



Your Source for Small Business Lending

CHARLESTON LOCAL DEVELOPMENT CORPORATION

Annual Report for
Fiscal Year Ending
September 30, 2010

The Charleston Local Development Corporation

Statement of Purpose

The Charleston Local Development Corporation is a tax-exempt, not-for-profit organization established in 1979.

Its purpose is to further economic development, to promote and assist the growth and development of business concerns (including small business concerns), to engage in the activities related to its purpose, to increase employment opportunities, to encourage the creation and expansion of industry, to lessen the burdens of government and to combat community deterioration.

Mission Statement

The Charleston Local Development Corporation's mission is to be an economic development organization with a strategy for offering economic opportunity combining human needs with revitalization (economic and physical) needs within defined targeted areas, to strive to eliminate blight, and to maintain the identity of Charleston and the surrounding service areas.

Board of Directors

Randall Goldman
President

Chris Fisher
Director

Baird A. Mallory
Director

F. Renée Gaters
Vice President

Dorothy G. Harrison
Director

Brian McNeal, Jr.
Director

Kenneth R. Davenport
Secretary

Carol S. Hubbard
Director

Otha Meadows
Director

Chad K. Yonce
Treasurer

Richard T. Jerue
Director

Jonathan Oakman
Director

Yvonne D. Evans
Director

Linda H. Kennedy
Director

Joseph P. Riley, Jr.
Director

Activities

For the year ended September 30, 2010, the major areas of the LDC's activity were:

1. Providing financial assistance to entrepreneurs
2. Seeking funding resources for capitalization of loan programs
3. Providing technical assistance to small business owners
4. Performing loan servicing activities
5. Marketing the LDC and its programs and services

Accomplishments:

The LDC approved 50 loans and closed a total of 44 resulting in \$1,451,000 disbursed.

Inquiries to the LDC totaled 568 in FY 2010. There were 113 female minority business (WMBE) clients, 109 female business (WBE) clients, 138 minority business enterprises (MBE) clients and 208 other clients.

Financial offerings for the LDC included seven programs used for various purposes by small businesses and for revitalization efforts in targeted areas of Charleston, Berkeley, Dorchester and Colleton counties. As a result of LDC funding, the following occurred:

- 12 new business were started
- 16 businesses were saved
- 311 permanent full-time jobs will be created / saved within two years of the loan

The SBILP loaned a total of \$435,000 to ten existing businesses, thereby leveraging \$574,653 in private investment funds and creating / retaining 51.5 full-time, permanent jobs. This year the LDC was able to offer SBILP through a partnership with the Calvert Foundation.

The LDC's Microloan program loaned a total of \$664,000 to 25 enterprises thereby creating / retaining 143 full-time, permanent jobs. The loans leveraged \$1,265,132 in private investment funds. The LDC offers the Microloan program as an Intermediary Lender for the U.S. Small Business Administration.

The LDC RLF provided funding of \$230,000 to six businesses thereby impacting 106.5 jobs and leveraging \$408,575 in private funds.

The Rural RLF provided funding of \$122,000 to three businesses thereby impacting 10 jobs and leveraging \$84,800 in private funds.

The loans funded by the LDC RLF and Rural RLF programs resulted in one job per \$4,713 loaned. For comparison purposes, the RLF requires one job to be created / retained for every \$20,000 loaned.

Programs

SBA Microloan (Microloan): Lends up to \$50,000 for as long as six years to be used for almost any business startup or expansion purpose except to refinance existing debt, acquire real estate or improve applicant-owned real estate. The funds from this program may be used within Berkeley, Charleston and Dorchester Counties.

Small Business Incentive Loan Program (SBILP): Provides up to \$50,000 for a maximum of to 10 years to disadvantaged businesses for startup or expansion. Loan proceeds may be used for almost any business-related purpose, including the acquisition and/or improvement of applicant-owned real estate. The funds from this program may be used within Berkeley, Charleston and Dorchester Counties.

Corner Store: Lends the owner of a historic commercial or mixed-use Corner Store property, in targeted areas in downtown Charleston, of up to \$30,000 for renovation of the cross-street façades.

Façade: Lends the owner of an historic commercial or mixed-use property on King Street (from Broad to Line), Spring Street or Cannon Street up to \$20,000 for façade renovation.

