

# 2008 Annual Mission Report



# Getting to Know Us

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## ABOUT US

Louisville Development Bancorp is a bank-holding company based in Louisville, Kentucky. The company was created in 1996 for the purpose of stimulating economic growth within 12 inner-city neighborhoods.

The Bancorp is committed to providing access to capital for small businesses, homeowners, faith based organizations and non-profit organizations. We are able to fulfill our mission through strategic alliances with other financial institutions and service providers. These alliances allow us to leverage our resources to help residents and small businesses create job opportunities and accumulate wealth.

Two for-profit subsidiaries: Louisville Community Development Bank (LCDB) and Louisville Real Estate Development Company (LREDC), and a non-profit affiliate: Louisville Enterprise Group (LEG) work together to carry out the mission.

## MISSION STATEMENT

*To stimulate economic growth within the West End, and Smoketown, Shelby Park and Phoenix Hill neighborhoods of Louisville, Kentucky by providing an array of financial and development resources.*

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### Louisville Community Development Bank

2901 West Broadway  
Louisville, KY 40211  
(502) 778-7000  
(502) 775-5232 fax  
[www.morethanabank.com](http://www.morethanabank.com)

### Louisville Enterprise Group

2900 West Broadway  
Louisville, KY 40211  
(502) 776-6000  
(502) 776-4434 fax  
[www.morethanconsultants.org](http://www.morethanconsultants.org)

### Louisville Real Estate Development Company

2901 West Broadway  
Louisville, KY 40211  
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[www.morethanhouses.com](http://www.morethanhouses.com)

# Products

## LOANS

### **EHOP Mortgage**

Expanding Housing Opportunities Program/EHOP is the mortgage loan offered by LCDB. Ideally suited for those persons who have been in their house for some time and are considering refinancing, EHOP is also ideal for

first-time buyers looking to accumulate equity within a short time frame.

### **Residential Loans**

Providing home mortgages and funding for home improvements.

### **Business Loans - SBA**

For startup businesses or to expand an existing business.

### **Commercial Real Estate Loans**

These loans are available to provide funding for the acquisition and renovation of existing commercial properties.

## DEPOSITS

### **Community CD**

This is designed for the socially conscious investor interested in becoming a “stakeholder” in the LCDB Investment Area.

### **Market Rate CD**

The investor determines the term and amount of investment and earns a competitive market rate.

### **Easy Access CD**

Geared to an investor interested in having easy access to funds with a competitive rate of return.

### **Savings CD**

This CD offers the accessibility of a savings account with the earning power of a CD.



# President's Message

Louisville Development Bancorp, Inc. ended 2008 having achieved its goals as set out in the 2004-2008 Strategic Plan. Since our inception in 1996, our mission has differentiated the Bancorp from mainstream financial institutions. Through two for-profit subsidiaries and one non-profit affiliate, we have been able to stimulate economic growth within the West End, Smoketown, Shelby Park and Phoenix Hill neighborhoods of Louisville, Kentucky.

Louisville Community Development Bank provides access to capital for small businesses and homeowners. The Bank concentrates most of its business activities in distressed census tracts in Jefferson County. In an effort to diversify risk and expand our reach, we began making loans throughout all of Jefferson County in 2004. But, to remain true to our mission as a community development financial institution, we do commit at least 65 percent of our loan activity within distressed or low-income census tracts.

The only deposit product that the Bank offers is Certificates of Deposit. Beginning in the summer of 2009, the bank will begin offering Individual Retirement Accounts (IRA). We will

offer traditional IRAs, ROTH IRAs and SEP IRAs.

Louisville Real Estate Development Company was formed to improve housing and increase the number of homeowners in the Bancorp's Investment Area. From 2004 to 2006 we exceeded our sales goals by 90 units. The Villages of Park DuValle has been a huge success for the company and the entire community. As 2008 came to a close, our sales were being impacted by the mortgage crisis. Tighter credit standards and concerns about jobs and the overall health of the economy all contributed to slower sales. We expect to complete the final sales in the 450 unit development in 2009. The chart on page seven provides statistical and demographic information on the development.

Louisville Enterprise Group (LEG) contributes to the organization through its efforts of building businesses through consulting services. LEG assists start-ups or businesses that are relatively new with technical assistance that is provided by local services providers in the areas of accounting, legal, marketing and logistics. LEG's in-house services include gap financing, incubator space and small business development training. Our team also



Pedro A. Bryant

provides assistance with developing business plans.

