Welcome
The Broadcast will begin at 2:00 PM (Eastern)
Maximizing Revolving Loan Fund Impact

Using your telephone will give you better audio quality.

Thank you for joining the conversation today. Send us your questions and comments!

Submit your questions to the panelists here.
Maximizing Revolving Loan Fund Impact

Panelists

Harry Allen, *Moderator*
Coordinator, Research & Advisory Services
Council of Development Finance Agencies

Ryan Richardson
Loan Program Manager
Superior California Economic Development

Randy Pellisero
Senior Lending Officer/Director – West Region
Catawba Regional Council of Governments

Lonnie Saboor
Manager of Small Business Programs
Invest Atlanta

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See all of CDFA’s RLF resources online at www.cdfa.net
ECONOMIC DEVELOPMENT LENDING

SUPERIOR CALIFORNIA ECONOMIC DEVELOPMENT
WE HELP ENTREPRENEURS . . .
CREATE JOBS IN OUR COMMUNITY
## WHAT TYPE OF LOANS DO WE MAKE?

<table>
<thead>
<tr>
<th></th>
<th>Revolving Loan Funds</th>
<th>SBA 504</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Job Creation / Job Retention</td>
<td>Job Creation / Job Retention</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Community Development &amp; Public Policy Goals</td>
</tr>
<tr>
<td><strong>Use of Proceeds</strong></td>
<td>Gap Financing, Working Capital, Land &amp; Building Acquisition, Machinery &amp; Equipment Purchase</td>
<td>Purchase &amp; Refinance Commercial Real Estate &amp; Long-term Fixed Equipment</td>
</tr>
<tr>
<td><strong>Interest Rates &amp; Term</strong></td>
<td>7%-10% Fixed, term varies</td>
<td>Fixed for 20 years (changes monthly)</td>
</tr>
<tr>
<td><strong>Prepayment Penalty</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>Deeds of Trust, UCC &amp; Personal Guarantees</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; DT, UCC &amp; Personal Guarantees</td>
</tr>
</tbody>
</table>
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<tr>
<td><strong>Project Size</strong></td>
<td>Up to $250,000</td>
<td>SBA portion up to $5 million</td>
</tr>
<tr>
<td><strong>Average Loan Size</strong></td>
<td>$80,500</td>
<td>$632,350</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Borrower Min 10% Gap or Sole Source</td>
<td>50%/40%/10% Always with a 1&lt;sup&gt;st&lt;/sup&gt; DT Lender</td>
</tr>
<tr>
<td><strong>Territory</strong></td>
<td>Shasta, Siskiyou, Trinity, Modoc, Butte, Del Norte, Mendocino, Tehama &amp; Humboldt Counties</td>
<td>California Statewide – Redding, Chico, Bay Area &amp; Southern California</td>
</tr>
<tr>
<td><strong>Target Market</strong></td>
<td>Existing businesses, start-up businesses, expanding businesses</td>
<td>Existing businesses that have been leasing and have been in business for 5+ years – Projection based deals okay</td>
</tr>
</tbody>
</table>
RLF FUNDING SOURCES

• Capitalized Loan Funds
  • Economic Development Administration (EDA)
  • U.S. Forest Service – Old Growth Diversification (OGD)
  • U.S. Department of Agriculture – Rural Development (RDA)

• Borrowed Loan Funds
  • U.S. Department of Agriculture – Intermediary Relending Program (IRP)
  • Rabobank

• SEED Fund
  • Scott Valley Bank, Wells Fargo, Tri Counties, Bank of Commerce Redding, Banner Bank
WHERE ARE WE?

• Rural Northern California
• Population of 245,100
SCED STAFF

- Executive Director
- CFO – Part-time
- Special Projects Manager – Part-time
- Loan Program Manager
- Loan Program Assistant
- Executive Secretary
SCED STAFF – LOAN TEAMWORK

• Teamwork
• At our size Loan Program Manager can’t do it all
• Took time to develop
• Makes the job more enjoyable
MARKETING – WHAT I’VE TRIED

• Lender Partner Referrals
• SCORE/SBDC
• Chamber of Commerce
• Website
• Social Media
• Community Presentations
• Newsletter
MARKETING – WHAT WORKS BEST FOR US

- Lender Partner Referrals
- SCORE/SBDC
- Chamber of Commerce
- Website
- Social Media
- Community Presentations
- Newsletter
HOW TO GET LENDER PARTNER REFERRALS

• Provide value to the lender
• Articulate your ideal project
• Sell solutions not specific RLF funds
• Marketing is a key to RLF success
• Proven track record of success of helps
ECONOMIC DEVELOPMENT UNDERWRITING

• Professionalism and training
  • Economic Development Finance Professional (EDFP) - RLF
  • National Association of Development Companies (NADCO) - SBA 504
  • CDFA – EDA webinars & in person training

