

\$22 MILLION FOR SMALL BUSINESS FINANCING, JOB CREATION IN MASSACHUSETTS

Commonwealth awarded funds through Obama Administration's State Small Business Credit Initiative; Financing will create jobs and spur more than \$220 million in additional small business lending

CAMBRIDGE - Thursday, September 15, 2011 -- Governor Deval Patrick today announced that Massachusetts will receive \$22 million through the Obama Administration's State Small Business Credit Initiative (SSBCI), funding that will leverage more than \$220 million in private financing and bolster the Commonwealth's ongoing efforts to provide small businesses with the access to capital they need to grow and create jobs. The Governor made the announcement at Thinking Phone Networks, an entrepreneurial technology company that is set to add to its burgeoning Cambridge workforce thanks in part to a \$1 million term loan the Patrick-Murray Administration recently approved.

"Small businesses like Thinking Phone Networks make up 85 percent of Massachusetts companies, employ a quarter of our residents and are the engine of an economy that is on the move," said Governor Patrick. "Our administration joins President Obama and his team as well as our congressional delegation in recognizing the importance of bridging financing gaps for small businesses. This critical assistance is a game changer, and can be the deciding factor between a small business choosing to forge ahead with an expansion or being forced to sit on the sidelines. We are grateful for this infusion of funding and plan to put it to good use putting Massachusetts to work."

"Small businesses are the backbone of our economy, and we need to do what we can to help these businesses succeed and grow," said Lieutenant Governor Timothy Murray.

"We thank the Obama Administration and our congressional delegation for their support in providing tools and resources, including access to capital, that will support job creation and business growth in Massachusetts."

The SSBCI program, which supports state-level, small-business lending programs, is an important component of the Small Business Jobs Act President Obama signed into law last fall. The Patrick-Murray Administration applied to access program funding in June, demonstrating that through existing programs such as the Massachusetts Growth Capital Corporation (MGCC) the state could generate at least \$10 in new private lending for every \$1 in federal funding. The Commonwealth's \$22 million allocation is expected to support more than \$220 million in new private financing and significant job growth across the state while the overall \$1.5 billion federal funding commitment for SSBCI will lead to at least \$15 billion in additional private lending nationwide.

"Many small businesses are still struggling to access the capital they need to invest, expand and create new jobs," said Treasurer of the United States, Rosie Rios. "These critical funds will provide a powerful incentive for lending to small businesses, spurring additional job creation and further strengthening our nation's economic recovery."

"This is another example of how government funds can promote jobs and

entrepreneurship," said Congressman Mike Capuano. "Investing in small business development is investing in our economic growth."

"Eighty-five percent of all businesses in Massachusetts are small businesses employing 19 people or less," said Senate President Therese Murray. "The economic development bill we passed last year prioritized shifting statewide economic development efforts to regional organizations that can find the best fit for new small businesses and created the MGCC, which provides direct lending and consulting to small businesses at a time when small business owners are still having trouble getting financing from banks. In just one year, the MGCC has loaned \$7.2 million and saved 1,500 jobs. Investing in our existing small businesses is essential to stepping out of the recession."

Recognizing that a lack of access to capital posed a threat to small business development and job creation, the Patrick-Murray Administration and Legislature established the MGCC as part of the Economic Development Reorganization Act of 2010. By consolidating the Community Development Finance Corporation (CDFC) and The Economic Stabilization Trust (EST), two state entities previously responsible for debt and equity financing and business advice, businesses now have a centralized resource at the state level that offers working capital, loan guarantees and financial guidance--including one-on-one mentoring services. Since last October, the MGCC has provided \$13.8 million in loans to 38 companies and two micro-lender intermediaries, leveraging over \$36 million in private financing. Its entire portfolio, which includes projects financed through the EST and CDFC, consists of more than \$25 million in loans, and has leveraged \$162.66 million in private financing. The MGCC has four more closings scheduled, in addition to Thinking Phone Networks, in the next two weeks, totaling just over \$700,000.

"The MGCC was designed to help small businesses create and preserve jobs and spur economic development across the Commonwealth," said Chuck Grigsby, Interim President of MGCC. "The SSBCI funds enhance our efforts to bridge the financing gaps that prevent small businesses from growing and creating jobs."

"Thinking Phone Networks continues to experience explosive growth which has been accelerating over the past year," said Steve Kokinos, Thinking Phone Networks President & CEO. "We're excited to see the state helping support fast growing companies like ours through the Massachusetts Growth Capital Corporation, which in turns helps us accelerate our hiring and growth plans. Massachusetts offers a great business environment and this financing initiative is just one example of the importance the Commonwealth places on attracting and retaining young entrepreneurial companies such as ours. Massachusetts is a good place to do business."

"It's wonderful to have the federal government partnering with us. We listened to small businesses who told us they needed more access to capital. That's why we created the MGCC. This is an additional shot in the arm for our small businesses," said Senator Karen Spilka, Senate Chair of the Joint Committee on Economic Development and Emerging Technologies.

"As Chairman of the Committee on Community Development and Small Business, I recognize the important role that small businesses like Thinking Phone Networks play in the economic health and vitality of the Commonwealth," said Senator Sal DiDomenico. "I would like to thank the Obama Administration and Governor Patrick for all their efforts to make funding and incentives available so that small businesses can grow and thrive in Massachusetts."

"The \$1 million loan to Thinking Phone Networks is liquidity for top line growth to a high value added technology company that possesses great cash flow but has no asset collateral," said Bob Baker, President of the Smaller Business Association of New England. "The Massachusetts Growth capital Corporation fills that capital void without diluting Thinking Phone Networks' ownership interests."

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