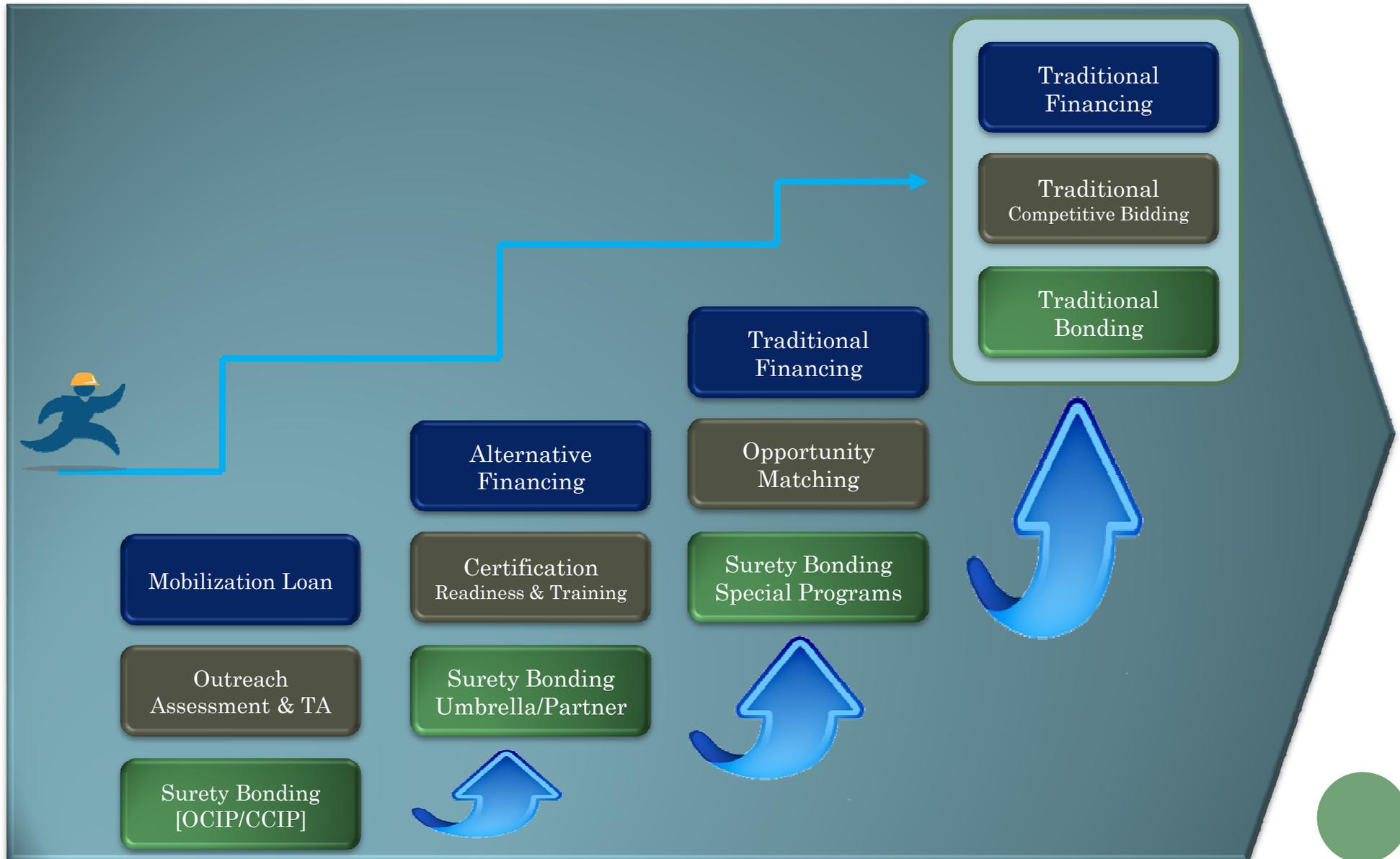


# INTEGRATED PLATFORM APPROACH

- CAPITAL RESOURCES
- OUTREACH AND ASSESSMENT
