



Southern Maine Finance Agency

Helping Businesses Get the Financing They Need



1992 – JUNE 2020

Historical Retrospective

A look back at our journey from regional EDC to statewide provider of business financing assistance.

SMFA – *Historical Retrospective*

The Southern Maine Finance Agency (SMFA) promotes sustainable economic prosperity through regional business lending. We work collaboratively with communities, financial institutions and local, regional, state and federal organizations to facilitate policies, projects and programs that help Maine businesses grow.

SMFA helps businesses, large and small, by providing gap financing for projects that require cash, fixed asset financing, start-up/working capital, and real estate acquisitions and development. In the next year we will be approved as an SBA 504 lender, which will further enhance our loan options for borrowers. Many businesses could not pursue the start-up, expansion and growth they desire without the assistance of SMFA programs and loans.

"We offer patient, flexible financing that a traditional bank loan would not be able to offer a business."

– Will Armitage, President, SMFA

Southern Maine Finance Agency
20 Pomerleau Street, Suite 300
Biddeford, ME 04005
(207)282-1748 • www.smfamaine.org

Copyright 2021
Prepared by: Ferro Marketing, LLC
Copywriting & Editing: Castle Media Co.
Printed by: Full Court Press



TABLE OF CONTENTS

Letter from the President.....	Page 2
Letter from the Board Chair	Page 3
SMFA Board of Directors.....	Page 4
Advisory Committee & Volunteers.....	Page 5
A Look Back at Our History	Page 6
Chart: Historical Growth.....	Page 8
Table: Historical Revolving Loan Program Funds.....	Page 9
Chart: Funding Sources	Page 10
Chart: Historical Lending by Industry	Page 10
Illustration: State Coverage (map w pins).....	Page 11
COVID-19 Response	Page 12



William Armitage
President

Letter from the CEO

Dear SMFA Supporter:

This Historical Report takes a look at the evolution of the Southern Maine Finance Agency (SMFA) from our inception as the Biddeford Saco Area Economic Development Corporation (BSAEDC) in 1992 up to the close of our 2020 fiscal year. This has been a wonderful walk down memory lane for me as I celebrate nearly 25 years of leadership of this organization, and I'm excited to share this history with you.

First and foremost, it is amazing to see the impact SMFA has had on so many businesses, and the positive effect we have had on the communities we serve throughout York county. I am honored to have gotten to know so many businesses, many of whom are hidden gems in our communities that the average citizen doesn't realize exists in the industrial parks and outlying areas of their community.

To go out to dinner and see a microbrew on tap, to go to a store and see a product on the shelf, or to drive past a business that we've helped is a rewarding feeling. There is always something new to discover about the businesses in our communities, and that keeps me energized and committed to our mission.

SMFA has helped over 360 businesses in more than 20 communities throughout York county over our 28 years of operating, lending more than \$22 million dollars. Whether it's a business coming out of a bankruptcy, a business working to modernize, businesses transitioning ownership, or a startup company, we have been there to fill the financing gap. If every loan were fully bankable, we wouldn't need to be here, but we are needed. Our history demonstrates that and we've fulfilled that role!

When I look back on my years with SMFA, the word "gratifying" comes to mind. We would not be where we are today without our many supporters, volunteers, affiliates and community partners. Your support has contributed to our success and had a real influence on the region's economic growth. THANK YOU.

Sincerely,

William Armitage
President

Letter from the Board Chair

Dear Reader:

It's hard to believe that we are approaching 30 years as an organization! Since I've been around from the very beginning, this report has been a cathartic process and one that has reminded me of just how far we have come as an organization.

It all began, as they say, with an opportunity and determination by some key people. In 1992, Bob Dodge, the Economic Development Director for the City of Biddeford, saw an RFP for a regional economic development business loan program. It caught his eye and he sent it along to me, the Director of the Department of Labor for York county, to see if it sparked my interest as well. The grant would provide some much needed business loan capital for our area businesses, so we were in.

It had to be a regional program, not represented by any single municipality, so my involvement was to help facilitate that process. The application required seed money from regional partners for administration and infrastructure purposes. We were able to bring together four area partners to contribute - the area Chamber of Commerce, the City of Biddeford, the City of Saco, and the York County Department of Labor to put together our initial \$25,000 in seed capital.

To our amazement, we were approved and funded! We started with about six months of operating money, and secured some in-kind support for our office and utilities. Knowing he would have to find more funding to maintain the organization, Tom Ellsworth took on the job as our first Executive Director, and the Biddeford Saco Area Economic Development Corporation (BSAEDC) was launched.