EDA Revolving Loan Fund (LDC RLF): Lends to small commercial and industrial borrowers, in the City of Charleston, to help finance fixed assets and working capital. The loans range from \$10,000 to \$75,000. The maximum amount can be increased at the LDC's discretion based upon the project's strength, impact to the community, and whether an increased funding is deemed warranted. Borrowers are eligible for LDC RLF financing only when credit is not otherwise available in the form of private capital on terms and conditions, which would permit completion and/or the successful operation or accomplishment of the activities to be financed. The project must create and/or save an average of one job

for each \$20,000 loaned and must also leverage private investment of at least \$2.00 to every \$1 of LDC RLF investment.

USDA Rural Revolving Loan Fund (Rural RLF): Lends to small commercial and industrial borrowers to help finance fixed assets and working capital in the rural areas of Berkeley, Charleston, Colleton and Dorchester counties. The loans range from \$10,000 to \$75,000. The maximum amount can be increased if funding is deemed warranted.

Small Business Disaster Relief Program: Provides up to \$10,000 in stop-gap financing to small businesses after a natural disaster occurs and before funds are received from insurance, SBA or other traditional lenders. Eligible costs include securing a building damaged by a natural disaster, purchasing a generator, replacing perishable inventory, paying salaries, etc. The funds from this program may be used within Berkeley, Charleston and Dorchester Counties.

Marketing

Marketing of LDC programs and services took many forms in FY 2010 including articles published in the local newspaper and the local business journal, ads published in local publications, dissemination of printed information, visitation to area banks and public speaking engagements. The LDC saw increased exposure due to its independent website, www.charlestonldc.com. The site which includes the loan application and check list is utilized by many prospective applicants. The LDC also uses the public service television station and internet to advertise its programs and inquiries continue to rise from these two formats. The LDC continued its membership with the Charleston Metro Chamber of Commerce and is involved with its Business Continuity Council. The membership includes advertising on the Chamber's website and newsletter. The LDC also continued its partnership with Lowcountry Local First and is listed in its membership directory both online and in print.

The LDC continued a partnership with the Service Corps of Retired Executives (SCORE) by participating in quarterly business planning seminars and with FastTrac to present business financing seminars. The LDC also participated in thirteen of these seminars throughout the year. One hundred thirty-nine entrepreneurs attended the seminars which focused on studying the components of a business plan, financial analysis, steps in obtaining small business loans through commercial banks and the LDC's loan programs and process. There were 16 MWBE attendees, 41 WBE attendees, 17 MBE attendees and 65 other attendees.

Exhibitions including the Black Expo, the Latin Business Expo and the Human Services Entrepreneur Fair were opportunities in which the LDC reached out to 173 attendees. Workshops and seminars in which the LDC was involved included 305 attendees and bank related activities reached 165 attendees.

Funding

The LDC was awarded a grant of \$244,830 from the SBA. The grant, the seventeenth of its kind from the SBA to the LDC since 1992, brought the total grant funding for the Microloan Program to \$972,193. The funds are used exclusively to support expenses related to the Microloan Program and providing technical assistance to both prospective and existing borrowers.

Out of a total of \$3,750,000 in loan funds sought, \$1,750,000 was awarded with a total of \$1,540,000 in funds drawn from three different sources.

Due to the economic environment and the increased demand on its programs, the LDC spent significant time investigating and submitting applications to seek funding from various resources in order to recapitalize its loan offerings.

Summary of 2010 Loan Activity Statistics:

- 568 loan inquiries received:
 - 113 Female Minority Business Enterprises (MWBE)
 - 109 Female Business Enterprises (WBE)
 - 138 Minority Business Enterprises (MBE)
 - 208 other enterprises
- 424 Microloan inquiries received:
 - 89 MWBE
 - 89 WBE
 - 105 MBE
 - 141 other enterprises
- 450 application packages distributed:
 - 89 MWBE
 - 81 WBE
 - 109 MBE
 - 171 other enterprises
- 1,391 Technical Assistance seminar attendees:
 - 266 MWBE
 - 282 WBE
 - 310 MBE
 - 533 other enterprises
- 72 Loan requests were considered, 50 were approved, 44 were funded
- 25 Microloans were approved and funded
- 20 Female/Minority Business Enterprises (MWBE/WBE) loans made for a total of 45% of loan activity
- 4 Minority Business Enterprise (MBE) loans made for a total of 9% of loan activity
- 24 Total MWBE, WBE and MBE loans made for a total of 55% of loan activity
- Total Loans: \$1,451,000
- Total WBE/WMBE amount loaned: \$654,000 or 45%
- Total MBE amount loaned: \$130,000 or 9%
- Total number of jobs affected: 312 - 197 Jobs created / 115 Jobs retained