- BONDING ASSESSMENT



# Nor-Cal Pathways Program



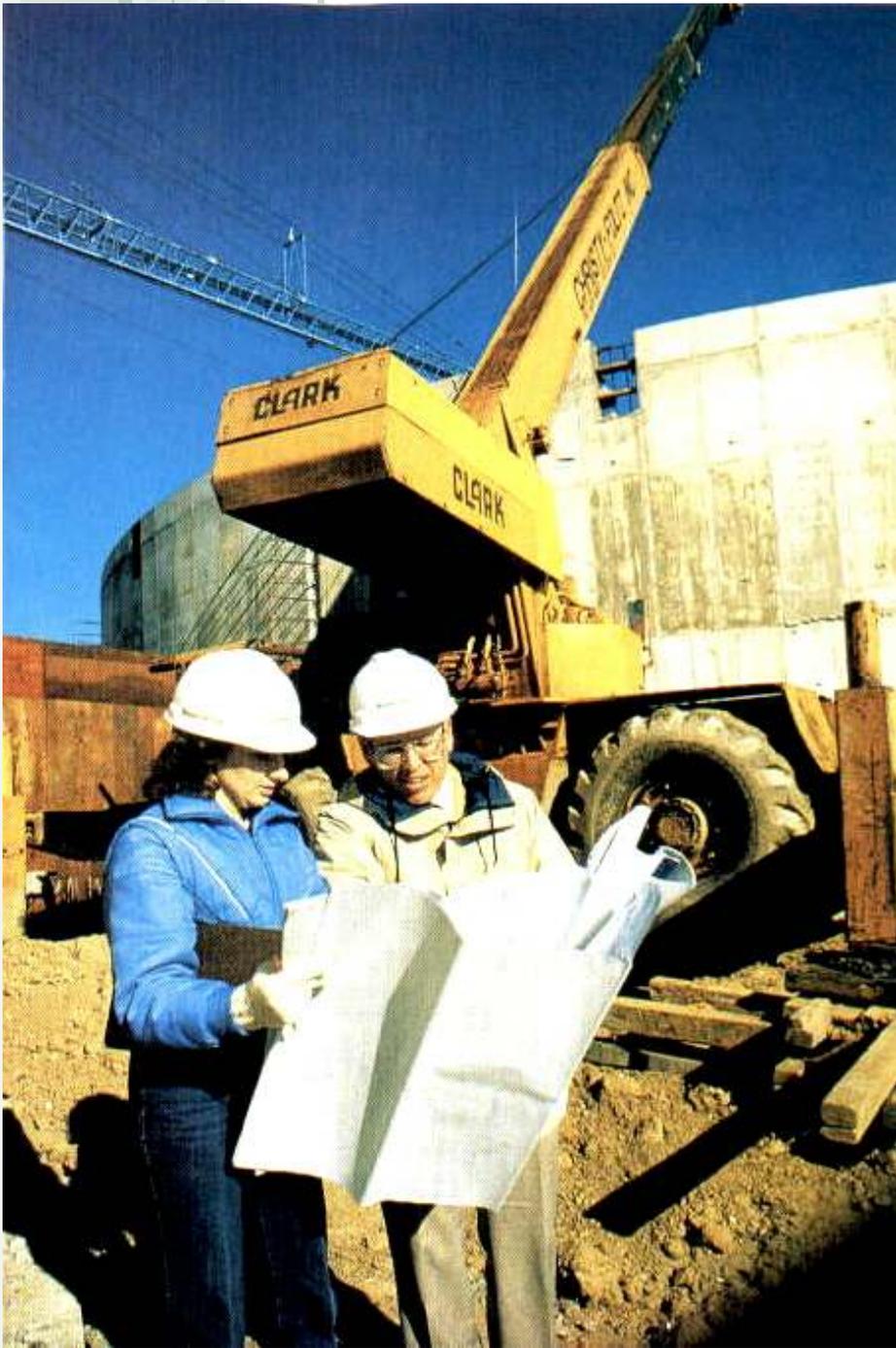
FOR MORE INFORMATION...