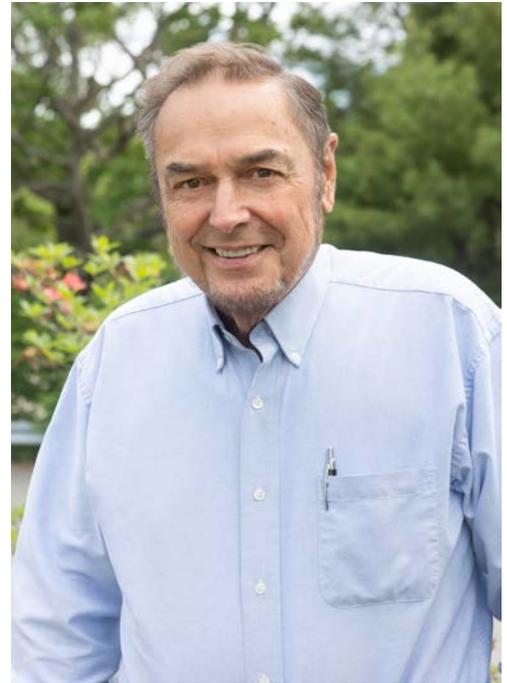
After a few years, Tom moved on to another EDC, and we were able to lure Will Armitage to the role of Executive Director. We believed at the time Will was the best fit for our current and long range outlook for the organization, and boy are we happy we made that decision! Will continues to lead the organization all these years later, and has been instrumental in the growth and evolution of SMFA.

We know that SMFA remains a fairly unknown lending provider in Maine. We really don't blow our own horn, but rather work quietly in the background helping businesses with their funding needs that the banks can't offer them. Many generations of economic development folks have come and gone, but this program has survived and grown tremendously. Our impact on southern Maine businesses, and now the whole state, is something I consider an extremely successful venture. I'm so proud of that growth, and the excellent staff for these accomplishments.

It's been a pleasure to serve on the Board of Directors through the years, and as the Board Chair, and I look forward to our future growth as an organization.

Sincerely,

Dick Hodgdon



Dick Hodgdon



SMFA Board of Directors

(L-R) Lorraine Boston, Betty Olson, Jan Williams, Andy Kany, Dick Hodgdon, Richard Olsen, Mathew Eddy, Paul Schumacher, Jim Nimon, Denise Clavette

Executive Committee

Dick Hodgdon, Board President
Retired Manager, Maine Department of Labor Saco

Lorraine Boston, Board Vice President
Retired bank officer, Sanford, “York County Elected Director”

Keith Jacques, Esq., Board Secretary
Partner, Woodman, Edmands, Danylik, Austin, Smith & Jacques, P.A., Biddeford, “Biddeford Elected Director”

Jan Williams, Board Treasurer
Retired Accountant, Hiram & Portland

Board Members

Marshall Archer, Councilor, Ward 1, City of Saco

Alan Casavant, Mayor, City of Biddeford

Denise Clavette, Planning & Development Director, City of Saco

Mathew Eddy, Director of Economic Development, City of Biddeford

Brian Haley, President and CEO of Haley’s Metal Shop, Inc.

Andy Kany, Biddeford-Saco Chamber of Commerce & Industry Representative, Biddeford

Robert Nadeau, Retired bank officer, Scarborough

Jim Nimon, Executive Director of the Sanford Regional Economic Growth Council, SREGC Sanford, Maine

Richard Olsen, CFO, Southern Maine Health Care, Biddeford

Betty Olson, Commercial Loan Officer, Scarborough

Gary Samia, Board Member of the Sanford Regional Economic Growth Council, Sanford

Paul Schumacher, Executive Director of Southern Maine Planning & Development Commission, Saco

Thank you to Our Past Board and Committee Member Volunteers

Marshal Archer	Kim Dennis	Ward Grossman	Alan Minthorn	Robert Quentin
Maryanna Arsenault	Dan D'Entremont	Brain Haley	James Molleau	Kevin Robert
Hans Asoera	Donna Dion	Thomas Haley	Peter Morelli	Michelle Robert
Glenn Baker	Robert Dodge	Richard Hodgdon	Andrea Moreshead	Kevin Roche
Chuck Bates	William Doyle	Lynn Howe	Ronald Morton	Gary Samia
Stephen Beaudette	Eric Doyon	Becky Jacobs	Tim Murphy	Paul Schumacher
Lorraine Boston	Aaron Drisko	Keith Jacques	Judy Nedeau	Ann Scott
Lottie Bragdon	Mathew Eddy	Anthony Jendrek	James Nimon	Wayne Sherman
John Bubier	Roland Eon	A. William Kany	Wallace Nutting	Art Stevens
Cathy Buffum	Renee Fahie	Andy Kany	Wendy O'Blenis	Daniel Stevenson
Alan Casavant	Philip Fearon	Mike Knowles	David O'Connor	Peter Sylvestre
Jeff Chistenbury	Charles Galloway	Peg Lavaseur	Elaine Palmitessa	Robert Trumpler
Denise Clavette	Jeanette Garvilles	Marston Lovell	Lisa Parker	Joanne Twomey
Dan Colby	David Gould	William Mann	Jim Plamondon	Dan Watkins
Elain Collins	Eric Green	Ed McDonough	Charles Plourde	Mark Willett
Francine Cram	Conrad Grondin	Andy Michaud	Jennifer Powers	Jan Williams

Transparent Audio, Inc.