• Loan work plans aren’t overly specific

• Learn by doing
ECONOMIC DEVELOPMENT UNDERWRITING

• Application checklist
• Standardized loan memo
• Rural area – face-to-face meetings speak volumes
• Avoid emotional attachments
• Get the money out – we want to make loans
• Loan committee needs to be on the same page – not regular bank deals
LOAN SERVICING

• LaserPro
• Checklists upon checklists
• Developed best practices
• Loan servicing software
• Active collections
THINGS I WORRY ABOUT

• Consolidation of community banks
• Finding additional loan funds
• Rural economies
• The next downturn
SCED’S SECRET SAUCE

- Professional, experienced staff
- Marketing
- SCED pays staff market rates
- Lender referrals
- Charge enough to cover loan costs
- CFO – Allows me focus on what makes us money

- Loan committee cares
- We know where we fit in the market
- Invested in loan software
- We make loans
- Provide value to our lending partners
- I love what I do
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Maximizing Revolving Loan Fund Impact
February 20, 2018
Our Mission and How We Work

Local Government Efficiency and Effectiveness

- Planning/Zoning Staffing
- Geographic Information Systems
- Rural Transportation Planning/Public Transit Programs
- Regional Initiatives

Community Development

- Block Grant Management
- Neighborhood Redevelopment, Housing Rehabilitation, and Demolition
- Brownfield Assessment and Remediation

Government and Community Planning

- Workforce Investment
- Business Lending
- Energy Initiatives
- Economic Development Grants

Collaboration and communication for regional prosperity

The COG?
Economic Development Loan Programs = Complimentary Business Lending Programs

- SBA 504
- SBA 7A/Community Advantage
- EDA – Revolving Loan Fund
- USDA – Intermediary Relending Program
- Brownfield RLF
• WHAT’S IN IT FOR …THE BANK?
  --- primary contact

• WHAT’S IN IT FOR THE CUSTOMER?

• HOW CAN THE CDC ASSIST?
1. What bank should I use?
2. How can I minimize $$$ in project?
3. Should I buy my building now?
4. What’s a fair interest rate?
5. Terms and Conditions for my loan?
6. How to maximize my cash flow?
How to “Sell the Banker” Influencers/Key Relationships

- Banks – Community vs. Regional/National
- Other Groups – ???
- Direct to Borrower – Business
- Using Technology – Newsletters, Email Blasts, Successes
Key Relationships

- State Banking Organizations
- Board and Staff
- Economic Development
- CPAs
- Chamber of Commerce
- Small Business Development Centers
- Real Estate Brokers
- Appraisal Services
- Civic Clubs such as Rotary Club
“End of the Day”

1. Professional Staffing
2. Consistency over Time
3. Bank Partnerships
4. Identify Influencers
Fed cuts bond-buying by $10B

Continued action follows economic gains, although global markets are anxious

BY MARTIN CRUMINGER

WASHINGTON — The Federal Reserve is pushing ahead with a plan to shrink its bond-buying program because of a strengthening U.S. economy. It's doing so even though the prospect of reduced bond purchases has rattled global markets.

The Fed said it will cut its monthly bond purchases starting in February by $10 billion to $65 billion. It also reaffirmed its plan to keep short-term rates at record lows to try to reassure investors that it will keep supporting an economy that remains less than fully healthy.

The decision by the Fed was announced in a statement Wednesday after Ben Bernanke's final policy meeting. Bernanke will step down in a little over eight years as chairman and will be succeeded by Vice Chair Janet Yellen.

Most economists expect that under Yellen, the Fed will announce a string of 30 billion monthly reductions in bond purchases at each meeting, concluding with a final $15 billion cut in December.

Many global investors fear that reduced Fed bond buying will boost U.S. rates and cause investors to move money out of emerging markets and into the United States for higher returns. Currency values in emerging economies have fallen over that concern.

In response, central banks in emerging economies, from India to Turkey to South Africa, have been acting to counter any damage from the Fed's pullback and the prospect of higher U.S. rates. They've been raising their own rates. These central banks hope to control inflation, keep their flagging currencies and keep investors from fleeing.

But so far those currencies have continued to weaken.

The Fed's bond purchases have been intended to keep long-term bond yields low to spur spending and growth. Its decision Wednesday to continue paring purchases signals that the Fed's belief that the economy is showing consistent improvement.

In its statement, it upgraded its assessment of the economy to say "growth in economic activity picked up in recent months".
Banksy mural fetches $209K at auction

BEVERLY HILLS, Calif. (AP) — A mural stenciled on the side of a Hollywood gas station five years ago by the British street artist Banksy has fetched more than $200,000 at a Beverly Hills auction.

The 9-by-8 foot “Flower Girl” artwork sold for $209,000 on Thursday at an auction that featured nearly 100 works by more than 30 artists, according to the Los Angeles Times. The winning bid came from a Los Angeles buyer who requested anonymity.