While 2008 was a challenging year, Louisville Development Bancorp demonstrated that our approach to stimulating economic growth can be effective, even during unique economic times. As members of the community ourselves, we are continually amazed by the many hardworking people who work alongside us as we create a better tomorrow for everyone. We look forward to playing an important and vital role in the continued evolution of the areas where we have focused our work - the West End, Smoketown, Shelby Park and Phoenix Hill - as well as the entire Metro Louisville area.

**Pedro A. Bryant**  
**President & CEO**

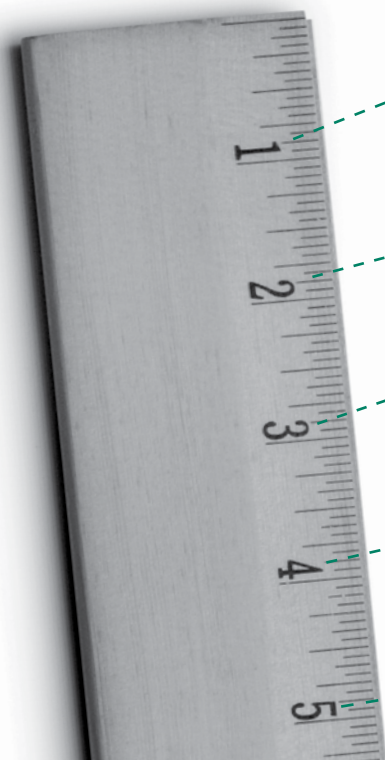
# How We Work

## MEASURING SUCCESS

Our goal is to replace despair and poverty with hope and prosperity.

Each of our companies offer different areas of expertise, but ultimately dovetail to establish an atmosphere that improves the quality of life for individuals, businesses and neighborhoods.

The success of the Bancorp is measured by the following five simple objectives. As each of the Bancorp companies strive to meet these objectives through various skill sets, neighborhood revitalization remains their primary goal.



- 1** **Stimulate small business expansion.** Measured by the number of commercial loans made, businesses assisted, jobs created, and technical assistance customers served.
- 2** **Increase home ownership.** Measured by the number of families owning homes as a result of Bancorp activities.
- 3** **Improving the quality and value of real estate.** Measured by the number of acquisition/rehab loans, housing units developed, and home or commercial site improvement loans.
- 4** **Increase the quantity of available goods and services.** Measured by the number of loans to firms providing needed goods and services in the neighborhoods served.
- 5** **Connect residents to career path employment.** Measured by the number of jobs created.

The Bancorp gauges success with five simple measurable objectives. As each of the companies of the Bancorp strive to meet these objectives with their own unique skill sets, the daunting task of neighborhood revitalization is being attacked from all sides simultaneously.

# Testament of Success

## NEW MARKETS TAX CREDIT

In October 2008, Louisville Development Bancorp, Inc. was awarded a \$40 million New Markets Tax Credit (NMTC) Allocation. The Bancorp received two other award allocations in 2004 and 2005 totaling \$70.5 million. The NMTC Program stimulates economic and community development as well as job creation in low-income communities by attracting investment capital from the private sector.

The NMTC Program provides tax credits to investors who make “qualified equity investments” (QEIs) in investment vehicles called Community Development Entities (CDEs). CDEs are required to loan or invest the proceeds of the OEIs in qualifying census tracts with poverty greater than 20 percent and/or median family incomes that are less than or equal to 80 percent of the area median family income.

The credit provided to the investor totals 39 percent of the investment in a CDE and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a tax credit equal to five percent of the equity investment. The tax credit is six percent in each of the final four years. Investors may not redeem their investment in the CDEs prior to the conclusion of the seven-year period.

## Investment Area Strategic Goals Impact Data

OBJECTIVES	MEASURE	EOY	CUMULATIVE GOALS	ACTUAL
<b>Stimulate small business expansion</b>	Bank Loans	2006	60	122
		2008	135	193
	LEG Funded Loans	2006	25	5
		2008	50	16
	Business Ownership Facilitated (start-up or acquisition)	2006	11	13
		2008	35	28
	Lease Up (LEG) Nia Center	2006	65%	67.2%
		2008	75%	71.7%
	LEG - Clients Served Technical Assistance	2006	85	195
		2008	150	301
	Jobs created via LDB financing or development services (NMTC included)	2006	225	1,327
		2008	375	983
	Families home ownership via LDB financial & development services LREDC/LCDB	2006	225	315
		2008	450	417
<b>Improve quality &amp; value of local real estate</b>	Real estate loans (number of mortgages, acquisition rehab & home improvement loans)	2006	48	69
		2008	80	118
	Commercial sites improved (including NMTC)	2006	10	27
		2008	30	34
<b>Increase quality of local (IA) goods &amp; services</b>	Loans to firms providing quality goods & services in the Investment Area	2006	15	19
		2008	40	28
	Increase in number of Investment Area business establishments (via attraction or expansion of existing firms)	2006	2	2
		2008	5	4