Transparent Audio, Inc. (TA) was established in 1981 in Saco as a marketing and distribution company for high-end Norwegian electronics. Today, TA manufactures and sells Transparent Cables and Well Tempered Turntables worldwide. TA is a high-end manufacturer of products whose fit and finish is recognized as the best in their industry. TA approached the City of Saco and SMFA to provide a financing package that would meet their financing needs for their expansion and relocation, which was completed in 1998.



“When we were ready to build, location was very important. It’s beautiful here, with trees and space. Because we are an international business, we also need easy access to FedEx, the Turnpike, the airport and shipping facilities.”

– Karen Sumner, President

A Look Back at Our History

Southern Maine Finance Agency opened its doors in 1992 as the Biddeford Saco Area Economic Development Corporation (BSAEDC), led by Board Chair, Dick Hodgdon, and Executive Director, Tom Ellsworth. The objective of the new organization was to coordinate the economic development activities of both cities in an effort to operate more efficiently and create a collaborative relationship for business growth between the cities of Biddeford and Saco.

Our first loan program was developed in 1993 with the City of Biddeford, in conjunction with the City of Saco. This was a micro-loan fund for local businesses with a focus on downtown development in both cities. The collaboration took off from there. After just a few years, the organization clarified its mission as a financing entity to help local businesses receive the financing they needed to grow. Becoming a financing entity was an ideal role for BSAEDC in this partnership with the cities of Biddeford and Saco. It allowed the cities to focus on attracting businesses to the area and developing infrastructure for growth, and BSAEDC could assist with financing businesses in an unbiased fashion.

In 1995, BSAEDC started looking at a broader service area, expanding beyond the cities of Biddeford and Saco, in an effort to access other revolving loan funding. As the organization grew, in 1995-1996 BSAEDC was able to add FAME funding and a Rural Development federal loan program.

In 1996, Will Armitage came on board as the Executive Director, and is now celebrating his 25th year leading the organization. The organization's emphasis and board dynamics remained the same throughout our early growth, with a continued focus on the cities of Biddeford and Saco and the surrounding areas. We are so grateful for our initial partners in the City of Biddeford, City of Saco, and the Biddeford-Saco Chamber of Commerce & Industry. They have invested a great deal over the years to the organization, and remain strong affiliates with SMFA today.

In 2000, BSAEDC acquired another large federal loan program, and status as a Community Development Financial Institution (CDFI). With the CDFI designation, we had the opportunity to serve a greater geographical area and fund regional businesses throughout all of York county. Because of this expansion of services, the composition of the Board of Directors evolved as well. Until this time, Board members were appointed by our affiliates, the cities of Biddeford and Saco and the Biddeford-Saco Chamber of Commerce. Under the new CDFI designation, municipalities could no longer exercise the level of control over the organization they had previously, and BSAEC went through its first Board of Directors restructuring.



With a desire to serve more businesses, BSAEDC worked to become a regional funding entity, and we began a collaboration with Southern Maine Planning & Development Commission (SMPDC) in 2007. As an organization, we had the infrastructure in place to grow, and this partnership was an opportunity for both organizations to access additional capital for more York county businesses by collaborating on funding, rather than competing for funding.

During the period of 2011-2014, BSAEDC went through more organizational changes. As the country, and Maine, were coming out of an economic downturn, we recognized our financing programs had grown to encompass more of York county, and we needed our Board to expand to truly represent the entire geographic area. We added the City of Sanford, the Sanford Regional Growth Council, Town of Kennebunk, the Kennebunk Development Corporation, and SMPDC to our partnerships and created designated Board seats for these affiliates.

