



Connecticut Community Investment Corporation

Preparing for
Tomorrow.
Today.



“Tomorrow belongs to the
people who prepare
for it today.”

African Proverb



This year a significant portion of our Annual Report¹ is dedicated to our “other” loan program – the SBA MicroLoan Program. We chose to highlight the program in part because of its increased relevance in these tough economic times and in part to dispel the notion that a MicroLoan’s impact is limited to the individual owner receiving the loan.

The SBA MicroLoan Program is unique, combining lending with technical assistance within one program to create a holistic approach to small business lending. Unlike the SBA 504 Program, which is self-funding with no budgetary impact, the MicroLoan Program has a small annual appropriation to fund technical assistance grants and to provide lending capital to program participants like CTCIC. As recently as 2008, however, program funding was in jeopardy. I believe part of the reason SBA MicroLoan funding came under fire was lack of information on the true impact of the Program. The SBA MicroLoan industry lacks a trade association and therefore struggles at times to deliver the message that this tiny loan program produces significant results.

That said, this year’s Report includes a piece that illustrates how the SBA’s investment in the MicroLoan Program returns financial benefits to all levels of government through increased property, sales and income taxes. Launched with a MicroLoan, The Antique & Artisan Center has spearheaded a dramatic revitalization of a section of the city of Stamford located on the “wrong side of the tracks” from the Stamford we all envision.

Needless to say, not every MicroLoan has the same impact; but every MicroLoan has some impact. **That’s why we keep doing what we do.**

Sincerely,



Mark S. Cousineau
President

¹ Our Annual Reports typically highlight trends and accomplishments over time. In an attempt to meet the expectations of Annual Report purists, following are the results of our CTCIC 504 Loan Program and MicroLoan Loan Program for Fiscal Year ‘09 compared to Fiscal Year ‘08:

	Number		Dollars	
	‘09	‘08	‘09	‘08
CTCIC 504 Loans	27	36	\$13.8Million	\$18.2Million
Microloans	20	15	\$554,500	\$384,000



The Antique & Artisan Center
Stamford, CT





The Power of Micro Lending *The Antique & Artisan Center*

A business launched through the CTCIC MicroLoan Program back in 1996 has proven to be the catalyst that sparked a dramatic economic revival in a once neglected section of Stamford, CT. The Antique & Artisan Center was established with a \$25,000 MicroLoan and partners Mark Candido (no relation to the Chairman) and Ron Scinto's entrepreneurial venture has become an epicenter of sustainable economic growth that has lasted fourteen years and whose influence will continue to expand well into the future. Indeed, the traditional attitude toward Micro Lending, that it begins and ends with helping entrepreneurs achieve their personal dream of small business ownership, has been redefined. A closer look at the dramatic effect this small loan, in the hands of two determined entrepreneurs, has had on economic development, tax revenues, employment, and the gentrification of a neighborhood, provides a blueprint for a new understanding of the power of Micro Lending. It is an enzyme for economic recovery and growth by unlocking the potential inherent in the creative spirit of the entrepreneur.

History of the Center

The original business concept conceived by Ron and Mark, was to have a coffee shop that would be enhanced by a retail area that sold antiques. Both partners had food service experience and they were looking for a model that would create an additional draw for their clientele. After doing considerable research they decided to open a small Antique Center with a coffee bar for customers. They began to look for retail space in various strip malls in the Stamford area, but they could find no one who would rent to them at a price that would make their venture viable.

When they stumbled upon the warehouse at 69 Jefferson Street, their vision for what could be came alive. The space was much larger than they had envisioned but the rent was very affordable. They worked out a deal with the current landlord, O & G Industries, whereby they could refurbish the building without having to pay rent. They made a huge sweat equity commitment over seven months only to learn, when the work was almost completed and with no signed agreement in hand, that the deal was going to fall through. Happily, O & G let the partners stay and The Antique & Artisan Center was officially in business. It did not take long for them to attract the first few willing dealers to set up shop and, once the concept took hold, the 22,000 square foot space was filled with 75 antique dealers.

