



**Committed to the future of
rural communities**

California's Financial Ecosystem



Access to Capital

- ✓ Growing Local Businesses
- ✓ Financing Entrepreneurs
- ✓ Building Strong Economies

Developed by the
California Financial Opportunities Roundtable
Representing finance, impact investing, philanthropy, business,
economic development, government and more.

August 2012



**Leveraging Regional
Industry Clusters and Value
Chains for Growth & Jobs**

Jobs, Economic Development and Sustainable Communities

Strategizing Policy Needs and Program Delivery for Rural California



Submitted by Dr. Glenda Humiston
State Director, USDA Rural Development
February 8, 2010



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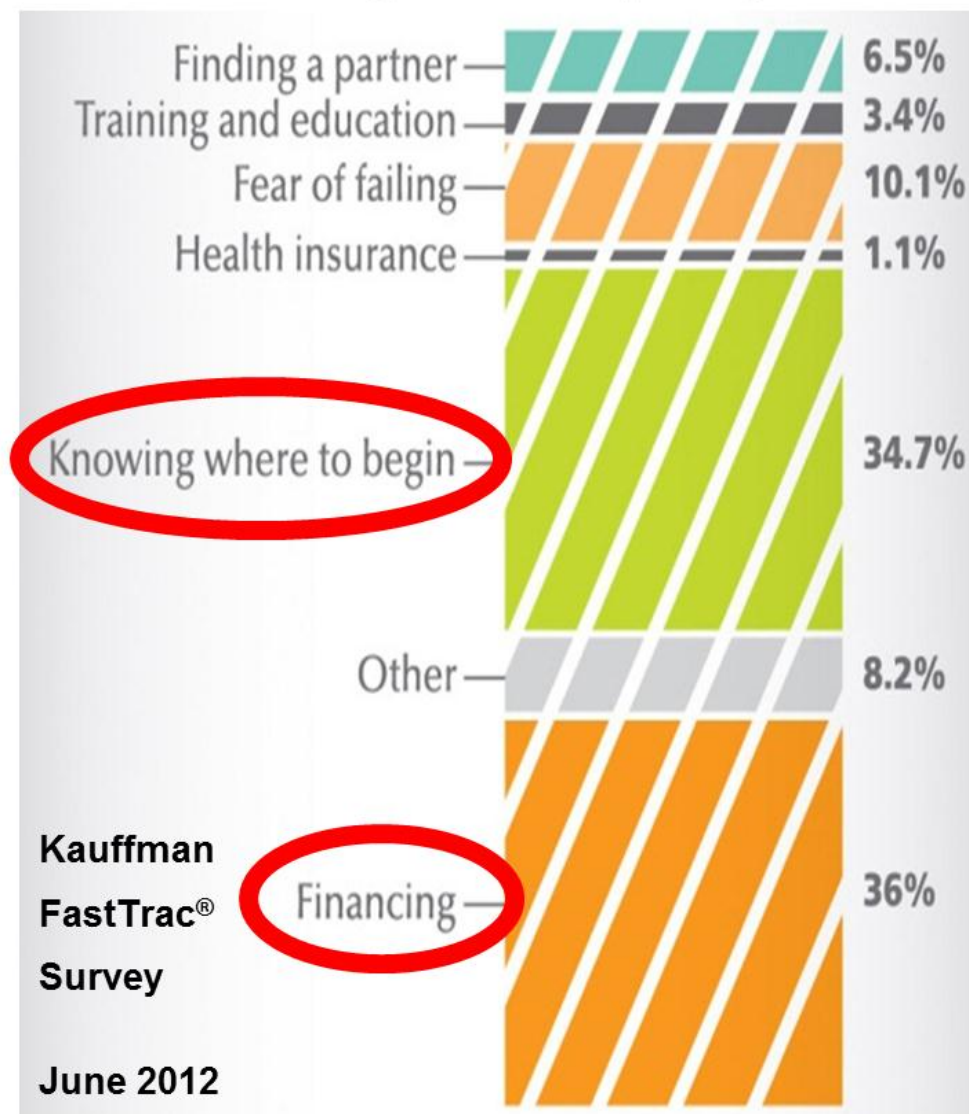