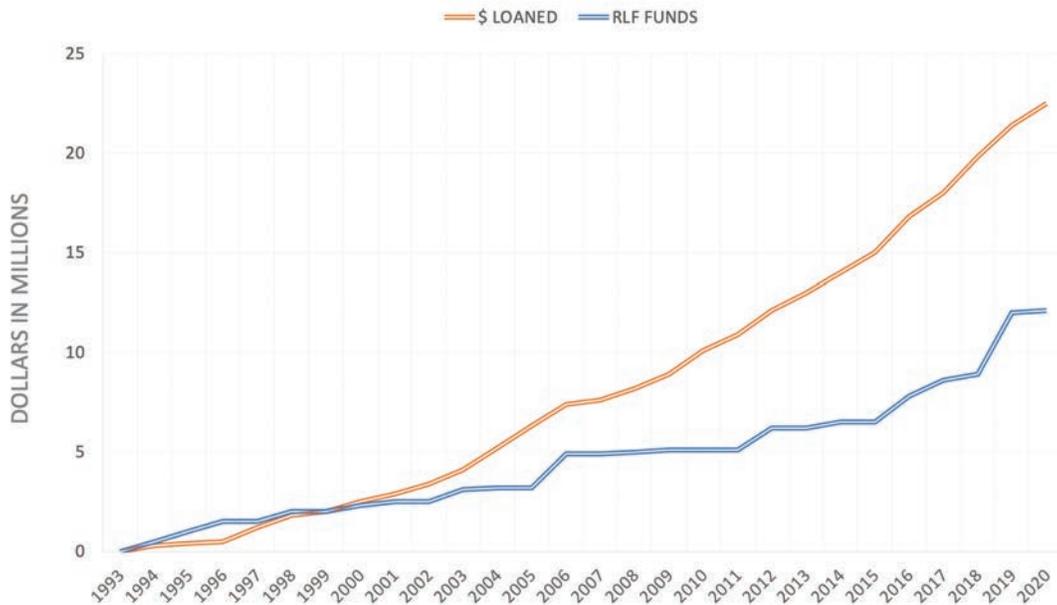
In 2017, we began the rebranding of the organization to Southern Maine Finance Agency (SMFA). Because we were truly serving all of York County at this point, it was important that our name reflect who we were really were and what we do. At first, BSAEDC remained our legal name, but in August of 2020 we legally changed our name to SMFA. This change also occurred as part of our application to become a Community Development Company (CDC) through the US Small Business Administration (SBA). This designation would allow us to expand our lending programs to include the SBA 504 Loan Program across the state of Maine. Offering SBA 504 Loans would allow us to lend long-term, fixed-rate financing to businesses so they can acquire major fixed assets such as real estate, machinery, and equipment for expansion or renovation. These loans are affordable, allowing a small business to obtain up to 90% financing on these assets, with as little as 10% coming from the business.

SMFA addresses a segment of the business community that doesn't always have access to traditional funding for capital needs. Because we don't have the same restrictions that banking institutions do, we can fill the financing gap that many businesses struggle with when attempting to get business loans.

We are not here to take the place of banks or compete with the loan products that banks offer businesses. In fact, most of our business comes from referrals from banks. Our goal is to fill the gap in financing that many businesses face when pursuing financing for start-up or expansion. We help banks and businesses complete transactions that they wouldn't otherwise be able to finance.



SMFA Historical Growth Chart



The chart above illustrates the revolving nature of our financing programs. While our funding sources have expanded through the years, another vital component of our available lending dollars has also grown considerably through the reinvestment of loan settlement. Because of the revolving nature of our programs, the amount of lending we have provided has outpaced the amount of money we have had to lend.

Precision Transmission & Auto Care

Precision Transmission opened its state-of-the-art transmission and drive train repair facility in Wells in 2003. Owner David Roy credits Southern Maine Finance Agency (SMFA) with assisting in making his business start-up possible:

“Partnering with the SMFA has had many benefits. They helped me realize my business start-up plans by securing the financing needed in a timely manner.”



