

AT DEADLINE

Interstate expansion

Over the next 60 days, Dallas-based Interstate Batteries plans to add the company's retail component to more than 140 wholesale distributorships nationwide and expand in Dallas-Fort Worth.

"It's our backyard, and we have some aggressive plans," said Mickey Elam, president of franchising and development for Interstate Batteries. With two stores in the area now, the goal is to have 15 to 20 in the next three to five years.

Interstate Batteries has more than 300 wholesale distributors serving more than 200,000 commercial dealers. In 1999, the company created the Interstate All Battery Center to serve individual buyers. In 2005, franchising began. Currently, there are 150 locations worldwide.

During the next two months, 45 corporately owned wholesale locations will become franchises, Elam said. And more than 140 wholesale locations will add the retail component. From there, Elam said, the plan is to add 1,200 franchise locations in the next decade.

— Katherine Cromer Brock

Score six for Cedar Hill

A Dallas Cowboys Pro Shop is among six tenants slated to open at Uptown Village at Cedar Hill, a 615,000-square-foot lifestyle center. "This next wave of openings will launch us into the holiday season and enhance our unique mix of national and local retailers," said Gail Alvarez, the project's marketing director.

Uptown Village, which opened in March 2008, has more than 30 stores and more than a dozen eateries. August saw the opening of The Real Crocodile, Virginia's Boutique and Mr. Formal Tuxedo.

The Cowboys Pro Shop is expected to open this month, followed by retailer rue21 in October and Body Central, James Avery, Papaya and restaurant Elnora's Place in November.

— Katherine Cromer Brock

Cadence wins school deal

The Plano Independent School District has awarded a \$7.2 million contract to Cadence McShane Construction to complete an 84,299-square-foot addition and reconstruction project at Plano East Senior High School.

The job includes construction of a 54,194-square-foot science wing and 29,324 square feet of extensive remodeling of the school's cafeteria, kitchen, culinary arts space and administrative areas.

The two-story science wing addition to the existing 471,538-square-foot senior high school will include 16 labs, one prep room, one chemical storage room and a modern lab-safety system. WRA Architects Inc. is the architect.

Construction began in late August, and completion is slated for August 2010. The project is part of the Plano school district's 2008 bond program.

— Bill Hethcote

# Tighter squeeze on SBA loans

Stimulus funding, which raised main loan guarantee to 90%, about to run out

BY KENT HOOVER | WASHINGTON BUREAU CHIEF

Lending to small businesses could become even more challenging this December, when the Small Business Administration expects to run out of economic stimulus funds that enabled it to raise its guarantee on its main loan program to 90%.

That higher guarantee, combined with the temporary elimination of some loan fees for borrowers and lenders, has led to a 54% increase in the average weekly volume of 7(a) business loans since March 16, when the incentives went into effect. About 1,000 lenders that had not made an SBA loan since last October, when credit markets crashed, returned to the program after the stimulus package was enacted.

"We know that it brought them back to lending," said SBA Administrator Karen Mills.

More important than the loan guarantees have been the stimulus funds that have covered the loan fees potential borrowers pay, said Dwight Hilton, Wells Fargo's regional sales manager for SBA lending in Texas, Oklahoma and Arkansas.

"We're in the process of trying to submit and get as many as we can in before the money runs out," Hilton said.

He said SBA officials at a recent conference projected that the fee-covering funds would be gone by November.

Many lenders may not continue making SBA loans, if the agency doesn't find a way to keep the higher loan guarantee and fee eliminations in place. These stimulus-funded enhancements "made a significant difference in the incentives for both the lender and the borrower," said Paul Merski, chief economist for the Independent Community Bankers of America. If they go away, SBA lending would drop significantly, he said.

This decline would occur "at the worst possible time," he said, just when small businesses look to take advantage of an improving economy.

"It's not going to do small businesses much good if there's business out there and they can't get capital," Merski said.

ICBA and SBA lenders are urging Congress to extend these stimulus provisions for another year.

David Bartram, who heads the SBA division of Seacoast Commerce Bank in Chula Vista, Calif., said the 90% guarantee "is driving what lending is being done" to small businesses. Only a few SBA lenders are active in Southern California, he said. Plus, not many banks are making conventional loans to small businesses.

In Texas, 210 institutions made at least one SBA-guaranteed loan between Oct. 1, 2008, and July 31, 2009, down from 214 for the same period last year. Loan volume and loan amounts

LENDING LULL

Despite additional federal guarantees for Small Business Administration loans, bank lending is still dramatically slower in 2009 than 2008.

Nationwide:		
LOAN TYPE	2009*	CHANGE FROM 2008*
7(A)	38,524 loans \$7.99 billion	down 41% down 31%
504	5,495 loans \$3.15 billion	down 33% down 35%
Texas:		
LOAN TYPE	2009**	CHANGE FROM 2008**
ALL	2,378 loans \$652 million	down 47% down 31%

\* Oct. 1, 2008 through Aug. 28, 2009  
\*\* Texas data is for Oct. 1, 2008 through July 31, 2009

Source: Small Business Administration

declined 47% and 31% for that period, respectively, in line with national numbers.

Even with the gains since March, the SBA's year-to-date lending numbers remain far below last year's pace. Through Aug. 28 on a nationwide basis, the number of 7(a) loans were down

SBA, P39

# Parkland applauds bond sale

Low interest rate saves hospital project \$120M

BY JOYCE TSAI | STAFF WRITER

Parkland Health & Hospital System successfully completed the sale of \$705 million in bonds for its \$1.27 billion replacement hospital last week to more than 70 institutional and retail investors.

And with the sale, Parkland was able to secure an interest rate of 3.71%, which will "save taxpayers millions over the course of the project," said John Dragovits, Parkland's chief financial officer.

In fact, it's estimated that Dallas County taxpayers will realize more than \$120 million in savings related to the timing and strategy used in the sale, said Chris Janning, senior vice president of Dallas-based First Southwest Co., one of Parkland's financial advisers.

The savings would come as a reduced tax rate after the first year, estimated at 1.8 cents or less per \$100 of property valuation, Dragovits said. That compares with a tax rate that had been anticipated of 2 to 2.5 cents.

The bulk of the issuance — about \$680 million — was made up of Build America Bonds, also known as BABs. This new type of government-subsidized bond came out of the economic stimulus package, which gives issu-



ers a direct 35% federal tax credit payment for a portion of their borrowing costs. Parkland's bond issue also is structured so that it gives Parkland the flexibility to buy the bonds back, allowing it to refinance at lower interest rates if available. The remaining \$24.7 million was in traditional tax-exempt bonds.

"The sale moved quickly and we did extremely well," Dragovits said. "Our bonds were very well-sought after because of our double AAA rating — and the appetite for in the market for them was strong."

Furthermore, "the financial strength and support of Dallas County, defrosting of the credit markets and great sales execution allowed us a significant interest rate advantage," Dragovits said.

Parkland last week became the second insti-

tution in the nation to issue AAA-rated bonds that were also BABs, making it a high-profile and attractive opportunity for investors, he said.

The three-day sale was led by Merrill Lynch and Co., along with seven other co-managers of Parkland's syndicate that provided underwriting services to issue the long-term debt, Dragovits said.

Construction for Parkland's new 862-bed hospital is expected to start in early 2011, with an opening targeted by the end of 2014. Parkland could have waited until the end of the 2010 to issue its bonds, but it had been watching the market closely for the best time to strike, Dragovits said.

BOND, P38