Dr. Glenda Humiston, State Director

Only 2% of annual state job gains are business relocations, most are from:

- **expansion of existing businesses – 42%**
- **creation of new establishments – 56%**

Biggest Obstacle To Starting A Company Is:



Options and Opportunities Include:

- **State Assistance Fund for Enterprise – Business and Industrial Development Corporation (SAFE-BIDCO)**
- **California Organized Investment Network**
- **Employee Stock Ownership Plans**
- **Direct Public Offerings**
- **Crowdfunding**
- **Revolving Loan Funds**
- **Tax-Exempt Industrial Development Revenue Bonds**

...and much more!

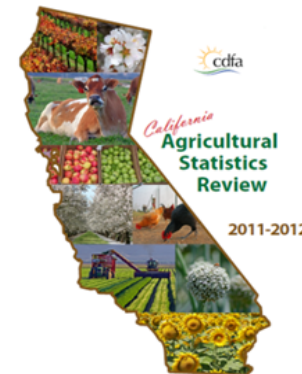


Lessons Learned...

- **There is no single solution:** Our financial toolbox needs many tools as well as innovation, collaboration and a focus on results.
- **It's not just about capital:** Competitive entrepreneurs, well-managed businesses, adequate infrastructure and regional industry clusters are important to long-term success.
- **Scale:** New intermediaries must be regional to manage risk and reduce transaction costs; financial products are needed along the continuum from microfinance to large funds.
- **All stakeholders must be engaged:** Buy local / invest local initiatives are just as important as streamlined regulatory processes and triple-bottom-line approaches – the key is to find balance between competing needs and open opportunities for all to participate.

Value-Chain Opportunity:

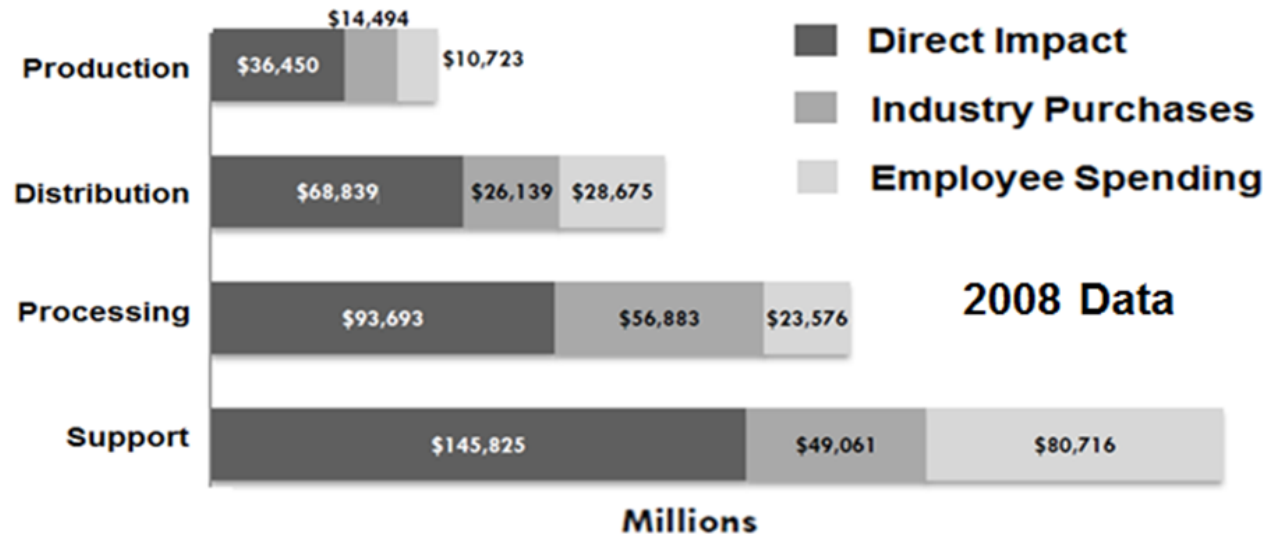
California ranks #1 state for farm cash receipts in 2011: \$43.5 billion.