SMFA Revolving Loan Program Funds

	Funding Source	Date of Inception	Initial Capitalization	Additional Capitalization	Historical Loans	Active Loans	Historical Lending	Principal Outstanding	Total Charge Offs
301	DECD-MICRO	2-Jul-93	\$100,000	\$100,000	65 *	17	\$1,210,109	\$213,603	\$70,026
303	RD-IRP	15-Jun-95	\$400,000	\$705,440	37	13	\$2,984,600	\$844,462	\$36,218
	<i>DECD-RAF</i>	<i>1-Jun-95</i>	<i>\$100,000</i>	<i>\$0</i>	<i>N/A</i>		<i>See RD-IRP</i>		<i>N/A</i>
304	FAME-REDRLP	5-Jan-96	\$516,000	\$2,621,385	136	50	\$12,332,045	\$3,366,631	\$637,927
	<i>BSB Line of Credit</i>	<i>17-May-17</i>	<i>\$1,000,000</i>	<i>\$0</i>	<i>N/A</i>		<i>See FAME-REDRLP</i>		<i>N/A</i>
	<i>Com Bank EQ2 Invst</i>	<i>17-May-17</i>	<i>\$1,000,000</i>	<i>\$0</i>	<i>N/A</i>		<i>See FAME-REDRLP</i>		<i>N/A</i>
305	CDFI-General	12-Apr-00	\$600,000	\$0	26	8	\$2,139,775	\$361,793	\$42,878
300	SEAC	1-Sep-92	\$20,000	\$0	5	N/A	\$39,123	See General	\$13,718
302	RD-RBEG	1-Oct-93	\$200,000	\$0	10	N/A	\$325,406	See General	\$20,150
306	Biddeford DRF	17-Jul-07	\$150,000	\$0	30 *	9	\$343,000	\$75,028	\$3,601
	<i>Biddeford TIF</i>	<i>1-Sep-12</i>	<i>\$30,000</i>	<i>\$0</i>	<i>N/A</i>		<i>See Biddeford MRF</i>		<i>\$50,000 **</i>
308	Biddeford SBDLP	21-Oct-11	\$20,000	\$80,000	3	N/A	\$60,000	See BDRF	\$19,769
307	SBA ILP	16-Sep-11	\$1,000,000	\$0	11	6	\$1,479,000	\$564,353	\$200,000
309	Saco DRF	21-Oct-13	\$200,000	\$0	24	23	\$355,500	\$282,262	\$0
	<i>Saco CELF</i>	<i>15-Apr-20</i>	<i>\$187,500</i>	<i>\$0</i>	<i>N/A</i>		<i>See Saco DRF</i>		<i>\$0 **</i>
310	YC SSBCI RLF	8-Jul-14	\$50,000	\$946,000	17	15	\$1,250,000	\$1,070,309	\$0
	<i>Com Bank EQ2 Invst</i>	<i>30-Aug-18</i>	<i>\$2,000,000</i>	<i>\$0</i>	<i>N/A</i>		<i>See YC.SSBCI RLF</i>		<i>N/A</i>
TOTALS			\$7,573,500	\$4,452,825	362	141	\$22,518,557	\$6,778,442	\$1,044,288
			\$12,026,325						
* duplication: Two loans are funded from multiple funding sources (MRF/DRLE) totaling \$49,000 (\$20,000 MRF/\$29,000 DRLE)									4.64%

This chart shows our funding sources from our first program in 1993 to the eight revolving loan programs we offer today, including the initial capitalization amount, and what we have been able to add for additional capital through our revolving fund process. The historical activity within these different programs is also illustrated, showing just how much more lending we have been able to achieve beyond the original capitalization amount.

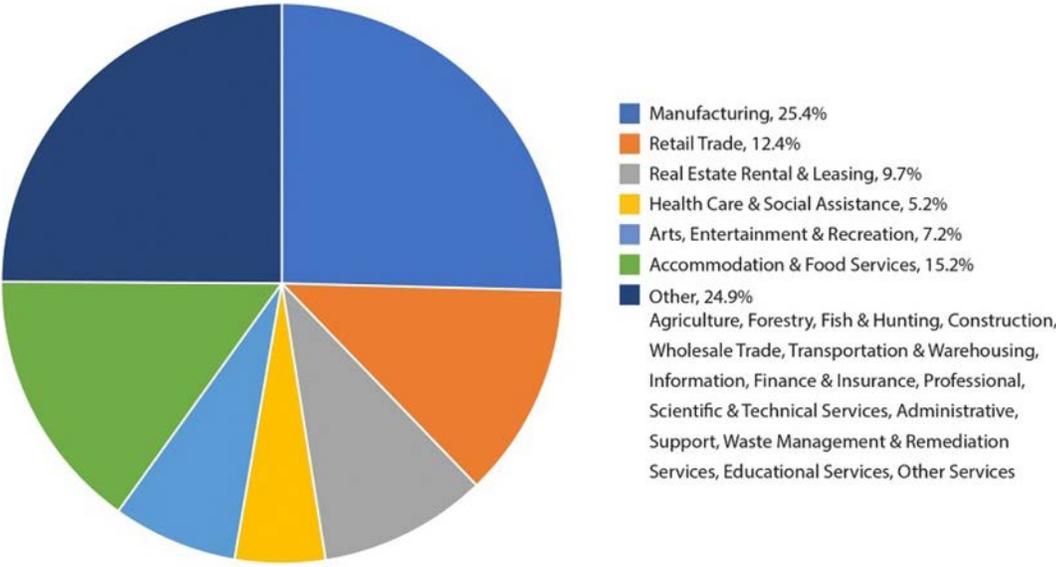
Over the years, SMFA has attracted \$12 million in investments, loaned out \$22.5 million, and leveraged \$121 million. Today, SMFA offers eight different loan programs, ranging from local, to state and federal loan programs.

