

Washington County Council on Economic Development

- **I am not from the Government.**

Washington County Council on Economic Development

- **I am here to help you.**

Washington County Council on Economic Development

- **I am here due to the Government.**

Washington County Council on Economic Development

- **WCCED was set up by the Washington County Commissioners in 1989.
(a 501(c)3 non-profit)**
- **Local businesses invested to create a revolving loan fund. (\$300,000)**
- **We assisted start-up and expanding businesses in Washington County.**

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- Remember the 1980's?
- Hair was higher.
- Glam was in style.
- Cars were beginning to get smaller.



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- **Also during the 1980's:**
- **Inflation was bad.**
- **Loan money for businesses was tight.**
- **And, in the Pittsburgh region, the mills were all but closed.**

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- **At one time, Washington County had a plethora of steel and glass production companies.**
- **We also did a fair share of coal mining.**
- **There were also a ceramics/tableware companies.**

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- **We needed to rebuild Washington Counties economy using the few remaining assets we had.**

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- Today in Washington County all Pyrex is produced in a plant. **(Charleroi)**
- All-Clad was started here and a majority is still produced locally. **(Canonsburg)**
- The largest manufacturer of glass molds on earth is headquartered in the City of Washington. **(Ross Mold)**

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- **Pennsylvania Transformer and Pennsylvania Breaker are still here.
(medium and large electrical transformers and breakers)**
- **We are also at the center of fracking with the Utica and Marcellus shale.**
- **Henry repeating rifles has it's major supplier of machining here. (Speers)**

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- **The Council has been involved with all of these industries.**
- **We finance, provide technical assistance and/or procurement of qualified employees.**
- **We slowly started to expand our service area, at the invitation of other counties.**

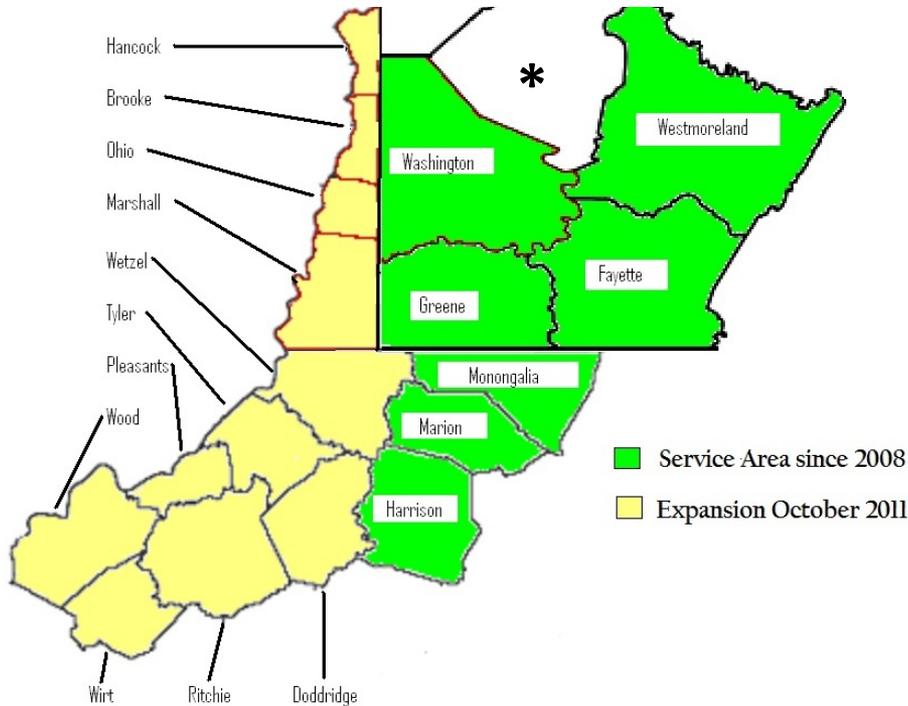
First Microloan of West Virginia

- In 1996 we began to offer the SBA microloan product in West Virginia at the invitation of Senator Byrd.
(They changed the Federal Law to do this)
- Until 2008 we only served Monongalia County (Morgantown) we then added Harrison and Marion Counties to our service area. **(I-79 corridor strategy)**