Projection: Agriculture Value Chain Occupation by Sector			
SECTOR	2011 JOBS	5-YEAR NEW JOBS	AVG. HOURLY WAGE
Support	1,446,232	183,018	\$24.59
Production	206,303	-36,364	\$23.34
Processing	226,216	5,173	\$23.49
Distribution	585,014	29,913	\$24.04
TOTAL	2,463,765	181,740	\$23.87

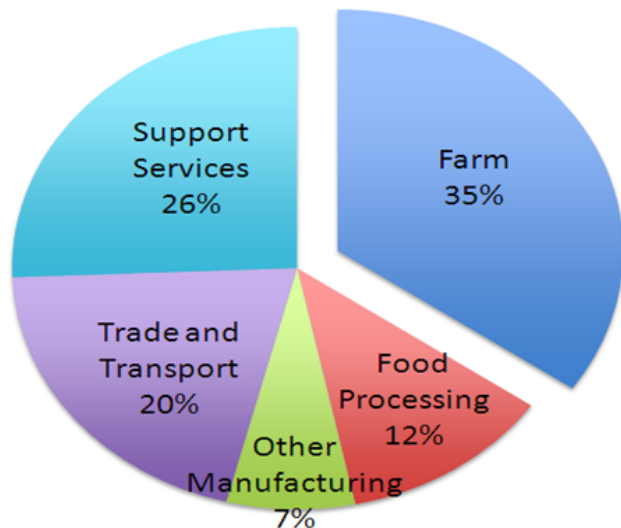
SOURCE: CA Center of Excellence, "Agriculture Value Chain Scan", June 2011

Annual Impact of California's Agricultural Value Chain is over \$344 Billion



SOURCE: CA Center of Excellence, "Agriculture Value Chain Scan", June 2011

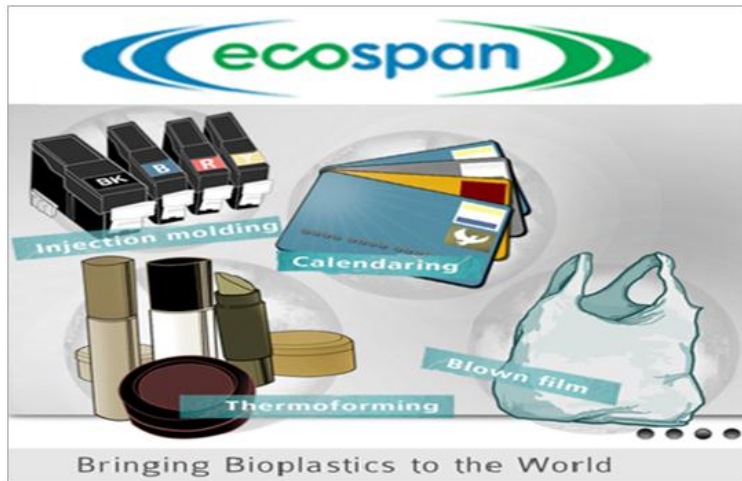
Multiplier Effect Makes it Over \$635 Billion!



