

Notes From The Corner Office

David K. Main, President HCDC

2003 Annual Report from the President

During 2003, Hamilton County Development Co., Inc. (HCDC), continued as a multi-faceted economic development agency in addition to being a high volume SBA 504 Certified Development Company. The original intent behind the SBA 504/503 Loan Program, was to encourage the establishment of local economic development financing agencies, who in addition to making SBA loans, would marshal resources to promote economic development in their local communities. From its inception, HCDC adhered to this rule, administering a variety of development programs quite separate from the loan programs. Examples are the enterprise zones we administer, the fact that we serve as Hamilton County's Office of Economic Development, and our development of the largest business incubator in the Midwest.



Numerous events highlighted HCDC's activities during 2003. Generally, economic development occurs in three ways:

1. Attraction of firms from outside the area;
2. Retention and expansion of existing firms in the area; and
3. Creation of new start-up firms.

However during 2003, the HCDC Economic Development Office evolved a fourth realm of economic development with Patheon, Inc. acquiring the former Aventis facility in the City of Reading. This resulted in the retention of the existing operations, jobs and investment, and the creation of new jobs and investment through the attraction of a firm outside the area.

HCDC was also instrumental in preserving the largest contiguous tract of developable land in Hamilton County as an industrial park. Through its efforts, HCDC encouraged Henkle-Schueler Developers to purchase the 160 acre Harrison Township site from Cinergy, and to develop it as a multi-tenant industrial park now known as the Harrison Commerce Center.

In addition, HCDC was involved in brownfield site redevelopment through the Clean Ohio Fund Program, as well as through its Urban Land Assembly Program (ULAP). Those programs helped assess brownfield and perceived brownfield sites throughout Hamilton County.

Overall, the HCDC Economic Development Office, through the enterprise zone program, participated in 14 projects resulting in investments exceeding \$122 million, with over 2,500 jobs retained or created in Hamilton County.

Entrepreneur development continued to thrive in Hamilton County in 2003. Our business incubator, the Hamilton County Business Center, for the first time in seven years received a substantial increase in funding from the State of Ohio Edison Program. Tenant occupancy levels at the Business Center remained stable at about 75%, but the tenants as an aggregate created 60 new jobs over the preceding six months bringing the overall employment at the incubator to nearly 300 workers, and the aggregate payroll to over \$7 million. Eight tenant companies now have gross annual revenues each in excess of \$1 million. The Microloan Program also experienced a record year with 20 new loan approvals, while maintaining a charge-off rate of 6%, which is very favorable for microloan programs.

HCDC's lending programs, the SBA 504 and the Ohio Regional 166, approved 38

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

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new loans for \$9 million. This represented a slight decline from 2002. Meanwhile prepayments of existing loans due to record low interest rates, were the highest levels ever with 62 pre-payments eclipsing the number of new funded loans at 40.

However, the 504 Program is undergoing significant SBA-mandated changes. Those changes may dictate a new direction for HCDC and its programs, as well as for other certified development companies (CDC?s) throughout the country. As of November 6, 2003, all CDC?s will have state-wide jurisdiction. That is, they can all offer 504 financing within their respective states of incorporation. As such, any of the 17 Ohio based CDC?s, including HCDC, may approve loans anywhere throughout Ohio. In addition, there is the opportunity for HCDC to expand into Northern Kentucky as part of the ?local economic area.? HCDC is reviewing these options and recognizes that in order to maintain its viability as an economic development entity, it must respond accordingly and take advantage of these opportunities the SBA has created.



Keynote Speaker Melvin J. Gravely II
and HCDC President David K. Main

In essence, there is only one constant, and that is change. Change is inevitable, but it comes with a choice, either to accept and adapt to it, or resist it and face the consequences. HCDC intends to utilize these changes to its advantage in order to continue as an active, viable economic development agency providing financing, incentives and value to its clients and constituents.

Give me your thoughts on "The Development Source" at maind@hcdc.com.

2003 Business Development Award Winners

Bank Of The Year: CenterBank

Banker Advocate Of The Year: Ken Mitman, Provident Bank

504 Borrower Of The Year: Deskey Associates, Inc.

166 Borrower Of The Year: Micropyretics Heater International, Inc.

Microenterprise Of The Year: The Little Anderson, Inc.