# Client Success Story

## YOLANDA YOUNG



Yolanda Young and family

Louisville resident Yolanda Young became a first-time homeowner in October 2008, and she still finds herself walking around her new house proclaiming, “this is my house.” She still marvels at the seven bedrooms and three bathrooms that she and her family call home and can barely put into words what owning it means to her.

Last year, Yolanda was 36 years old, working the third shift at White Castle and raising ten children—seven girls and three boys, the eldest of whom is about to graduate from high school. Not surprisingly, her life became pretty overwhelming at times.

“I wanted to give up sometimes, but I kept going because of the kids,” Young said. But she never lost hope, thanks to the prospect of a new life that awaited her right around the corner. “I was getting closer and closer to my own house.”

At the time, Yolanda was receiving homeownership counseling from The Housing Partnership, a local non-profit organization that provides educational assistance so others can learn to manage finances so they can buy a home or keep a current one. Four out of ten people that go through the Counseling and Education Program become homeowners within a year, and thanks to the Louisville Real Estate Development Company (LREDC), that dream became a reality for Yolanda.

Thanks to the counseling program, Yolanda was issued an initial loan from a lender. With that under her belt, she worked with LREDC to qualify for a 100 percent forgivable soft second mortgage that allowed her to purchase

a home in the Villages of Park DuValle on October 10, 2008.

The forgivable soft second mortgage is part of the homebuyer incentive for the Park DuValle Neighborhood Revitalization Program. It is designed to stimulate the sale of single-family new construction in the Villages of Park DuValle neighborhood. This product was developed to enhance the already attractive value of a new home in Park DuValle. As long as Yolanda remains in the home for ten years, it is 100 percent forgivable. Yolanda was issued this incentive, often given in the ranges of \$5,000-\$16,800, to help with her down payment, closing costs and loan reduction.

Today, living in her own home, Yolanda has a much more positive outlook for the future.

“I truly can’t put this into words,” she said. “It’s made me more confident. It’s made me realize that I have something to look forward to. I just still can’t believe this is my house.”

### THE VILLAGES AT PARK DuVALLE

THE VILLAGES AT PARK DuVALLE		
<b>Income Distribution</b>		
< 80% AMI*	237	57%
80% - 115% AMI	99	24%
> 115% AMI	79	19%
<b>Total</b>	<b>415</b>	<b>100%</b>
First Time Home Buyers	341	82%

\* Area Median Income

# Client Success Story

## BRUCE MILLER



Bruce Miller

Nearly ten years ago, Bruce Miller was working in customer service for Northwest Airlines, a job he enjoyed. He was also working out at a local YMCA and learning the benefits and fundamentals of exercise.

When 9/11 hit however, the nature of Miller's job changed in a way he wasn't satisfied with, eventually forcing him to quit and pursue another career path. He looked to physical fitness, his new passion, for inspiration and became a certified personal trainer. Miller quickly started a personal training business out of his home, but this forced him to deal with yet another business hurdle.

"I live in the West End, and being male, people were a little hesitant to come to

my house," said Miller. "I just thought I'd need to find another job."

Fortunately for Miller, two of his clients had other ideas.

Carol Davis, President of Vitramax Group, Inc., a client of both Body & Soul and Louisville Enterprise Group (LEG), had introduced Hosea Mitchell, Vice President of LEG, to Miller as he too had an interest in personal fitness. Mitchell started training with Miller, and when he heard about his business's troubles, he immediately began advising him on other options. LEG concentrates on facilitating the growth of existing businesses by helping business owners meet their growth objectives, conducting a thorough examination of the business and devising a customized plan of action.

"Hosea gave me the idea of moving to a commercial site that would provide greater access and visibility to the type of client that we had profiled for Body & Soul to go to the next level, health conscious and possessing a level of disposable income," said Miller. "He planted the seed for the move and the next thing I knew I had found a location and was signing a lease agreement –

I didn't think about it, just went with my gut."

