

Panel 11

SAN ANTONIO BUSINESS DEVELOPMENT FUND
(SABDF)

NationsBank and Bank of America have been strategic partners in ensuring the continued success of the SABDF. Both institutions were involved with the initial capitalization of the SABDF. Presently the SABDF has \$2.75 million of capital under management provided by our bank consortium. Of that NationsBank has provided \$725,000 in permanent and borrowed capital. Since 1994, our capital base has nearly tripled thanks to our community bank partners. Its through these innovative public and private partnerships that we are able to bridge the credit and capital needs of small, minority and women-owned business in San Antonio.

Are we effectively impacting our community? You be the judge. In 42 months of lending, the SABDF has made 45 loans for \$2 million to small, minority and women-owned businesses leveraged with \$6.8 million in bank financing. Created and preserved over 600 jobs and more importantly provided an access to credit.

There are many other services that are bank partners continue to provide that are too numerous to mention. In 1997 and 1998 James Field from NationsBank's Community Development Department in Dallas facilitated board retreat. His staff in Sarasota, Florida continues to provide on-going technical support to emerging CDC's and CDFI's like the SABDF. On July 24th in San Antonio NationsBank and the SABDF will host a statewide CDC/CDFI conference introducing the CDC/CDFI study commissioned by NationsBank and conducted by Shorebank Advisory Services.

If I can be of any further assistance to your office do not hesitate to call me at 210-738-0312.

TESTIMONY OF LLOYD D. SMITH
PRESIDENT/C.E.O. OF THE MARSHALL HEIGHTS COMMUNITY
DEVELOPMENT ORGANIZATION INC.

BEFORE THE
FEDERAL RESERVE BANK OF SAN FRANCISCO

GOOD AFTERNOON, MR. CHAIRMAN AND MEMBERS, MY NAME IS LLOYD D. SMITH, PRESIDENT & C.E.O. OF THE MARSHALL HEIGHTS COMMUNITY DEVELOPMENT ORGANIZATION INC. LOCATED AND SERVED IN WARD SEVEN, WASHINGTON D.C.

MHCDO IS A 19-YEAR-OLD, COMMUNITY DEVELOPMENT CORPORATION, SERVING A POPULATION OF OVER 58 THOUSAND.

MHCDO is a full service CDC, providing business development, MICRO lending, light industrial development, with incubators, housing development, from new and rehabbed single family for sale to multi family units. We have produced nearly 100 single-family homes and nearly 500 multi family rehabilitated units. We provide social services, a child welfare program and a 59-unit single room occupancy facility. We have redeveloped a nice acre, 165,000 S.F. commercial shopping with 2 banks and various other retail/commercial products, among other programs, such as a new community school.

- I AM ALSO CHAIRMAN OF A NEW AND THE FIRST COMMUNITY DEVELOPMENT BANK TO BE ORGANIZED IN THE DIST. OF COLUMBIA, WASHINGTON D.C. WHICH IS CITY FIRST BANK OF D.C. N. A. WHICH IS SCHEDULED TO OPEN NEXT MONTH.

On behalf of the Board of Directors of the Marshall Heights Community Development Organization, Inc., I am pleased to lend our strong support of the Nations Bank acquisition of the Bank America corporation.

MHCDO has enjoyed a strong and rewarding partnership with Nations Bank and its predecessor, American Security and Trust Company for more than eleven years. We started with a \$250,000 line of credit for our housing program for in fill development that has grown to \$750,000 line of credit, based on our demonstration of increased production and credit capacity.

We jointly developed a creative partnership in our Kenilworth Light Industrial Park ownership, as a result of a 1994 CDC Tax Credit award from HUD, as a component of the Enterprise, Empowerment program, which featured a \$1 million dollar loan for 10 years at 1% interest. This was one of the first and largest deals in the country, since only 20 CDCs, nationwide were given the \$2 million CDD tax credit award. In addition, Nations Bank CDC has invested an additional \$1 million in equity, in this project at 1075, 1235 and 1239 Kenilworth Avenue, NE.

We are about to commence a multi-year, for sale, new housing development together in the Deanwood/Burrville area. Nations Bank will provide too much needed equity and MHCDO will provide construction management, marketing, sales and comprehensive housing counseling services. This partnership will enable MHCDO to increase the scale of our for sale activities and an improved ability to target our efforts.

Nations has provided several years of grant support, in particular a three -year commitment of \$15,000 per year for the transitional housing program that enabled the leveraging funds from HUD.

They (Nations) have been innovative, creative and have tried to find ways to say, "this can be done". Nations Bank has provided much needed equity, debt and contributions.

We have maintained and expanded an important and genuine partnership over the past eleven years.

City First Bank of D.C./NA
Chairman

- ◆ N.C.I.F. -INVESTMENT 1 MILLION
- ◆ ATM-SHARING AGREEMENT
- ◆ FURNITURE & ASSISTANCE
- ◆ HOLDING DEPOSITS