Success Factors

The Right Source for Financing

CTCIC provided up front support with the business planning and positioning of the business model. According to Mark, he had never written a business plan but had to do so as part of the CTCIC underwriting requirements. While it was a rigorous process, he claims it helped him to really think through the details of the business model.

Long Term Planning



Mark and Ron designed a business model that would be fair to their dealers and it is one that has been adopted by most of the centers in the area. They abandoned the typical model of receiving a commission from the sales at the center and requiring the dealers to commit floor oversight for a certain number of hours every month. Instead they chose a straightforward method of a flat fee for the vignettes and hired their own people to oversee the building - a choice that has proven to be a source of dependable revenues for their business and their dealers.

Embracing Competition



The partners have always welcomed competitive centers to the area, creating partnerships with their new neighbors. Within a year and a half, two other large Centers piggybacked on the success of The Antique & Artisan Center. Rather than alienate the new neighbors, Mark and Ron befriended them and supported their success. There are now six expansive antique centers in the neighborhood, making it one of the largest concentrations of antique dealers and products in the U.S.

Seizing Opportunities



Seeing an opportunity to capitalize on the presence of over 300 antique dealers, all with special needs for outfitting their respective vignettes, Mark began bringing in items that they needed or that their customers needed. It wasn't long before the partners were negotiating for more space. The Accessory Store, which has an amazing array of lighting, lighting accessories, and supplies that cater to the antique dealers themselves, was opened in 2000 and is also thriving today.

Positive Culture



Finally, they have nurtured a culture within their two stores that makes both employees and clients feel comfortable. They are very focused on service that is knowledgeable without being overbearing and they understand that allowing people to browse for as long as they please without being hassled is the most effective way to manage the customer's shopping experience.

Close to **200,000 square feet of retail space** has been created.

Economic Impact

The economic impact of this business venture is nothing short of profound. Additional tax revenues have been generated in every category including sales tax, personal property tax, real estate tax, federal and state income tax, and all of the taxes associated with employment. Job creation has risen steadily in the neighborhood over the fourteen years The Antique & Artisan Center has been open, and has remained stable despite rising unemployment in recent years. Based on information gathered from various sources, including The Antique & Artisan Center, the City of Stamford's Office of the Assessor, and The State of Connecticut's website, we have been able to measure some of the economic effects of this MicroLoan.



Over **\$10,000,000 in sales taxes** has been collected since 1996.



785 dealers occupy space, earn profitable revenues, and pay property taxes.

Over **\$180,000,000 in sales** has been generated in just over 14 years.



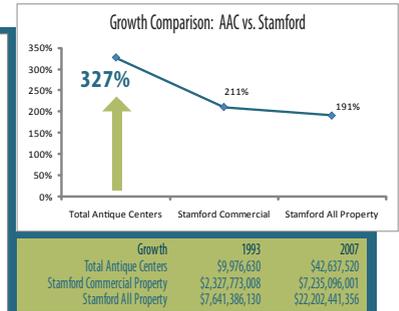
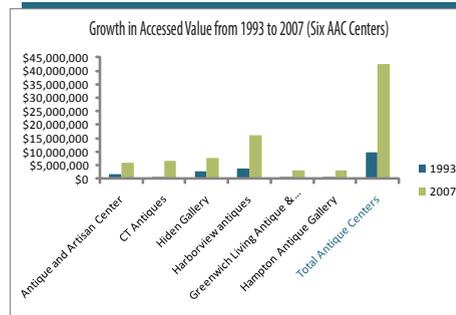
Over **\$700,000 in Actual Property Taxes** was collected in 2009.



Measures of Success

Real Property Tax Revenues

The City of Stamford experienced tremendous growth in the assessed property values of each of the six antique centers that have opened in the neighborhood. Based on the Grand List information obtained from the City of Stamford, Office of the Assessor, we compared property values from 1993 and 2007 Grand Lists. We found that the assessed value of these six properties has risen 55% higher than the change in total commercial property in Stamford and 72% higher than the change in value of all property in Stamford.