Miller now owns Body & Soul Personal Training, LLC, located in the Highlands on Bardstown Road. He employs five trainers and hopes to have three more trainers working for him by 2010. Though he started in an 800-square foot store front, he recently expanded his business to a 2,200-square foot training facility with showers and dressing areas.

"Customer service is my background, so I soon recognized that many people were uncomfortable working out around strangers at the larger area fitness centers, so I created a space where people could be comfortable in their own skin."

The Body & Soul Personal Training facility focuses exclusively on individualized personal training, and Miller and his staff train 75-80 regular clients on a weekly basis.

# Client Success Story

## SHORYE PAYNE, MD



Shorye Payne, MD

Dr. Shorye Payne has known she wanted to be an eye doctor for quite some time. Growing up in a small town in Mississippi, she was turned on to the topic in junior high. But it wasn't until she attended medical school at the University of Louisville in the early 90s that the dream finally became a reality.

"I am very fortunate because I am doing exactly what I want to be doing," said Payne, an ophthalmologist at Broadway Eye Care Associates. "This is my passion."

After spending her residency and several years in academic medicine at U of L, Payne received a new calling of sorts. "I had no desire to go into

private practice originally," Payne recalled. But when the only African-American ophthalmologist in the city of Louisville passed away in 2007, she felt that the void needed to be filled.

"He passed away in November 2007, and through prayer the Lord told me to open a new practice in the area," she said.

In June 2008, Payne opened up Broadway Eye Care Associates, thanks to a generous business loan from the Louisville Community Development Bank. Today it is the only business specializing in eye care (of any sort) in the West End, and she specializes in the much needed area of diabetic retinopathy. "There are no glasses, no physicians, no nothing, just me."

Payne's vision for the practice is to provide quality eye care first to the West End community, and second, to those further afield. She is dedicated to giving back to the community, and in that way, the business loan from the LCDB was particularly appropriate. The LCDB contributes to the Bancorp's mission of stimulating economic growth by making developmental loans to

distressed communities. One of their specific strategies to accomplishing this is by increasing the number and quality of goods and services available to residents. As the West End was lacking an eye care practice, Payne's practice hit the right note.

"Our visions really coincided," Payne said.



# Client Success Story

## THE ZIRMED GATEWAY TOWERS



Modern architecture is transforming the Glassworks District of western Downtown Louisville, as the glass and concrete-constructed ZirMed Gateway Towers quickly rise from the ground at the corner of 9th and Market Streets. The Louisville Development Bancorp (LDB) is thrilled to be a part of it.

In 2007, the LCDB awarded \$20.8 million in Federal New Markets Tax Credits to the project, a major component of its financing that's helped it get from Point A to Point B. The building is nearing completion and is scheduled to open in 2009.

"This is exactly what the New Markets program is intended to do...create

economic development and jobs where they are needed most," said Pedro Bryant, LDB president and CEO. "We were extremely pleased to make this award because we know this project is one more important step in the ongoing revitalization of downtown Louisville."

The New Markets Tax Credits (NMTC) Program stimulates economic and community development and job creation in the nation's low-income communities by attracting investment capital from the private sector.

The Glassworks District is at the edge of the Central Business District and is the redevelopment of almost three full blocks of abandoned property, including a former jail, into a vibrant sector of the city featuring world-class art glass creation, galleries and other city amenities.

The ZirMed Gateway Towers, occupying a key space in the Glassworks District, is 12 stories high and will feature rooftop decks with panoramic views of Downtown Louisville. It will contain 140,000 square feet of space that will house 15-20 condominiums, a 285-car garage, Jarfi's Bistro and a

high-tech home for ZirMed, one of the fastest-growing technology companies to take root in Louisville.

The Towers are located immediately adjacent to low income family and elderly public housing projects. It will create jobs where jobs are needed most, and that is exactly what LDB aims to accomplish with the New Markets Tax Credits program.



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**Dalton McGuire**, Site Manager

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**Lori Elam**, Sr. Vice President/Chief  
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**Audwin Helton**, President, Spatial  
Data Integrations, Inc.

**Demetrius Holloway**, Attorney,  
Stites & Harbison

**Max Maxwell**, President,  
Maximum Results

**Dr. Bernard Minnis**, Ed., Assistant  
Superintendent Van Hoose  
Education Center, JCPS

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**Sharron Johnson**, Business  
Development Officer

**Hosea Mitchell**, Vice President/Chief  
Operating Officer

# 2008 Annual Mission Report



This Annual Mission Report is also available online at [www.morethanabank.com](http://www.morethanabank.com)



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