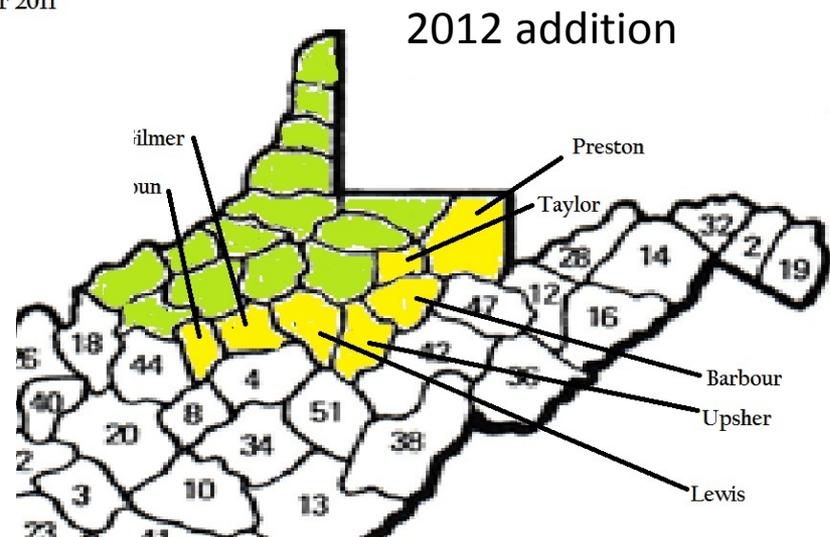
First Microloan of West Virginia

- In 2011 the SBA of West Virginia asked us to increase our territory again and we added 11 more counties. **(Along the Ohio River)**
- In 2012 we added 7 more counties. **(At the request of economic development folks in these counties)**
- In 2012 we opened a satellite office in **Wheeling.**

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* Pittsburgh



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- **So, what do we know about Microlending?**

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#1

- **Invest in what you understand.**

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Restaurants

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Day care

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**Cosmetology
School.**

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#2

- **If it is something you don't understand, find a source of information to help you learn about the business.**

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Goat farms

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**Comics and
gaming store**



Four Horsemen
COMICS AND GAMING

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**Coffee shops
& Bakeries**

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#3

- **Collateral, what they won't tell you in finance class?**

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**What the
borrower
thinks it's
worth...**

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**What the
lender thinks
it's worth.**

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- **The actual value is somewhere in-between, and can change at any moment.**
- **Equipment has a shelf life. (Technology can make something obsolete overnight)**
- **A second mortgage/deed of trust is really only an abundance of caution.**

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**Equipment
may be worth
10% of its
perceived
value.**

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- Auctions cost money.
- Moving and storage costs money. (I learned both of these points when my first loan went bad)
- The internet can be a valuable source of information about what something may be worth.
- Is the equipment going to get past the building/health department? (Let's talk about the Morgantown building/health inspector)

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- **Our business loans are character loans.**
- **There is seldom much collateral. (Yes the goats were used as collateral)**
- **We have to look at experience. (If you have no restaurant experience why do you want to own one?)**
- **The idea, the market, the business plan all play a part. (the SBA requires a business plan)**

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- **We do pull a credit report. (A low score won't disqualify you as long as you pay your bills)**
- **We ask for a personal financial statement. (This assists us in ascertaining if there is any collateral to pledge)**
- **We rely on the required business plan, does it make sense?**

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- **An SBA microloan can be up to \$50,000**
- **It can also be part of a \$150,000 total package with other participating lenders.**
- **Most of ours are for equipment, marketing, inventory, and/or working capital.**
- **We will subordinate in multiple lender situations.**

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- We have a portfolio that includes:



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- Salons



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- Restaurants



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- More Restaurants



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- Ethnic Restaurants



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- Nurseries



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- Daycare



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- **Laundromats**



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- Auto Repair



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First Microloan of West Virginia

- **So how are we doing in West Virginia?**
- **We have closed loans totaling over \$1.4 million since we started lending there.**
- **Our average loan is \$ 24,168.**
- **In 2012 we added a designated loan officer for West Virginia.**

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- **West Virginians pay their loans more promptly than Pennsylvanians.**
- **Both recent expansions were assisted by the Benedum Foundation.**
- **Since we added territory, another SBA Microlender has joined the program based in Charleston.**

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- **We train other SBA Microlenders on our policies and procedures, and shared our loan documents with them.**
- **My Board doesn't want to cover the whole state, they want to empower others in WV to become SBA Microlenders.**

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- **In Pennsylvania the Council is a CDFI**
- **USDA Intermediary Relender.**
- **ARC lender.**
- **An SBA Community Advantage 7A lender.**

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- **The SBA 7A program will be used to guarantee the Main Street Loan Program pilot in Washington County.**
- **We have secured two banks with \$1million each to lend and raised money (\$500k)from the Local Share Account.
(Casino)**

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- **We will invest in the 5 poorest downtowns in Washington County to bring new businesses in with services and jobs for the communities.**
- **We financed the only remaining daycare in Donora!**

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- **We also are developing the largest brownfield in western Pennsylvania (1,153 acres) into a business park.**
- **Taking strip mined land and getting manufacturer's to locate their businesses a mere 12 minutes from Greater Pittsburgh International Airport.**

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We also own a train station that we saved from the wrecking ball in 1999.



It has been the home of the Washington County Tourist Promotion Agency since 2000.

First Microloan of West Virginia

Looking for a loan in West Virginia?

Tim James 304-604-3560

For an application visit:

<http://www.FirstMicroloanofWestVirginia.org>

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Looking for me.

Dan Reitz 724-225-8250
dan.reitz@StarpointePark.com

Or visit:

<http://www.WashingtonCountyPA.org>

Washington County Council on Economic Development

Can we show you something in a business park?

Dan Reitz 724-225-8250

Or visit:

<http://www.StarpointePark.com>