Historical Loan Activity

<u>Year</u>	<u># of Loans</u>	<u>Amount</u>	<u># of Jobs</u>
1979	1	\$ 10,000	7
1980	3	\$ 142,000	25
1981	1	\$ 168,000	80
1982	1	\$ 101,000	7
1983	1	\$ 30,000	12
1984	1	\$ 20,000	Temp
1985	1	\$ 100,000	20
1987	1	\$ 27,000	3
1991	9	\$ 395,277	117.5
1992	6	\$ 234,882	29.5
1993	9	\$ 197,230	33.5
1994	7	\$ 163,855	19.5
1995	6	\$ 219,334	134.5
1996	7	\$ 110,000	44
1997	12	\$ 324,500	347
1998	8	\$ 256,500	135
1999	12	\$ 344,000	60.5
2000	7	\$ 246,734	133.5
2001	25	\$1,025,060	151
2002	9	\$ 363,700	83.5
2003	20	\$ 796,401	220.5
2004	7	\$ 280,000	109.5
2005	8	\$ 284,429	98
2006	10	\$ 711,000	44
2007	1	\$ 347,000	78
2008	10	\$1,663,860	93
2009	22	\$ 819,948	174.5
2010	44	\$1,451,000	312

Over the years, besides funding projects and businesses through its own programs, the LDC has served as a conduit for moneys for the following programs:

Program	# of Loans	Amount	# of Jobs
UDAG	7	\$14,427,200	2,193
HUD 312	2	\$ 635,000	2
CD	1	\$ 91,000	Temp
CHT	1	\$ 20,000,	Temp
SBA EIDL	2	\$ 20,000	N/A

Total LDC Loan Portfolio: \$27,178,153

Partners of the LDC

This list is inclusive of current and former working relationships with funding partners:

Calvert Social Investment Foundation

City of Charleston

National Trust for Historic Preservation

U.S. Department of Agriculture - Rural Development

U.S. Small Business Administration

U.S. Department of Commerce - Economic Development Administration

Charleston Bank Consortium

U.S. Department of Treasury - Community Development Financial Institutions Fund

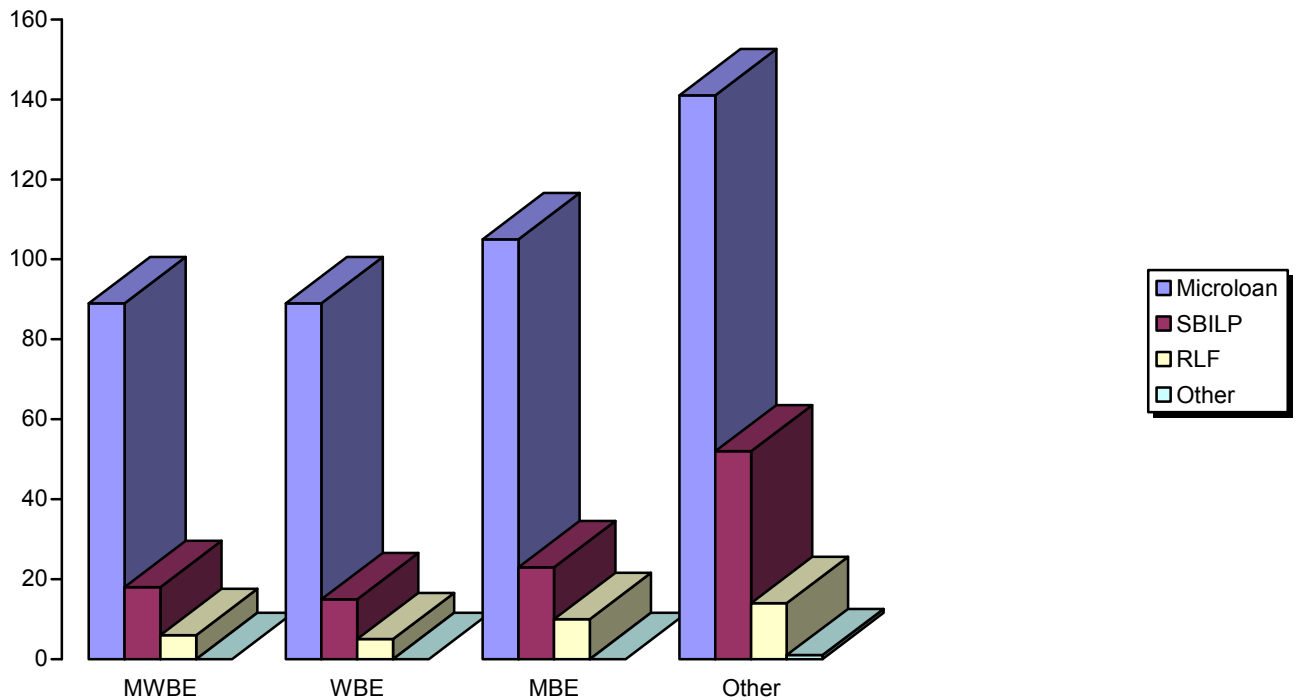
Charleston Renewal Community

Annual Statistics for FY 2010

October 1, 2009 - September 30, 2010

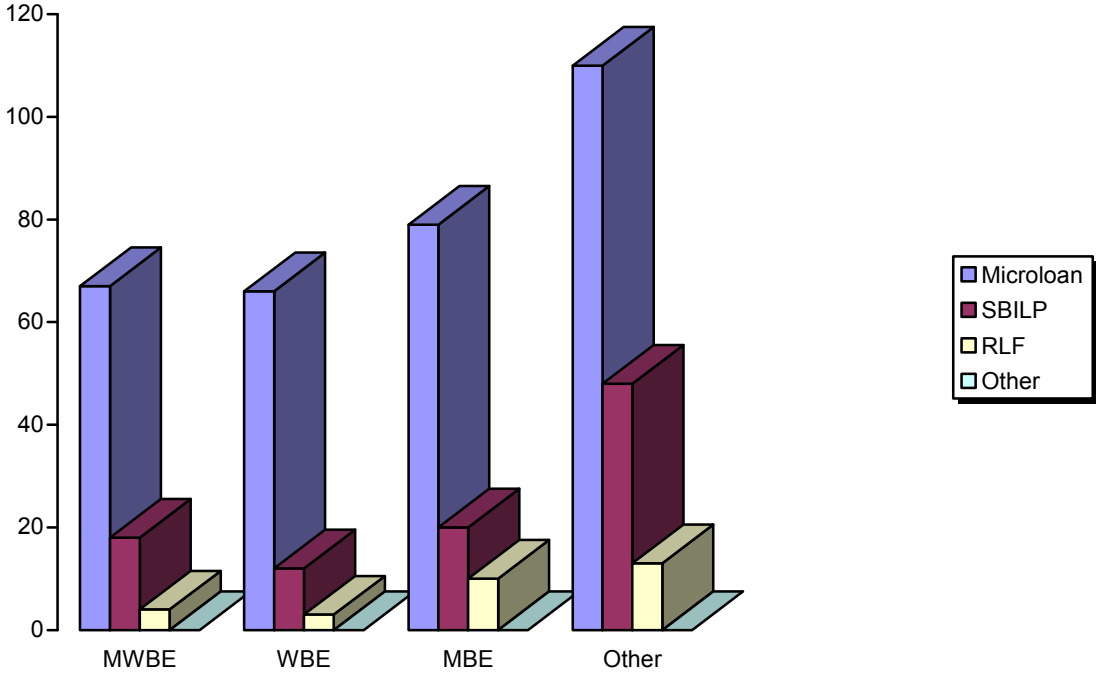
Inquiries

	<u>MWBE</u>	<u>WBE</u>	<u>MBE</u>	<u>Other</u>	<u>Total</u>
Microloan	89	89	105	141	424
LDC RLF	1	4	3	7	15
Rural RLF	5	1	7	7	20
SBILP	18	15	23	52	108
Façade	0	0	0	1	1
Corner Store	0	0	0	0	0
Other:	0	0	0	0	0
Total	113	109	138	208	568



Application Packages Distributed

	<u>MWBE</u>	<u>WBE</u>	<u>MBE</u>	<u>Other</u>
Microloan	67	66	79	110
LDC RLF	1	3	3	5
Rural RLF	3	0	7	8
SBILP	18	12	20	48
Façade	0	0	0	0
Corner Store	0	0	0	0
Other:	0	0	0	0
Total	89	81	109	171



Technical Assistance Provided

	<u>MWBE</u>	<u>WBE</u>	<u>MBE</u>	<u>Other</u>
Seminar attendees:	120	102	113	181
Microloan	108	115	146	220
LDC RLF	2	13	3	16
Rural RLF	5	3	8	12
SBILP	31	49	40	103
Façade	0	0	0	1
Corner Store	0	0	0	0
Other:	0	0	0	0
Total	266	282	310	533