The seller of the mural was Eytan Rosenberg, a former gas station owner who allowed a group of three street artists to paint something on the business's white brick wall.

Rosenberg sold the gas station last year and painstakingly removed the artwork and installed it in a sturdy aluminum frame. He and his sister want to use the money from the sale to build a car wash.

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School Hours: Mon-Thurs 4:30pm-8:30pm
Fri 7:00pm-8:30pm • Sat 10:00am-noon

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Classes for adults & children. For use by new students only.
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ATENTION AREA BUSINESSES:
DEAL OF THE DAY!
BRINGS YOU MORE BUSINESS
You provide the free stuff and we'll provide the coupon space FREE! Get an application by:

1. Visiting www.capitalgazette.com/site/deal_of_the_day.html
2. Contacting JENNIFER JOHNSON
PHONE: 410.556.6535
EMAIL: jenjohnson@verizon.net

12/07/2013 The Capital, Annapolis, MD Local Paper
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Tips from Invest
Atlanta’s Phoenix Fund Loan Program
HISTORY!

- 1995

- EDA Funds: $793,998.

- City of Atlanta Funds: $278,224.

- Total Project Funding: $25,308,970.

- New Funding: -O-
PARTNERSHIPS

- City of Atlanta
  - Mayor’s Office
  - Atlanta City Council

Credit Review Committee (Commercial Banks)

Community Workshops (inside and outside the office)
Create Other Internal Loan Products

- Business Improvement loan Fund
- Opportunity Loan Fund
- Empowerment Zone Loan Fund
- Atlanta Catalyst Loan Fund
- Atlanta Street Vendor Loan Fund
Financing Franchises & Creating Franchisors

- The Franchises
- The Would be Franchisor
What Success Looks Like At The End Of The Day!!

- JOBS
- Successful Enterprises
- Revenue Increases
- Revitalized Communities
- Tax Base Growth
- Expanded Vision
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Question and Answer
Maximizing Revolving Loan Fund Impact

Upcoming CDFA EDA RLF Best Practices Events

CDFA EDA Revolving Loan Fund Training
San Francisco, CA
April 19-20, 2018

CDFA EDA Revolving Loan Fund Training
Philadelphia Region
June, 2018

CDFA EDA Revolving Loan Fund Training
Dallas, TX
November 6-7, 2018

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Register online at www.cdfa.net
CDFA is proud to represent development finance agencies (DFAs) across the country. Learn how they manage the development projects that are critical to their communities.

CDFA Upcoming Events

CDFA Revolving Loan Fund Webinar Series: Leveraging the Role of Revolving Loan Funds in Economic Development
February 23, 2023

CDFA Revolving Loan Fund Webinar Series: Tax-Exempt Bond Act of 1983
February 23, 2023

CDFA Revolving Loan Fund Webinar Series: Managing and Maintaining Borrowers Loan Activities
February 24, 2023

CDFA National Sponsors

Barclays Bank

Development Finance Headlines

Recent Headlines:

1. "CDFA Revolving Loan Fund Webinar Series: Leveraging the Role of Revolving Loan Funds in Economic Development"
   - February 23, 2023
   - February 23, 2023
3. "CDFA Revolving Loan Fund Webinar Series: Managing and Maintaining Borrowers Loan Activities"
   - February 24, 2023

CDFA Partners

The CDFA Revolving Loan Fund Best Practices Program is a part of the federal economic development access to capital delivery system. The program, established in FY96, is designed to provide grants to state and local governments, nonprofit organizations, and for-profit organizations to operate a lending program that offers low-interest loans to businesses that cannot get traditional bank financing. Grant recipients are required to manage their RLF according to the RLF guidelines of the program, which includes maintaining records, reporting to the CDFA, and ensuring compliance with the terms of the grant.

Key Program Elements:

- **CDFA Revolving Loan Fund Training**
  - CDFA will provide comprehensive training on Revolving Loan Fund Finance.
  - The curriculum will cover the specifics of the Revolving Loan Fund program, including loan approval processes, loan documentation, and loan administration.

- **CDFA Revolving Loan Fund Webinar Series**
  - Webinars will cover various topics related to Revolving Loan Fund administration.
  - Webinars will be led by experts in the field of Revolving Loan Fund administration.

- **CDFA Revolving Loan Fund Peer-to-Peer Learning Exchange**
  - Participants will be paired with Revolving Loan Fund administrators to share best practices and strategies.
  - Participants will engage in roundtable discussions and share their experiences with one another.

The CDFA Revolving Loan Fund Best Practices Program is sponsored by the Council of Development Finance Agencies. For more information, please visit the CDFA website.
Thank you for joining the conversation today. Send us your questions and comments!

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Coordinator, Research & Advisory Services
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hallen@cdfa.net

This webcast is designed to provide accurate and authoritative information in regard to the subject matter covered. It is available with the understanding that CDFA and the panelists are not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.