



California Infrastructure and Economic Development Bank

**Financing Facilities
That Build Communities**



California Energy Commission
Joint IEPR/Federal Stimulus Program (Ad Hoc) Committee Workshop
July 22, 2010

What is the I-Bank?

The California Infrastructure and Economic Development Bank is a State of California financing authority that finances economic development projects and public infrastructure projects throughout the State.

How Does the I-Bank Assist Manufacturing Businesses?

The I-Banks assists manufacturing businesses through the Industrial Development Revenue Bond Program.



Industrial Development Revenue Bond (IDB) Program

The IDB Program provides tax-exempt bond financing up to **\$10 million** for qualified privately-owned manufacturing and processing companies for the **construction or acquisition of facilities and equipment.**

Why offer an IDB?

Most states and many local governments offer IDB's as a way to encourage relocations and expansions of companies that provide jobs and expand economic opportunities for residents and the community.



What is an IDB?

An IDB is a loan to a company to build or buy a facility or buy land and/or equipment.

How do IDB's work?

- The I-Bank issues tax-exempt bonds that are bought by private capital markets investors. The I-Bank then loans the financing to the company.
- The company agrees to pay back the bonds, and must provide a secondary source of repayment such as a bank letter of credit.
- IDB's are generally not recommended for projects less than \$2 million.
- IDB's are not a good source of financing for start-ups and cannot be used to finance working capital.



Benefits of an IDB?

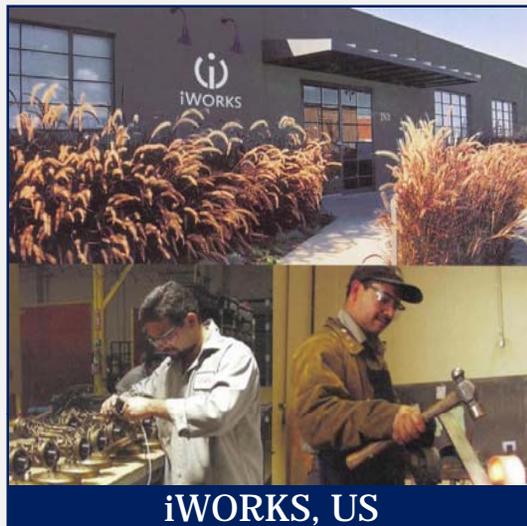
- **Low Interest Rates** - generally 20% to 30% below comparable commercial alternatives.
- **Long-Term Financing** - longer than conventional financing--often up to 30 years.
- **Comprehensive Funding** - funds can be used for construction or take-out financing for land, buildings and equipment. **Existing manufacturers can use IDBs for energy retrofit, solar and other capital improvements to reduce energy.**
- **Assumable** - the bonds are assumable if the business is sold to an entity engaged in a qualified use.
- **No Prepayment Penalty.**



IDB Projects



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iWORKS, US



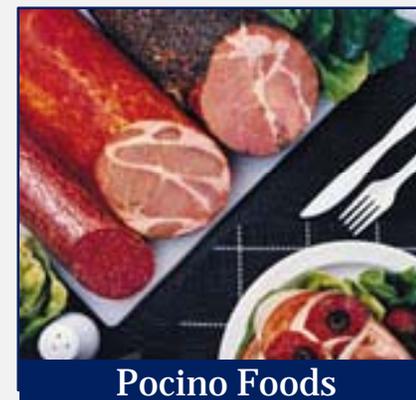
Bonny Doon Winery



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