**About 65% of Value Chain
Jobs & Economic Activity
will be off the Farm – in our
cities and rural communities.**



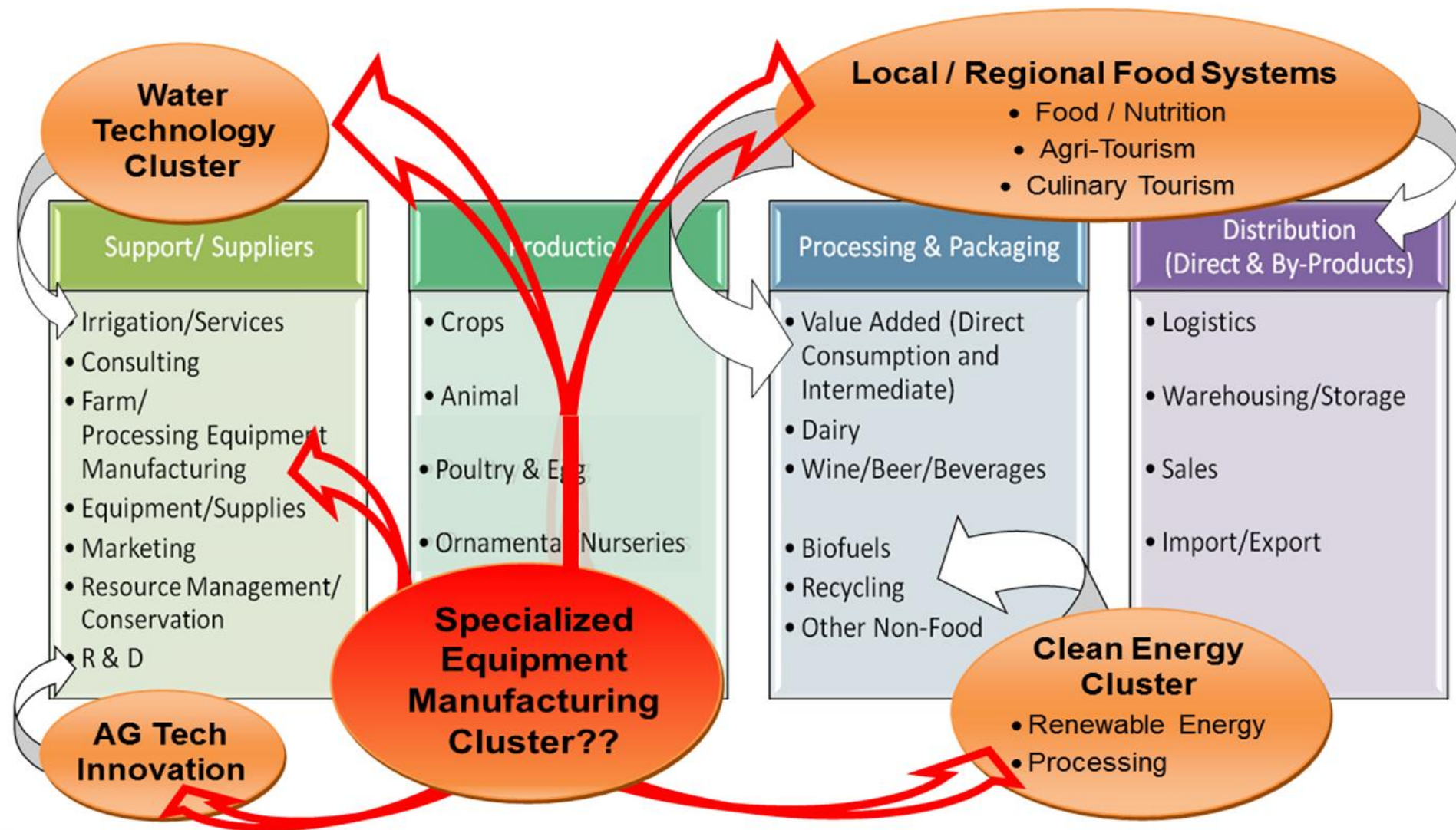
Many California Firms Already Producing Bio-Based Products



February 2012: President Obama signs Executive Order Requiring Federal Agencies and Contractors to Utilize Biobased Products.