***[www.nor-calfdc.org](http://www.nor-calfdc.org)***

*[pathways@nor-calfdc.com](mailto:pathways@nor-calfdc.com)*

# SURETY BONDING OVERVIEW

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# OBTAINING SURETY CREDIT

*An Introduction to the  
Surety Bond Process for  
Small and Emerging  
Contractors*

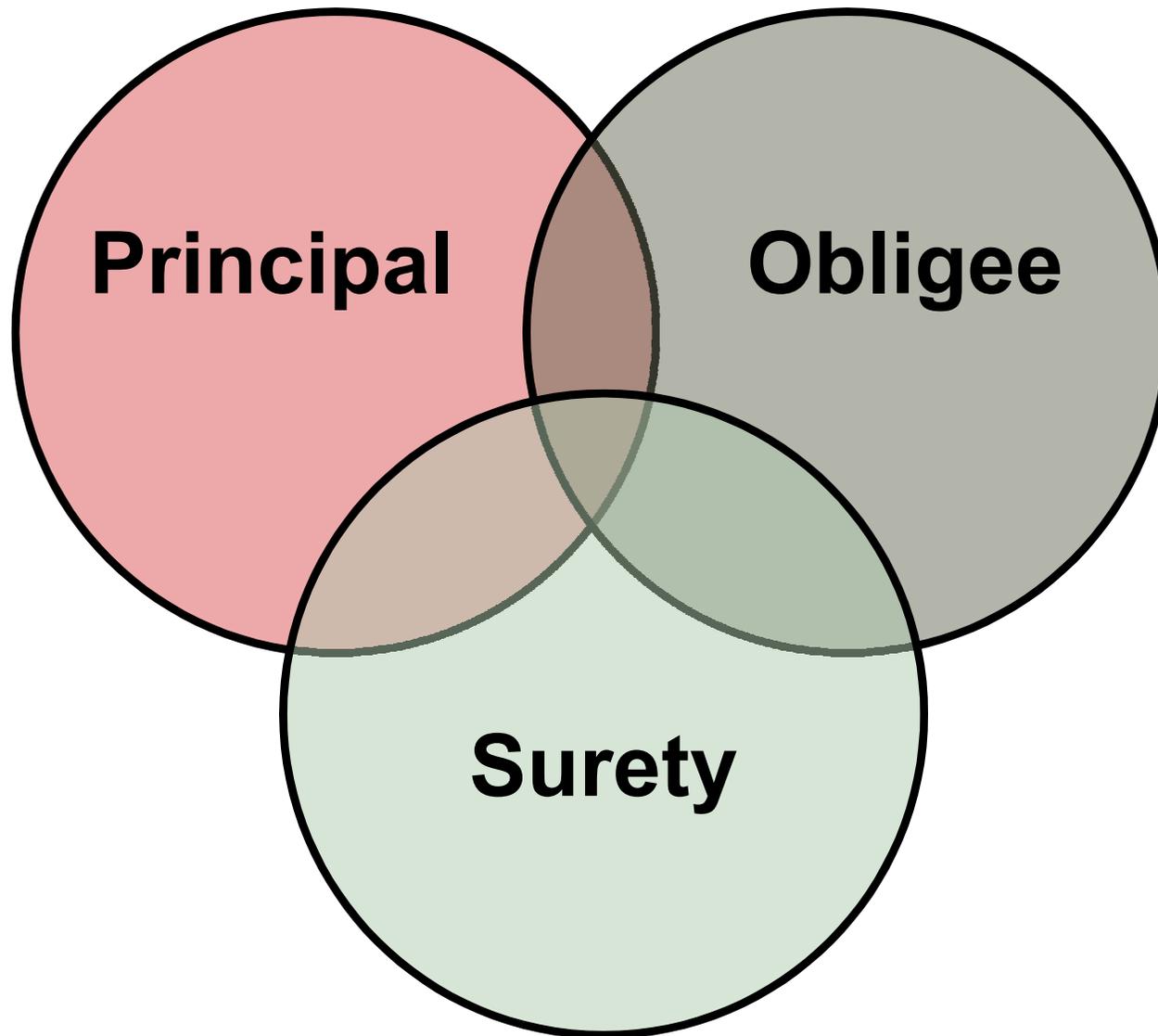
# SURETY BONDS MANDATED ON PUBLIC WORKS



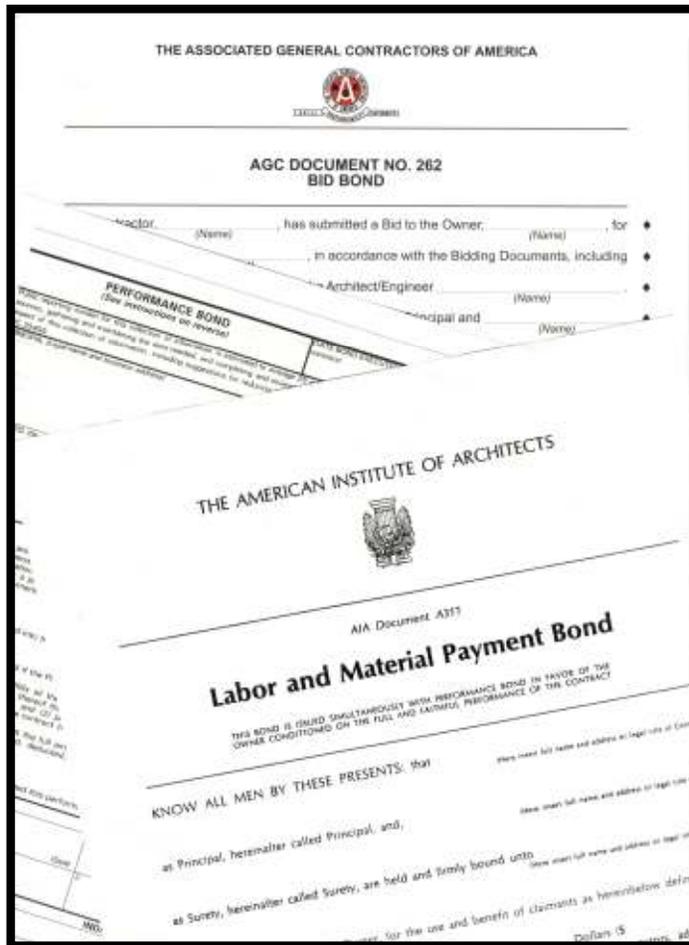
- Federal
  - Heard Act (1894) & Miller Act (1935)
- State & Local
  - “Little Miller Acts”



