

Texas Product Development Fund

Capital loans for product development and commercialization

The Texas Product Development Fund provides financing to aid in the development, production and commercialization of new or improved products within the state. Products appropriate for the Fund are inventions, devices, techniques, or processes, that have advanced beyond the theoretical stage and are ready for immediate commercial application.

Preference for funding will be given to the state's defined industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace. Job creation and job retention within Texas will be considered within funding priorities.

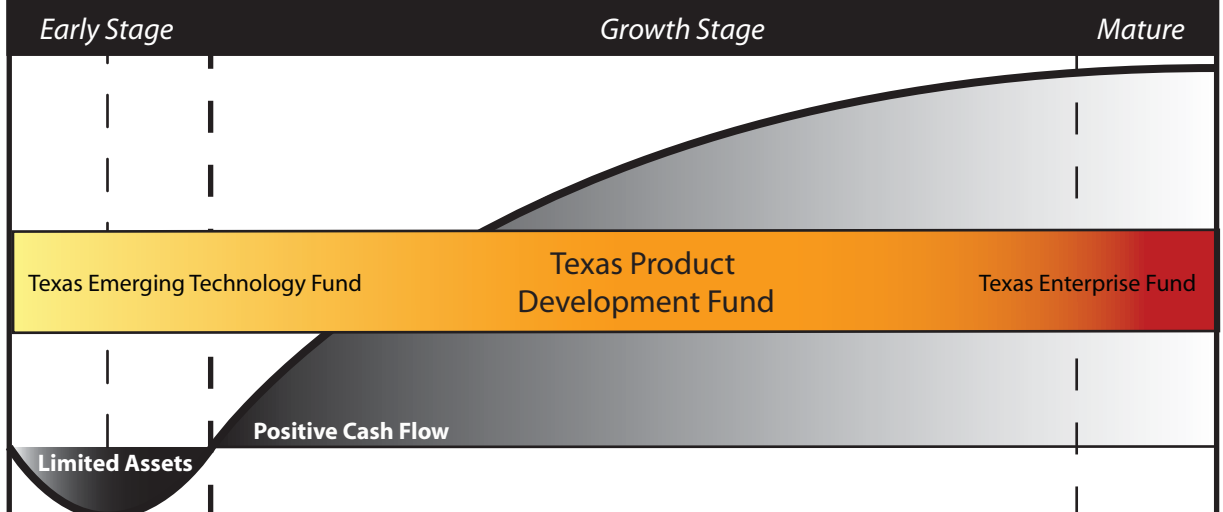
Benefits of the Texas Product Development Fund:

- ★ Ready Source of Capital
- ★ Supports Texas Businesses
- ★ Helps Small and Medium Sized Companies Succeed
- ★ Increases Accessibility to Other State Programs

The Fund is a revolving loan program with capital provided from \$25 million in taxable bonds issued in 2005. The Office of the Governor, Texas Economic Development Bank administers the Fund at the direction of the Governor's appointed nine member board.

The Capital Lifecycle

This graph represents Texas Capital Incentives within a typical product lifecycle



Commonly asked questions regarding the Texas Product Development Fund:

What type of business can access the Texas Product Development Fund?

The Fund is available to businesses looking for asset based financing. Businesses must have unencumbered assets that are available for collateral.

Does my business fit the program criteria?

Funding preferences will be given to emerging technologies including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace.

What can the funds be used for?

Funds may be used for working capital, machinery, equipment, furniture and fixtures.

What type of collateral will need to be pledged?

An asset-based loan is secured by a company's accounts receivable, inventory, equipment, and/or real estate, whereby the lender takes a first priority security interest in those assets financed. Real property, equipment, letter of credit or certificate of deposit may also be accepted as collateral. The amount of collateral will be based on the amount borrowed.

Will I need an Economic Impact Study and/or Business Plan?

The company will need to provide a business plan with a minimum of three years of financial statements or comparable plus a three year proforma. Projects funded through this program will have to provide evidence of current and future employment, in addition to projections of indirect or induced jobs within Texas. The estimated amount of capital investment in the state must be provided for review.

The Fund is self-supporting, paid for by the program loan participant's repayments. Thus the loan repayments are to be structured to fully pay the costs of issuance and program administration. Pursuant to Government Code 489.213 (c), loan participants must provide appropriate security or collateral, equity interest, and the rights and remedies of the board and bank in the event of a default on the loan. The loans will be structured using a variable interest rate that will follow the London Inter-Bank Offered Rate (LIBOR).

For more information on the Texas Product Development Fund call 512-936-0100



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