

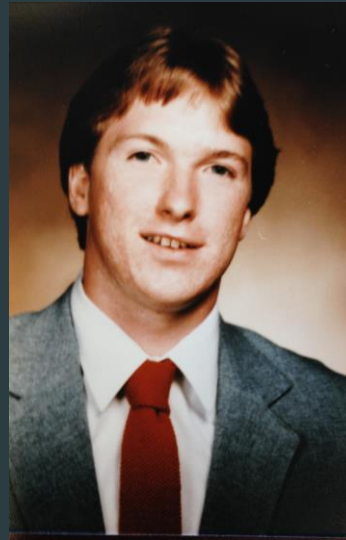
Helping Small Businesses and Entrepreneurs Thrive

2014 EDA Chicago Regional Conference

John W. Hemmings III
Executive Director
Ohio Valley Regional Development Commission
Waverly, Ohio

OVRDC Revolving Loan Fund

- ▶ Established in 1986
- ▶ Initially capitalized by both the US Dept. of Commerce, Economic Development Administration and the Appalachian Regional Commission
- ▶ Total loans = 74
- ▶ Total jobs created = 1,151
- ▶ Total jobs retained = 2,514
- ▶ Total Loan Amount = \$5,115,314.20
- ▶ Total Funds Leveraged = \$36,966,926
- ▶ Principal Repaid = \$4,122,505.56
- ▶ Interest Paid = \$812,787.80
- ▶ Write off = 9 loans totaling \$566,800
- ▶ No full-time Loan Administrator



September 28, 2008

Stocks crushed

Approximately \$1.2 trillion in market value is gone after the House rejects the \$700 billion bank bailout plan.

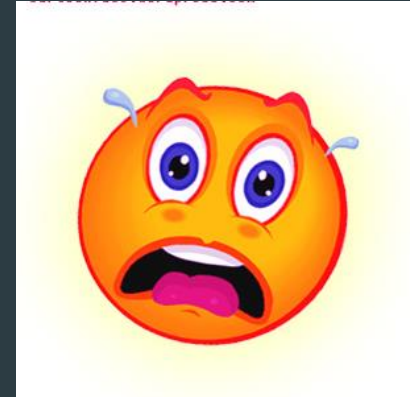
By Alexandra Twin, CNNMoney.com senior writer

Last Updated: September 29, 2008: 9:10 PM ET

NEW YORK (CNNMoney.com) -- Stocks skidded Monday, with the Dow slumping nearly 778 points, in the biggest single-day point loss ever, after the House rejected the government's \$700 billion bank bailout plan.

The day's loss knocked out approximately \$1.2 trillion in market value, the first post-\$1 trillion day ever, according to a drop in the Dow Jones Wilshire 5000, the broadest measure of the stock market.

(article continues)



OVRDC RLF on September 28, 2008

- ▶ Number of Outstanding Loans = 18 loans to 9 companies
 - ▶ 3 mid-sized manufacturers
 - ▶ 3 small manufacturer
 - ▶ 3 convenience store/retail shops
- ▶ Outstanding Loan Balance = \$?????
- ▶ 8 companies were paying loan payments on time
- ▶ 1 company was in default



Effect of Recent Economic Recession on OVRDC Loan Fund

- ▶ Since September 28, 2008, OVRDC has only closed 4 loans to 3 companies
- ▶ One of those companies has already paid its loans off
- ▶ Of the 9 companies that had outstanding balances with OVRDC on September 28, 2008
 - ▶ One is still making payments on time
 - ▶ Five have paid their loans off with OVRDC
 - ▶ One is in default with OVRDC
 - ▶ Two filed bankruptcy and OVRDC lost most of what was still owed on the loans



OVRDC Revolving Loan Fund

- ▶ Current Number of Outstanding Loans = 6 loans to 4 companies
 - ▶ 2 mid-sized manufacturers
 - ▶ 1 small manufacturer
 - ▶ 1 convenience store/retail shop
- ▶ Current Outstanding Loan Balance = \$519,078.63
- ▶ 3 companies are paying loan payments on time
- ▶ 1 company is in default at present





Creativity/Flexibility

- ▶ Gold/Silver/Fine Metals Refining Business
 - ▶ \$200,000 loan in 2011 for coining equipment
 - ▶ \$1,235,000 leveraged in equity and private financing
 - ▶ 10 jobs created/100 jobs retained
 - ▶ Previous RLF client
 - ▶ Mid-size manufacturer
 - ▶ Company financials indicated cash on hand to finance equipment, however company had need to keep plenty of cash on hand for inventory
 - ▶ Loan was closed; great client



There are many means to get to the same end

Creativity/Flexibility

- ▶ Manufacturer of Industrial Lasers for Marking/Etching/Engraving
 - ▶ \$200,000 loan in 2013 for refinance of company debt
 - ▶ \$1,664,000 leveraged in equity and private financing
 - ▶ 6 jobs created/26 retained
 - ▶ Small manufacturer
 - ▶ Company is financially sound but in preparation for anticipated future growth, they needed to reduce debt service to have cash flow to handle anticipated new business
 - ▶ Company sales increased 39% in one year of closing of the OVRDC loan for refinance
 - ▶ Loan was closed; great client



Continuous Improvement/Flexibility

- ▶ Broadband Service Providers
 - ▶ Regional priority of ARC, Governor Kasich, and OVRDC
 - ▶ ARC agreed to waive job requirements for broadband projects
 - ▶ Potentially look at lowering interest rate on these type of loans
 - ▶ Potentially look at offering longer terms on these type of loans
 - ▶ Working with State legislator to identify other ways we can reduce exposure for banks on these deals
 - ▶ Just remember when being flexible and creative that EDA (and ARC) have rules that don't bend but you have RLF guidelines that hopefully can be bent with correct language in your manual



Questions?

Contact Info:
John W. Hemmings III
Executive Director
Ohio Valley Regional Development Commission
73 Progress Drive
Waverly, Ohio 45690
(740) 947-2853
jhemmings@ovrdc.org