Job Creation

The Antique & Artisan Center in combination with The Accessory Store, currently has 23 full and part time employees. Considering square footage and time in business, we estimate that the six centers employ over 75 people, all residing in Connecticut.

Gentrification

Gentrification of the Antique Center area began with The Antique & Artisan Center fourteen years ago and it has not stopped. An aerial photo from the 1980's is nearly identical to the current blueprint of the neighborhood; however, most of the buildings in the area have been completely upgraded. Five of the six antique centers are in remodeled buildings, the only exception being the building at 850 Canal St which was built in 2001 and houses the CT Antique Center among other tenants.





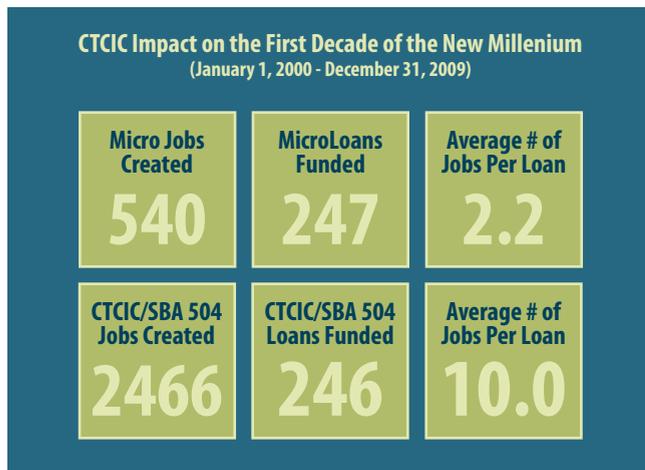
The Antique & Artisan Center
Stamford, CT



**It's important that we stay ahead of the trends in business so that prospective borrowers know...
they can come to us for quality service and up-to-date information.**

Customer Service Made a Comeback (For Some)

Over the last ten years, customer service has made a comeback. In the late 1990's, commentators across industries and around the world urged businesses to re-focus on customer service. They predicted that "businesses that focus on enhancing the customer's 'experience' will take the lead heading into the new millennium."¹



In the first decade of the new millennium, CTCIC realized tremendous growth. Our SBA 504 loan portfolio grew over 924%; and our SBA MicroLoan portfolio grew 142%. Much of that growth can be attributed to our emphasis on customer service. Our loan officers and business counselors have developed relationships with clients as well as banks around the state, which have provided many referrals and repeat customers.

While many businesses were just rediscovering the importance of customer service, CTCIC was increasing its loan capacity by bringing on additional support staff to meet the servicing needs of its growing portfolio, as well as additional technical assistance staff to provide quality consultative services to new and existing MicroLoan customers. Throughout the decade, CTCIC has sought to exceed its customers' expectations and provide quality service both pre- and post-loan funding.

¹ "Customers First! -- Leading Edge Principles and Trends." Dorene Collins - Marketing and Customer Service Program Lead/OMAFRA. www.omafra.gov.on.ca. June 1999.

**We're building business for tomorrow...
by preparing for it today.**

**At CTCIC, We're Pretty Sure
SIZE
Doesn't Matter Much.**

While our portfolio has grown significantly and staff has expanded, overall growth has always been calculated. Around the country, technology has enabled small companies to look big and, with software and outsourced processes, small businesses can go head-to-head with large companies.²

CTCIC is no different; we have always endeavored to be as efficient as possible when it comes to processing loans and managing our portfolio.

At CTCIC, our systems are enhanced by our capital investment in computer hardware and software and those systems have allowed us to match, if not exceed, the capacity of larger organizations.

² "The Top 10 Small Business Trends of the Decade." Barry Moltz — www.chicagonow.com. December 2009.