# WHAT IS A SURETY BOND?



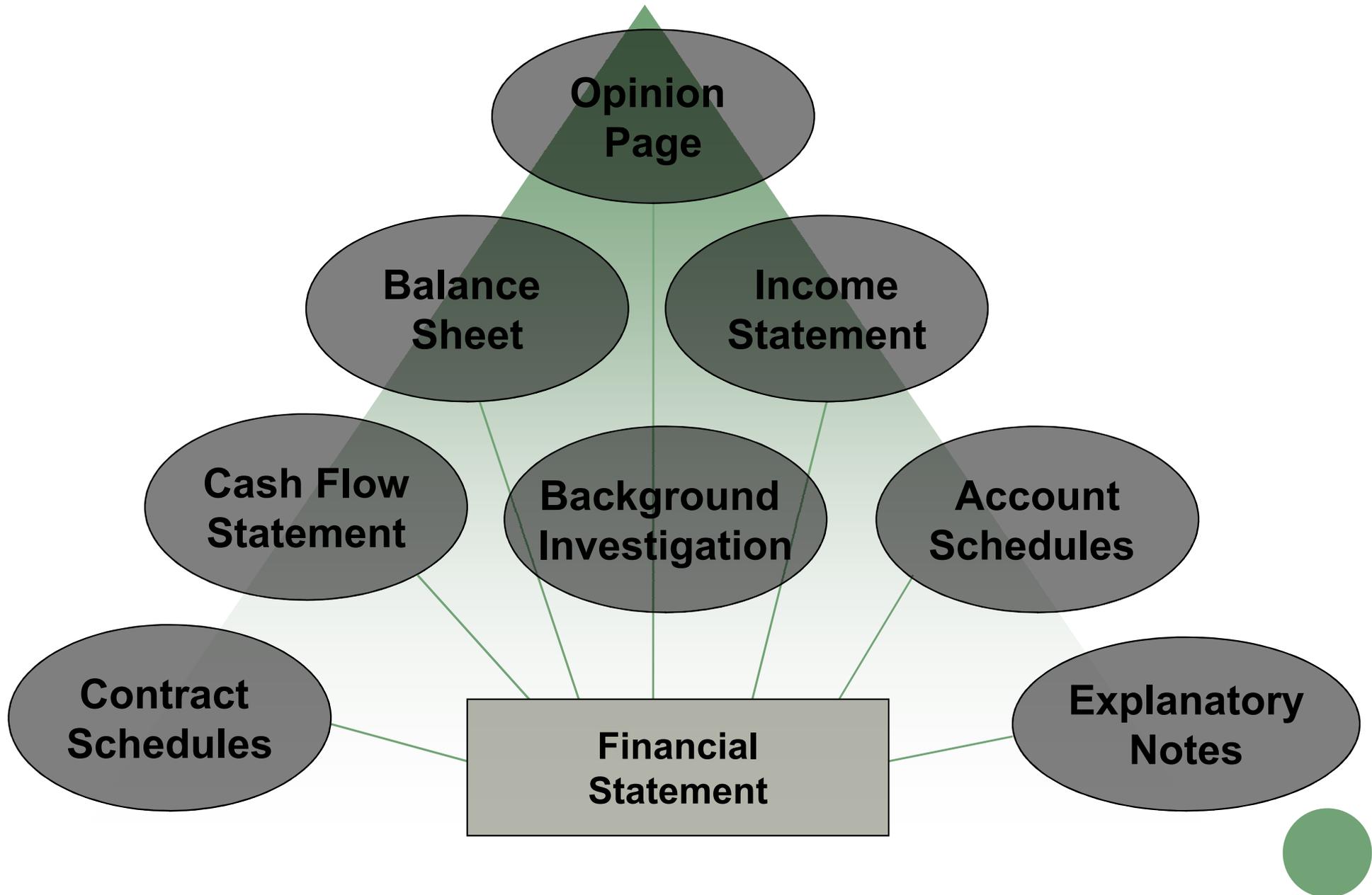
# TYPES OF BONDS



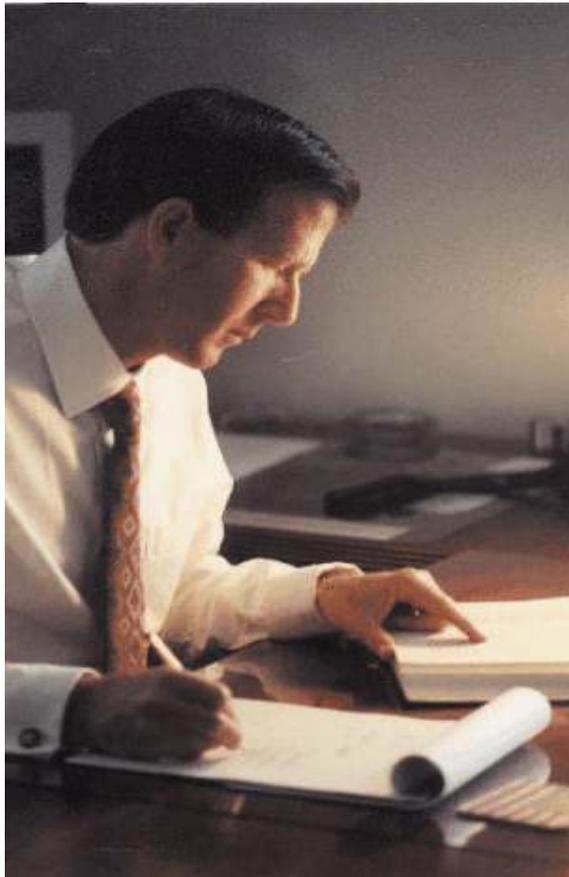
- Bid Bond
- Performance Bond
- Payment Bond



# FINANCIAL STATEMENT ANALYSIS



# THE SURETY COMPANY'S CHECKLIST



- ✓ Good character
- ✓ Experience matching contract requirements
- ✓ Necessary equipment
- ✓ Financial strength
- ✓ History of paying bills on time
- ✓ Bank relationship
- ✓ Established line of credit



# INFORMATION SURETY NEEDS



## THREE CS OF SURETY UNDERWRITING

**Capital**

**Capacity**

**Character**



# COST OF SURETY BONDS

<b>Bid Bond</b>	No charge
<b>Performance Bond</b>	2%- 3% of contract price
<b>Payment Bond</b>	Price included with performance bond

