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Notes From The Corner Office

David K. Main, President HCDC

Random Thoughts of the New Year

2005 has dawned, and we are halfway through the first decade of the 21st century. To me it seems like a good time to offer you some of my random thoughts that you may find helpful as you manage and grow your businesses in the coming year.



- No matter how much or how little formal education we have, we must continuously learn not only new things, but new ways to do existing things. Without a commitment to learning, we not only miss new opportunities, but also we often end up repeating our mistakes.
- Have you ever noticed how some people just radiate light, while others absorb it? No matter how things seem to be going, some individuals will always smile, be cheerful, remain genuinely happy and exhibit a sunny outlook. Their glass is always half full, or even three quarters full. Never half empty. Others feel nothing ever goes right. They get locked into that mind set and live under a cloud. While I understand that people have brains that are wired differently, it still makes human and business sense to look for sunshine and radiate light whenever and wherever possible.
- It's always fascinated me that both outstanding and very poor performers may be the easiest employees to manage. Choices are clear. You either reward and promote them or say goodbye to them. It's the average employees who present the most challenges. You either have to find a way to motivate them towards improved performance or find a way for them to move on. Status quo is usually not acceptable in these highly competitive times.
- Planning is a necessary part of any venture, but the ability to implement and execute what has been planned is the real difference between success and failure. Despite that, I am amazed at the number of people who often view planning as an end in itself.
- Economic development is not only hard to define, but some areas of economic development are not as fun or as easy as they may appear to people outside the field. The true professional economic developer is usually behind the scenes and seldom receives recognition for the genuine value of his or her efforts.
- Here's a note that gives me great pleasure to announce. The changes in the SBA 504 loan program have been very agreeable to us at HCDC. Fiscal year 2004 was the best activity year since 1996, and for the first quarter of 2005 activity is substantially ahead of 2004.

Tell me your thoughts on the Development Source call me at (513) 631-8282, or e-mail: maid@hcdc.com.

504 Update -

Increased Lending Limits for SBA 504 Loans!!

\$1,500,000 - Standard SBA 504 Loans

\$2,000,000 - SBA 504 Loans That Qualify As A Public Policy:

1776 Mentor Avenue
Cincinnati, Ohio 45212
513.631.8292
www.hcdc.com

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\$4,000,000 - Manufacturing Loans

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Meet Gray & Pape



By *Abby Stevenson*, Loan Processor

Nestled in the heart of Over-the-Rhine, is a company that specializes in cultural resource management and historic preservation services. The people who run that company believe, passionately, that behind every building and each parcel of land there is a story, and a history that should be preserved. This company is Gray & Pape, Inc., which offers many cultural resource studies and services ranging from archival research, analysis of cultural landscapes to archaeological and architectural site survey, evaluation, and mitigation. On December 2, 2004, President, Kevin Pape sat down with me to discuss his business.

For 14 years, Gray & Pape has operated from the historic district on Main Street in Over-the-Rhine, thus making a true testament to its core corporate values. As a native of Cincinnati, and with family roots in Over-the-Rhine, it seemed only natural for Kevin Pape to locate his corporate office in that particular part of downtown Cincinnati. Gray & Pape also has a second office, in Richmond, Virginia. The company serves a wide client base that includes numerous federal agencies as well as state, local and municipal agencies. For example, if a developer wants to revitalize a historic building, Gray & Pape assists and guides that client in preparing application forms for historic tax credits. Other noteworthy projects have included Civil War battlefield preservation and reconstruction (ie: The Battle of Camp Wildcat - KY, The Battle of Mavern Hill, The Battle of Malone's Crossing, The Battle of Reams Station, The Battle of Bethesda Church - VA), The Millennium Pipeline Project (stretching from Canada, crossing Lake Erie, and ending in southern New York state), and the Stuart Station Generating Plant located in Adams County, Ohio.



HCDC met Gray & Pape in early 2004, when they were looking for an SBA 504 loan. By working with Angela Howard and Fifth Third Bank, Gray & Pape was able to finance the purchase of their building and make its renovations, which were completed by the end of the year.