The GREEN Movement

In January 2009, the US Small Business Administration (SBA) went green. Following the business and consumer movement toward sustainability, clean technology and green energy, the SBA created a new category called “Green 504” for loans which are eligible for increased SBA 504 loan amounts up to \$4 Million. Green 504 projects encompass a variety of energy efficiency and energy producing activities undertaken by small business owners with green intentions. The progression to sustainable business practices, products and services has impacted the way industries are doing business and created lots of new small business opportunities. At CTCIC, we’ve seen this trend manifest in the increase of green businesses seeking financing. **Green MicroLoans financed by CTCIC grew 13% from 2008 to 2009, varying in industry from a natural maternity store in Norwich, CT to an energy conservation consulting and retail business in Ellington, CT.**



Whether it’s installing solar panels on a new building, selling an all-natural product or creating green-collar jobs, the SBA and CTCIC offer great opportunities for companies interested in going green. As we move closer to a green economy, entrepreneurs will lead the way – and CTCIC will help them get there.

From Lifetime Employee to Entrepreneur

As a result of recent economic conditions, many employers are replacing full-time employees with freelancers, outsourced services and part-time workers, forcing many displaced employees to create their own employment. As traditional employment options become more limited, Americans are venturing out into the world of entrepreneurship.

“The Obama administration believes that the nation’s economic recovery will be driven in large part by America’s small businesses’ and notes that small firms have generated about 70 percent of net new jobs annually over the past decade.”¹

CTCIC has always been supportive of small business start-up and growth as evident by the number of businesses we’ve funded over the last 37 years. But with the recent recession in full bloom, we experienced a huge increase in the number of start-up businesses applying for financing for both our 504 Loan Program and our MicroLoan Program. **In 2008, start-up businesses made up 47% of MicroLoans funded and only 8% of 504 loans approved.² By 2009, the number of MicroLoan loans to start-up businesses nearly doubled to 80% and the number of SBA 504 approvals for start-up businesses nearly tripled to 22%.**



¹ “White House Offers Details of Plan to Foster Small Business Growth.” Sharon McLoone - http://voices.washingtonpost.com/small-business/2009/03/white_house_offers_details_of.html. March 2009.

² MicroLoans are tracked by the number of businesses funded per fiscal year. Due to the often varying lengths of time before funding, SBA 504 loans are tracked by the number of approvals granted by the SBA within the fiscal year.

High Quality Training without the High Price Tag

Advancements in technology continue to impact small businesses and contribute to their growth. Small businesses can now operate with the same efficiencies globally as their much larger counterparts, without the end-consumer knowing the difference in company size. Small businesses can also pursue training for their employees via online training courses and programs; allowing them to receive high quality professional training without leaving the office. Utilization of online training is growing rapidly among small businesses because it provides easy access to cost effective training programs.

“The wealth of training materials on your website is amazing. Everything I need in order to create a solid business plan is right at the tips of my fingers.”

*Edgar S.
Prospective Borrower*

In the early part of the decade, organizations moved toward the use of training CDs and it was predicted by the American Society for Training and Development (ASTD) in 2004 that web-based training would soon be an equally popular training method.³ The most important thing that small businesses – and those offering services to small businesses – need to realize is traditional classroom training is no longer the preferred method of learning. Training CDs, blended learning, and online learning are training opportunities that are here to stay.

While our recent expansion will provide space for a traditional classroom environment, our updated website is already providing a platform for web based training materials. There are links for building an effective business plan, sample financial templates for a cross section of MicroLoan businesses, sources and uses of funds template, as well as detailed instructions on how to use these tools. There is also a new tutorial that utilizes actual screenshots and step-by-step voice-over instructions to assist prospective borrowers with the MicroLoan application paperwork. The SBA also provides a virtual campus offering online courses, publications and other forms of technical assistance through its Small Business Training Network (SBTN). **With a growing MicroLoan portfolio and having provided over 2,800 hours of Technical Assistance last year, these time saving additions to our Technical Assistance programs will allow our business counselors to work more effectively with prospective borrowers and free up time to spend with the current loan portfolio.**



Check Out CTCIC's New Website
at www.ctcic.org!

³“Training Trends.” Susan M. Heathfield - http://humanresources.about.com/od/trainingtrends/a/training_trends.htm. November 2004.