Blueprints Early Learning Center

Blueprints was founded by Jennie Clavel in her own home just around the corner from Lebanon's elementary school. With a BA in Early Childhood Education and extensive experience in providing childcare, she realized that there was a real need she could meet for parents and children in her fast-growing community. When their waiting list grew to over seventy-five families, they knew they were ready to grow the business exponentially. But that meant designing and building a new building next door 100% devoted to quality childcare. Reaching out to SMFA, Jennie identified Bangor Savings Bank as a lender willing to work with her and SMFA to deliver the financing for a new building. Opened in August 2017, Blueprints now is staffed by eight specialists and accommodates 89 children for full and half days, as well as their before and after school care.

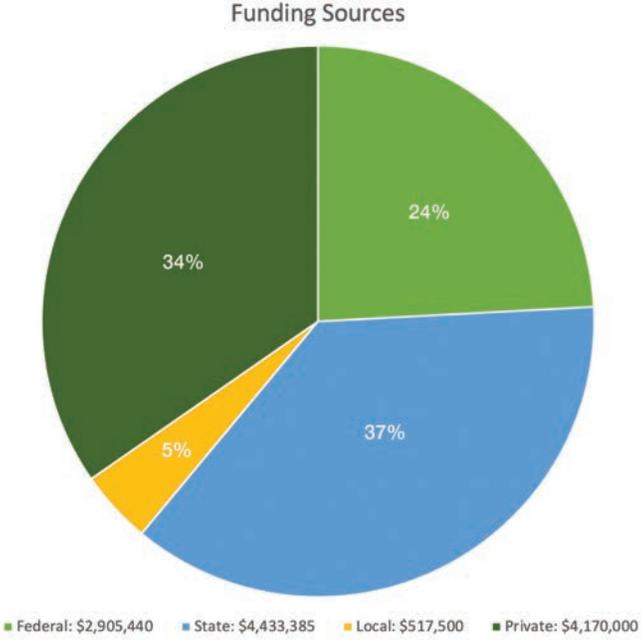
"I had a hard time understanding why some of the first financial institutions would not look at my success and my track record to provide a loan for the new building," says Jennie, "but Chris O'Brien of SMFA never let me get discouraged and urged me not to give up on my dream. In the end, SMFA's enthusiasm and financial support helped put together the deal. Just 18 months after we moved in, we are already expanding into a new addition designed specifically for infants."

SMFA Historical Lending by Industry



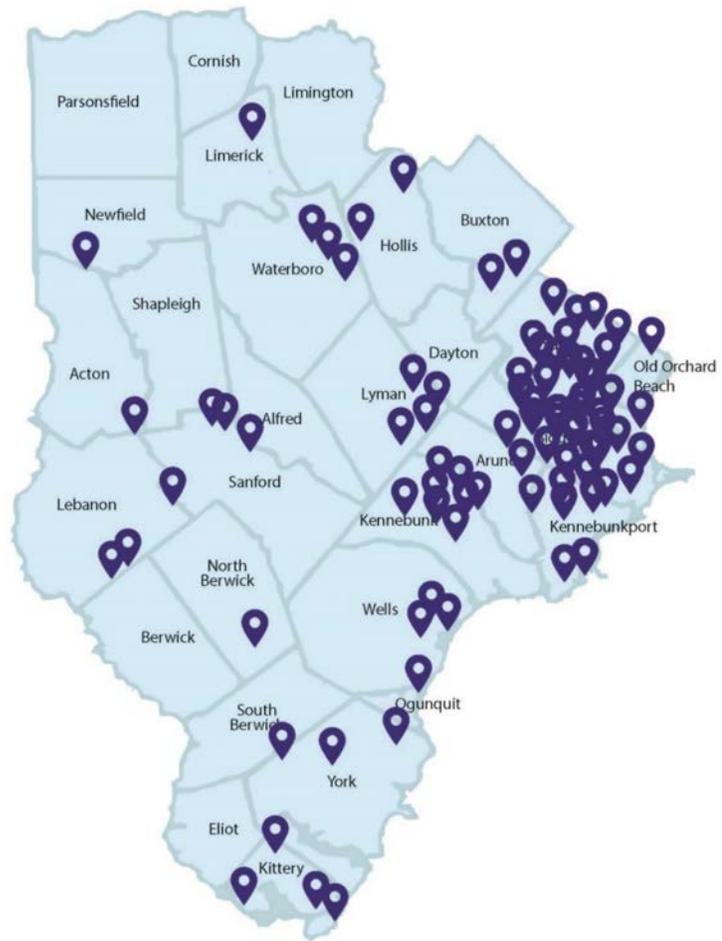
This chart demonstrates the diversity of industries we serve. Historically 25% of our lending has gone into the manufacturing sector, with the remainder going to a very broad range of business types throughout the region.