At first glance, it may be difficult to pinpoint what Gray & Pape is all about. However, once you meet them, you realize that this is a jewel of a company that offers numerous, fascinating services that preserve history and culture, not only here but all over the country. To learn more about Gray & Pape and some of their on-going and completed projects, visit: www.graypape.com.

To learn more about HCDC and the SBA 504 loan program visit our website: www.hcdc.com or call 513-631-8292.

Strategic Planning - Taking Your Best Shot



By *Mary Myers, Program Manager, HCBC*

Part 1 of this series focused on creating a strategic plan for the next year. After the planning stage, it's time to put the strategy into action. Start with your target in mind and work backwards. For example, a 20% increase in revenues by the end of 2005, might require acquisition of three new customer(s) each month, which might generate a need to create potential customers lists, additional marketing materials, sales force and/or fulfillment staff, etc.

To keep the strategic planning process moving:

- Identify action steps needed to achieve the goals you have set, along with appropriate timelines.
- Set weekly, monthly and/or quarterly milestones.
- Assign responsibility for execution of each step of the plan to a specific person or department.
- Monitor progress toward the milestones and ultimate goals frequently.
- Adjust the action steps as necessary to stay on target.

HCBC client, Trevor Holekamp of ACCENOVATE, Ltd., www.accenovate.com meets with his advisors on a monthly basis. "Preparing a review of each month's activities keeps us focused. It is a great way to stay on target," Holekamp says.

Recommended reading: "Execution: The Discipline of Getting Things Done" by Larry Bossidy and Ram Charan.

Possible Changes To The Ohio Tax Code



By *Andrew Barnhorst, Tax Incentive Processor*

On September 2, 2004, three judges from the United States Court of Appeals for the Sixth Circuit made a ruling that has sent a panic through the economic development and business communities of Ohio, Michigan, Tennessee and Kentucky. The court's decision cast some doubt on the future of certain popular tax credits that have been utilized to attract investment into those states.

The court ruled that Ohio's Machinery and Equipment Investment Tax Credit is in violation of the Commerce Clause of the United States Constitution. In its decision, the court maintained that the credit places a higher tax burden on businesses that invest outside of Ohio, while businesses choosing to expand within the state will experience tax relief on their current tax burden. The credit, in their opinion, acts to penalize out-of-state economic activity. The Enterprise Zone program, however, appears to have survived court scrutiny. Whereas a tax credit reduces existing tax liability, the court felt that because abatements granted on potential investments did not reduce any existing liability, such exemptions would not be in violation of the Commerce Clause.

So what does this mean for Ohio businesses? Well, right now, that answer is still up in the air. The Ohio Department of Development has decided that the credit will remain in effect throughout the appeals process. Ohio Attorney General Jim Petro petitioned to have the decision reconsidered by the full court and was successful in doing so; however, the result was the same. It's not over. You can count on Ohio trying to get this in front of the Supreme Court.

Whatever the outcome, we may be seeing some significant changes to the Ohio tax code in the near future. HCDC will keep you informed as this situation progresses.

January Rates

SBA 504: 6.16%* (20 years) 5.92%* (10 years)
Regional 166: 3.18%*

A Sample Of Recent SBA, Ohio, And Local
Loans Done With The Help Of HCDC.

Name	Program	Bank	Project	Purpose
Bind USA	SBA	Fifth Third Bank	\$443,840	Real Estate
Funtown Playgrounds, Inc.	SBA	Provident Bank	\$634,500	Real Estate
Gray & Pape, Inc.	SBA	Fifth Third Bank	\$488,983	Real Estate
Klermont 4 Kids & Adults	SBA	Fifth Third Bank	\$195,000	Real Estate
Physicians Health Source, Inc.	SBA	Fifth Third Bank	\$981,000	Real Estate
Greenies	SBA	Centerbank	\$1,368,473	Real Estate

* denotes rate as of publication, subject to change

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