Buck Harris
VP of Business Counseling

Buck brings more than 25 years of mixed entrepreneurial and corporate management experience to CTCIC. Determined to jump start a career as a teacher, he returned to school full time in 2007 and came to us as an intern while

working toward an MBA at Quinnipiac University. Now he satisfies his desire to teach by putting his experience and education to work counseling prospective entrepreneurs and helping them design successful business models. He is also an adjunct professor at Quinnipiac where he teaches Business Communications.



Mariana Calderon
Administrative Assistant

Dedication defines this hard working and newly appointed individual. Mariana is our full time Administrative Assistant and she is also a dual major at Southern Connecticut State University where she is earning a B.S. in Bilingual Elementary

Education and a B.A. in Spanish. She brings a needed bilingual component to our office. She will eventually be working on her Master's in Education, which is great news for us as she will be here to provide support for our office for a few more years before we lose her to her true passion; teaching.

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Thank You To Our Lending Partners.

The SBA 504 and MicroLoan programs rely on voluntary participation of partners from around Connecticut and Rhode Island – from small community banks and credit unions to business resource centers and national banks. The success of the 504 program is dependent on a partnership between CTCIC and local banks committed to helping small businesses grow and thrive. We are fortunate to have an outstanding community of lenders and referral sources who share our enthusiasm for small business. Their experience working with small business is unparalleled and their dedication to providing growth opportunities for small businesses is without equal. We extend our sincerest thanks to all of them for their commitment and loyalty and look forward to a continued partnership.

504 Lending Partners

Each lending institution listed has participated with us in a 504 deal in Connecticut or Rhode Island within the past two fiscal years

Webster Bank, N.A.		
Citizens Bank of Connecticut Peoples United Bank Fairfield County Bank Corporation Naugatuck Valley Savings and Loan, S.B.	Naugatuck Savings Bank Bank of Southern Connecticut Essex Savings Bank	Collinsville Savings Society TD BankNorth, N.A. Bank of America
PNC Bank UPS Capital Business Credit Navy Federal Credit Union Savings Bank of Danbury First Trade Union Bank	Key Bank Bank of Newport Coastway Credit Union Zions Bank Milford Bank	Wachovia Bank First National Bank of Litchfield Citibank, N.A. Farmington Savings Bank Digital Federal Credit Union

MicroLoan Referral Sources

Bank of America Citibank, N.A. Citizens Bank of Connecticut City of Bridgeport Office of Small & Minority Business Colonial Properties Community Economic Development Fund CT Department of Economic & Community Development CT Development Authority CT Economic Resource Center (CERC) CT Main Street Program CT Small Business Development Center (CTSBDC) The Cornerstone Company Essex Savings Bank Fairfield County Bank Fleet Bank Gateway Community College Greater Valley Chamber of Commerce Guilford Savings Bank Hartford Economic Development Corporation Hartford Russell Library	Housatonic Community College Housatonic Industrial Development Corporation Infoline 2-1-1 Kaplan Early Learning Center Liberty Bank Manchester Community College MetroHartford Alliance Middlesex County Chamber of Commerce Middlesex County Revitalization Commission Naugatuck Development Corporation Naugatuck Valley Savings & Loan, S.B. NewAlliance Bank New Haven Library NorthEast Alliance Norwich Chamber of Commerce Putnam Bank Quinnipiac Bank & Trust Office of Congressman Courtney Office of Congresswoman DeLauro Office of Senator Dodd	Office of Secretary of State of Connecticut Rockville Bank Rose City Renaissance Saugatuck Outreach Nutrition Program SCORE Chapter of Bridgeport SCORE Chapter of Danbury SCORE Chapter of Hartford SCORE Chapter of New Haven SCORE Chapter of Norwalk SCORE Chapter of Old Saybrook Simsbury Library Smart Start Southeastern Connecticut Enterprise Region Sovereign Bank TD Bank Three Rivers Community College Town of Berlin U.S. Small Business Administration Webster Bank Women's Business Development Center (WBDC)
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