SMFA Funding Sources



This pie chart illustrates the breakdown of where our financing sources come from between federal, state, local, and private funding. Cumulative and current, this is all funds we have today, and also represents all monies we've attracted and built over the last 28 years.

SMFA Loan History 1993 – 2020



This map indicates the communities of the businesses we have provided financing to, a specific listing of towns are included on the following page.

Loan History by Community

York County Community	# of Loans	Dollars Loaned	Investment Leverage	Jobs Created & Retained
Acton	1	\$14,000.00	\$47,145.00	1.0
Arundel	2	\$250,000.00	\$2,064,000.00	18.0
Berwick	1	\$40,000.00	\$135,722.00	3.0
Biddeford	152	\$7,757,164.85	\$37,308,238.05	944
Buxton	2	\$147,500.00	\$665,500.00	2.5
Dayton	1	\$2,000.00	--	1.0
East Waterboro	3	\$314,333.95	\$2,934,215.00	17.0
Eliot	2	\$162,000.00	\$375,000.00	14.0
Hollis	1	\$35,000.00	\$251,000.00	1.0
Kennebunk	26	\$1,974,251.00	\$12,671,060.39	139.0
Kennebunkport	9	\$613,500.00	\$1,746,953.72	21.0
Kittery	8	\$935,000.00	\$2,100,000.00	49.0
Lebanon	11	\$1,167,500.00	\$4,092,658.06	46.0
Limerick	1	\$100,000.00	\$320,000.00	3.0
Lyman	3	\$252,826.00	\$1,070,000.00	6.0
North Waterboro	1	\$40,000.00	\$546,000.00	8.0
Ogunquit	1	\$107,500.00	\$967,500.00	13.0
Old Orchard Beach	7	\$589,872.53	\$5,109,716.42	3.0
Saco	107	\$6,253,878.67	\$36,592,320.61	1,256.5
Sanford	15	\$1,158,230.00	\$10,736,277.19	39.0
South Berwick	1	\$50,000.00	\$64,030.14	10.0
Wells	5	\$223,000.00	\$364,859.00	16.0
York	2	\$331,000.00	\$2,043,900.00	24.0
Totals	362	\$22,518,557.00	\$122,206,095.58	2,635

Our Response to the COVID-19 Crisis

SMFA had nearly 45% of our portfolio impacted by the pandemic!

Very early on we began working with our borrowers on interest-only, deferred, and flexible payment terms. Our goal was to help in any way we could to assist them in getting through the economic shutdown as a result of the pandemic restrictions, and remain open.

The Board and the Loan Committee were very supportive of us helping our borrowers, including granting staff the authorization to offer interest-only and deferred payments automatically, without having to go through the usual approval process. That enable SMFA a to be extremely responsive to our borrower's needs. Some of our other Federal, state and local programs also granted us the ability to work with businesses in the same manner. Everyone was quick to respond and supportive of us to be flexible and creative.

The City of Saco approached SMFA early in the pandemic about creating a program to help local businesses through the existing Saco Downtown Redevelopment Fund. In a span of two months, we had everything put together for this program and began accepting and processing applications. We worked with Saco to set the guidelines for the Covid Emergency Fund, which offered \$10,000 loans, with 50% of the loan forgivable when the lending guidelines were met. SMFA funded 19 loans out of this special program, with \$187,500 loaned to businesses.

One year later, 95% of our existing borrowers impacted by COVID-19 are recovering and back on track!

