

November 2011 Wisconsin Bankers

The Results of 30 Years of Collaboration with Wisconsin Lenders

On December 1, 2011 Wisconsin Business Development Finance Corporation will celebrate its 30th anniversary. As a part of the celebration, we would like to recognize our lending partners, who have participated in fostering economic development and job growth throughout Wisconsin. WBD, which started in 1981 with one person, our founder, John Giegel, has grown to encompass 44 staff in 8 offices around the State. Over the years, through the use of the SBA 504 and other programs, WBD has been able help finance the start-up, expansion and transition of many Wisconsin businesses. We would not have been able to do this without the participation and support of our Wisconsin lending partners.

Over the 30 years, WBD has partnered with more than 320 different lending institutions. While the SBA 504 program is the heart of our business, we have also assisted many of the same lending institutions with loan packaging and other services, which promote business and job development.

The SBA 504 program provides long term, fixed rate financing for business fixed assets: buildings, fixtures, machinery and equipment. The program is designed to provide small businesses access to the interest rates and terms available in the bond market, retain borrower working capital and mitigate risk for the lender. The financing structure for a 504 project places the lender in a first collateral position funding (usually) 50% of the project. The borrower is responsible for contributing 10% to 20% to the project depending on whether it is an existing or new business and whether it is a special purpose facility. The contribution, however, does not have to be a cash equity injection. Among other things, it can also be equity in existing real estate, interim construction interest, and/or cash from operations.

Since 1981, WBD has participated with its lending partners to make a significant contribution to the economic health and development of Wisconsin businesses. Under the SBA 504 program, WBD has participated in funding and servicing over 2,050 loans for a total dollar amount of over \$1 billion. Our lending partners have provided \$1.3 billion in funding, toward total project costs of \$2.8 billion. The Borrower's contribution of \$458 million represents 16.2% of the total project costs.

It should also be recognized that SBA 504 financing addresses only the fixed assets portion of what is often a larger financing need. Frequently, there are additional funds needed to cover the working capital and operating needs of a start-up, expansion or acquisition. With its enhanced collateral position, provided by the SBA 504 financing structure, the Bank is in a better position to provide financing for these other business needs.

The economic impact of our collective efforts are also reflected in the 37,227 jobs that have been created and / or retained as a result of the lender's participation in SBA 504 financing. The jobs created and the projects funded have been located throughout the State. In the 30 years, 71 of the 72 Wisconsin counties have been host to at least one of our SBA 504 projects.

Economic impact can also be seen in the types of businesses that have received 504 financing. Based on WBD's 2011 Year End portfolio, which held 1146 active 504 loans, the 3 largest industry segments were Manufacturing at 20.7% of the portfolio, Accommodations & Food Service at 19.7% and Retail Trade at 17.7%. All of these segments are good job creators. The next two largest segments were Other Services at 14.7% and Professional, Scientific & Technical at 10.3%. Both of these segments, while they may not create as many jobs, bring much needed services to the rural and urban areas of the State.

In closing, WBD would again like to thank our lending partners from across Wisconsin. Working together we have been able to help to grow businesses, the economy and jobs, which is a great benefit of the people and communities of Wisconsin. Wisconsin Business Development Finance Corporation looks forward to continuing this collaboration in the years to come.