Economic Development Company Of The Year: Patheon, Inc.

Business Center Tenant Of The Year: Safety First, Inc.

HCBC Horizon Award: Scenario Learning, Inc.

2003 Larry Albice Entrepreneurship Award Winner: Gary D. Thompson

Election Results

FY 2004 Newly Elected Officers of HCDC

Chairman: Claire Evers
Vice Chair: Ken Feldmann
Secretary: Tom Moeller
Treasurer: Randy Carter

FY 2004 Newly Elected Board of Trustees

Melvin J. Gravely, II - 3 Year Term
Michael Lemon - 2 Year Term

FY 2004 Re-Elected Board of Trustees

Denny Begue - 3 Year Term
Doug Burgess - 3 Year Term
Claire Evers - 3 Year Term
Tom Moeller - 3 Year Term

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New-Year Changes And What They Mean To You



By *Abby Stevenson*, Loan Processor

2004 is surely going to be a year of change, for not only HCDC but also for many of you who work with us. In fact, some of the changes are already here. On October 7th the Federal Register published the much anticipated revisions to the SBA 504 loan program. For months Certified Development Companies (CDC?s), including us here at HCDC, had been waiting for these new regulations. Now that they?re here, we like what we?ve seen, and we think you will, too.

November 6, 2003, marked the day that the area of operation in which a CDC may administer the SBA 504 program was extended to state-wide boundaries. This noteworthy change will open the doors for competition, offering small business owners looking for fixed asset financing choices they?ve never had before.

HCDC has been serving the Southwest Ohio region of Hamilton County, Clermont County, Adams County, Highland County, and Brown County, for quite some time. The impact of our work and of the SBA 504 loan program in this area has been great, however, there is always more we can do here and we intend to stay focused on promoting development in our region. Even so, there have been many times when a client located in our slice of Ohio has needed help in a far corner of the State. The former rules prohibited us from offering our loan programs outside our designated region, and that?s no longer true.

If you are seeking assistance with an SBA 504 loan, no matter where you are in Ohio, we now can and will help you. Also more changes are pending in Congress, and we?ll keep you posted on their status.

Let HCDC be YOUR CDC of choice! For more information on how the 504 loan program may help your business, please contact Andy Young or Angela Howard at 513.631.8292 or visit our website and click on Small Business Financing.

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Brownfield Redevelopment - The Time Is Now!



By Greg Kathman, Senior Development Specialist

There is an identified demand for developable industrial and commercial sites in the urban areas of Hamilton County. Unfortunately, most of our urban communities have difficulty providing a supply of sites to meet this demand. One of the most effective ways is to redevelop abandoned or under-utilized industrial sites, commonly referred to as "brownfields."

Redevelopment of brownfields is difficult, because potential developers are often frightened by either the possibility that a site may be polluted or by the high cost of site preparation. So, in 2001, the State recognized the economic development potential of these properties and created the Clean Ohio Revitalization Fund to encourage the return of these sites into productive use.

The Hamilton County Integrating Committee recently recommended three local projects for 2004 Clean Ohio funding. The recommended projects are:

1. Queensgate South Redevelopment in Cincinnati
2. Former Ford plant in Fairfax
3. Celotex/Certaineed site in Lockland

These three projects are competing for funding with 21 other projects from around the state. The Ohio Department of Development will announce its funding recipients in December. Good luck to all three applicants!

The Clean Ohio Fund is scheduled to expire in two years. In these next two years, approximately \$80 million will be distributed for environmental remediation projects throughout the state. If you are considering a brownfield project, the time to act is now.

If you would like to learn more about the Clean Ohio Fund, please contact the Hamilton County Economic Development Office at (513) 631-8292.

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Done Deals

November Rates

SBA 504: 6.42% (20 years) 5.69% (10 years)

Regional 166: 2.67% | Microloan: 8-10%

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

Name	Program	Bank	Project	Purpose
Interior Packaging, LLC	504	First Financial	\$712,400	Real Estate
Queensgate Foodservice	504	Northside Bank	\$2,073,000	Real Estate
Shannon Tool Company	504	Fifth Third	\$228,000	Real Estate