Opportunities for Venture Will Depend Heavily on Access to Patient Capital



Start “Invest Local” Initiatives

California Citizens Hold \$859
Billion in Retirement Accounts

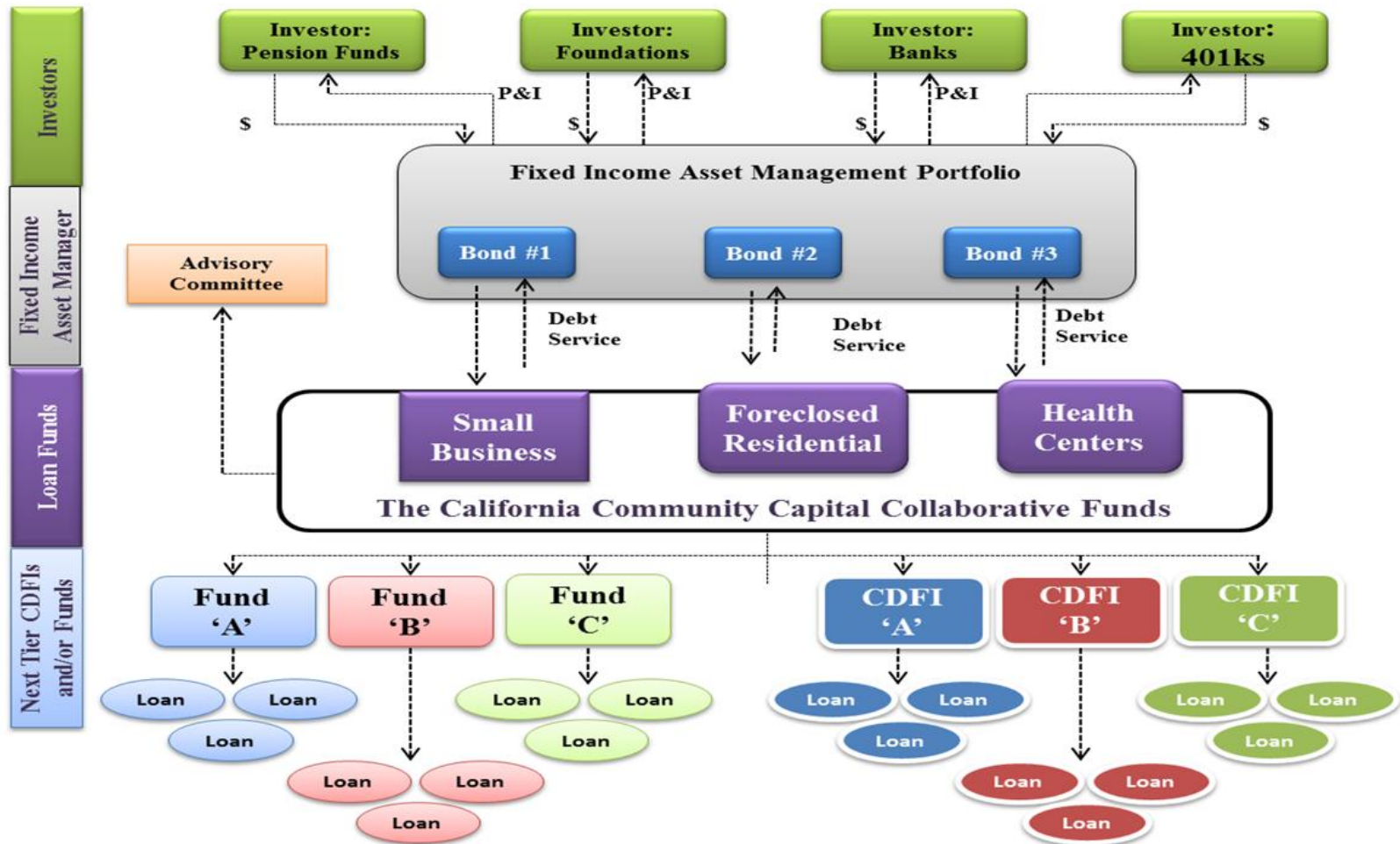
***\$43 Billion
for Investment in
California if...***

Residents
Brought **5%** of
Their Retirement
Accounts Home



SOURCE: Employee
Benefit Research
Institute, May 2010
Data from Averaging
National Statistics

California Community Capital Collaborative





Committed to the future of rural communities



- **Funding and Technical Assistance for:**
 - **Business & Cooperatives Development**
 - **Community Facilities & Rural Utilities**
 - **Water, Sewer & Solid Waste Systems**
 - **Single, Multi-Family & Farmworker Housing**

FY 2012: \$1.3 Billion

CA Portfolio: \$ 7.8 Billion

www.rurdev.usda.gov/CA

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