

# A PARTNERSHIP BETWEEN DEDO AND CITIZENS BUSINESS BANK



1-D



## Citizens Business Bank Overview

- ◆ Partnership to create two separate low interest loan programs totaling \$14 million
  - A \$12.5 Million loan program specifically to preserve and expand jobs at existing Delaware companies (Citizens Competitive Support Bank) maximum \$1,000,000 minimum \$250,000
  - A \$1.5 Million loan program to assist technology based small businesses (Citizens Technology Bank) maximum \$50,000 minimum \$25,000
  - Eligible use of loan funds - equipment, building and for DEDO working capital
- ◆ Citizens will consider applicants in an amount to match State approved funding plus equity



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## Citizens Business Bank Overview

- ◆ Eligible Applicants
  - Public or privately-held businesses engaged in manufacturing or service industries in Delaware
  - Applicants may include companies currently doing business in Delaware or those contemplating a significant investment in the State
- ◆ Job creation / retention certification
  - subject to audit by DEDO



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## Citizens Business Bank Overview

- ◆ Qualification Criteria
- ◆ Citizens Competitive Support Bank and Citizens Technology Bank
  - Delaware company which meets the criteria for the Delaware Competitiveness Fund and Seed Fund as approved by the Legislature
  - Citizens proceeds must be used to make capital investments in plant and/or equipment to modernize or expand existing facilities in the State of Delaware



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## Citizens Business Bank Terms & Conditions

- ◆ Interest Rates
  - 3.5% (Fixed) -or- 30 Day Libor plus zero (Floating)
- ◆ Bank Fees
  - No Bank fees or points if loan is approved and closed and funded. A refundable fee in the amount of 1.0% of the loan amount to be escrowed up-front which will only be collected in the event that the loan is approved but not drawn
- ◆ Terms
  - Machinery & Equipment: up to 5 years; fully amortizing
  - Building Acquisition/Remodel: up to 5 years; amortizing on up to a 15-year schedule



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## Example #1 Growing Manufacturer, Inc.

- ◆ Project: Company purchasing new equipment to make them more efficient
- ◆ Needs: Total cost of \$1.5 million
- ◆ Solution:
  - \$750,000 Business Bank Loan 1.38%\*, monthly \$4,610
  - \$700,000 DEDO Loan 1.38%\*, monthly \$2,400  
Due in 5 yrs, 30 yrs. amortization
  - \$ 50,000 Equity
- ◆ Summary: Client kept business in Delaware downsized by 20 jobs but retained 150 high paying jobs

\*Variable Rate as of 7/10/04



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## Special Criteria for Technology Firms

- ◆ Broad Technology Base: biotech, advanced materials, clean energy, IT, etc.
- ◆ Seed based funds available to Delaware Entrepreneurs and small operating companies
- ◆ DEDO will provide high level of structuring support
- ◆ DEDO maximum amount of \$50,000 per transaction



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## Example #2: Joe's Technology Co., Inc.

- ◆ Project: Joe wants to commercialize a new medical device
- ◆ Needs: \$100,000 for equipment and working capital
- ◆ Solution:
  - \$50,000 Citizens Business Bank 3.5% P&I of \$907
  - \$50,000 DEDO Convertible Loan 3.5% Due in full 5 years
- ◆ Summary: At inception creates 3 new jobs and revitalizes vacant building. Five year plan calls for 25 new high paid positions in Delaware



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## Key Contacts

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# Questions? & Thank You !



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