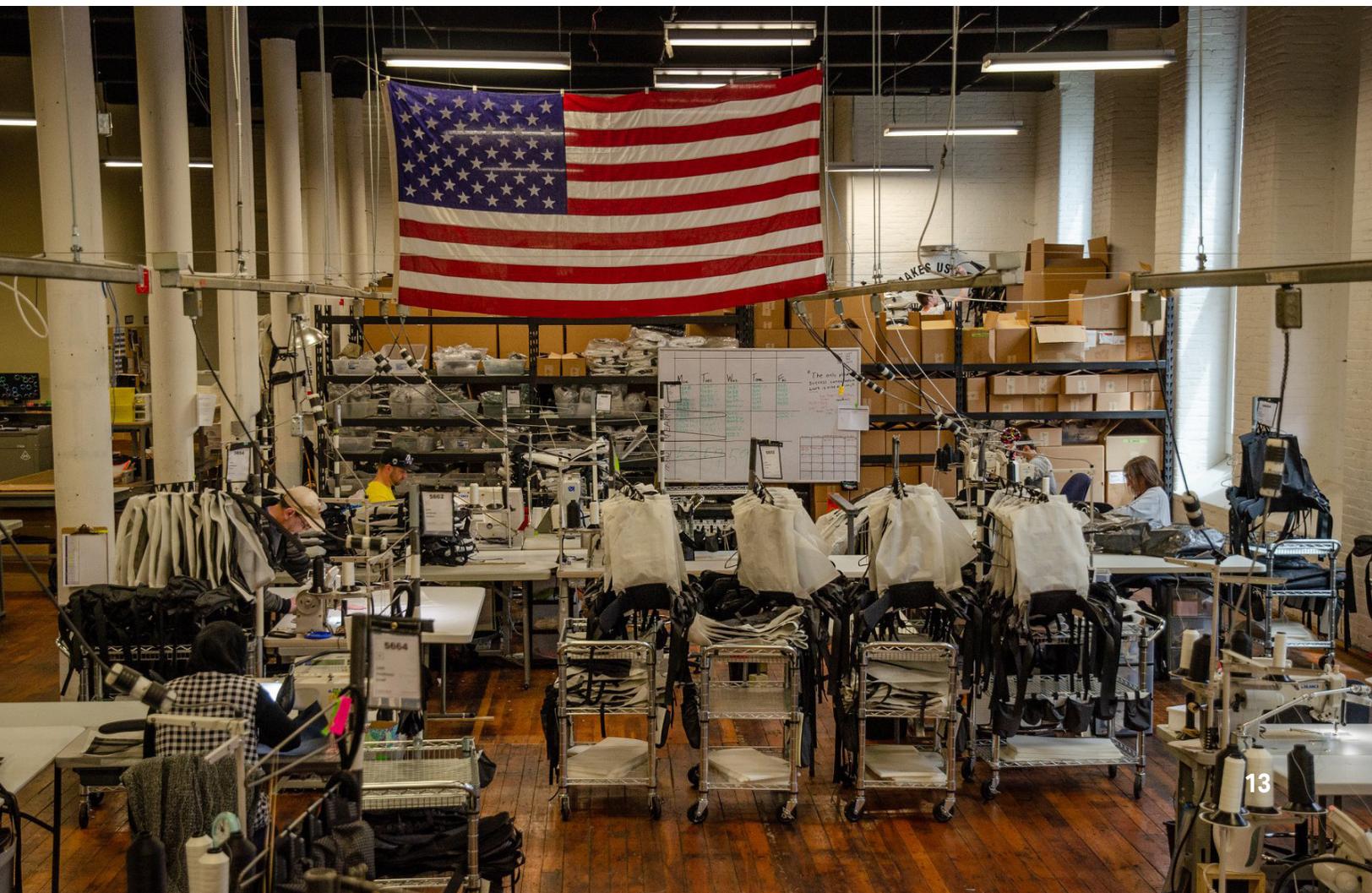


Hyperlite Mountain Gear

When Mike St. Pierre despaired of finding a backpack and tent that wouldn't weigh him down as he escaped from the kitchen to New York's Adirondacks, he did what any entrepreneur would do – he whipped up his own. Working in his Brooklyn apartment on his mom and grandma's sewing machines, he experimented with materials, bonding and sewing to come up with backpacks and tents that were infinitely better than he could find in the marketplace. Starting with funding from family, and later friends, Mike moved out of his apartment and into a garage in Kennebunk and Hyperlite Mountain Gear (HMG) had its first employees. Dan St. Pierre, Mike's brother, joined Mike just as Hyperlite was taking over contiguous space for manufacturing in order to meet the demand of elite mountaineers and long trail thru-hikers.

In 2011, Mike approached SMFA for financing to buildout 7,000 square feet of space in the North Dam Complex in Biddeford. Hyperlite was poised for hyper-growth. Their growth has continued to be between 50% to 70% each year since 2011.

"I approached SMFA for a loan and they worked with me to find exactly the right combination of funding sources to provide my company with the money it needed, at the right rate, in a timely manner." Mike explains, "Without their expertise, we would not have been able to move ahead as quickly as we did with as much ease. Their knowledge of mill redevelopment, coupled with their access to a variety of sources of capital, really benefitted HMG."



Thank You to Our Valued Partners & Affiliates

SMFA would not be able to help the number of businesses we do without the support and collaboration of our partners and affiliates. Essential funding for the organization comes from these valued community and local banking partners:

COMMUNITY PARTNERS:



LENDING PARTNERS:



BANKING PARTNERS:



S|M Southern Maine
F|A Finance Agency

20 Pomerleau Street, Suite 300 | Biddeford, ME 04005 | (207)282-1748 | www.smfamaine.org