

2015 Annual Report



Black Hawk Economic Development, Inc.

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Black Hawk Economic Development, Inc.

INTRODUCTION

As the 2015-2016 fiscal year begins, we immediately focus on the Organization's goals and objectives for the new year with emphasis on the "who, what and when" we will serve. We speculate as to the number and type of businesses that we will serve and as to what level of investment they will make in terms of both capital investments and human resources.

This focus or fixation on the future is systemic in our nation and often time, in our case, results in an under appreciation of the Organization's accomplishments during the fiscal year, and more important, the number of lives that have been or will be impacted as our business clients complete the numerous business start-up, expansion and/or retention projects.



For the 2014-2015 fiscal year, the Organization provided direct financial assistance or loans to 25 businesses totaling \$8,452,750 through the EDA Revolving Loan Fund Program, SBA 504 Loan Program, USDA IRP Loan Program and BHED General Loan Fund Program. These 25 loans are expected to directly leverage an additional \$22,620,305 in capital investment and result in creation and/or retention of over 250 jobs within two years of project funding.

In addition to the Organization's core assistance programs, the Organization continues to serve as the Manager of Midwest Renewable Capital, LLC and collaborate with Cedar Valley Growth Fund I, Inc.

Midwest Renewable Capital: During the fiscal year, six New Market Tax Credit projects were funded totaling \$55,000,000. These six projects are expected to result in total project investments of over \$628,213,972 and creation and/or retention of 2,762 jobs in qualified low income census tracts.

Cedar Valley Growth Fund I: During the fiscal year one CVGF project was funded totaling \$64,000 and over 750 hours of technical assistance were provided. The project funded is expected to result in total project investments of \$160,000 and creation/retention of one job and the technical assistance continues to assist in retention of nearly 100 jobs.

Over the course of the Organization's 36 year history, the Organization remains deeply appreciative of strong relationships developed with its private and public partners as the Organizations' successes are dependent upon collaborative efforts.

Black Hawk Economic Development, Inc.

THE ORGANIZATION As of September 30, 2015

OFFICERS

Francis Wehrle President
 Brian Quirk Vice President/Asst. Secretary
 Lorie Dolan Secretary/Treasurer

BOARD OF DIRECTORS

Lorie Dolan* Don Page
 Joyce Dunlay* Brian Quirk*
 Carol Jahnke Tony Thompson*
 Robert Krogh Francis Wehrle*
 Cliff Mortenson

**Denotes member of Executive Committee*



2014 Annual Meeting

MEMBERS

Steve Brewer	Carol Jahnke	Dave Mazur*	Bob Seymour
Jeff Danielson	Robert Krogh*	Jon Mixdorf*	Tony Thompson
Lorie Dolan	George Lake	Cliff Mortenson*	Jean Trainor
Bill Dotzler, Jr.	Cindy Lantow	Don Page	Francis Wehrle*
Joyce Dunlay*	Luke Lesyshen*	Mark Phillips	
Brenda Gibson	Steve Lindaman*	Brian Quirk	
Roger Hansen	John Mardis	Marge Schurman*	

**Denotes member or alternate member of the Loan Committee*

STAFF

Stephen Brustkern	Executive Director
Connie Derr	Accounting Manager/Special Projects
Jennifer Furman	Administrative/Accounting Assistant
Dee Ann Glover	Senior Loan Officer
Stacy Hageman	Receptionist/Administrative Assistant
Stephanie Koenen	Compliance Manager
Eric Nottger	Economic Development Specialist
Meghan Schildgen	Administrative Assistant

2014-2015 Number of Meetings	
Board of Directors	7
Executive Committee	5
Loan Committee	15
Personnel Committee	1
Nominating Committee	1
Membership	1

Black Hawk Economic Development, Inc.

BOARD OF DIRECTORS



Lorie Dolan ~
Secretary/Treasurer
Board Member since 2009
Member of the
Executive Committee



~ Joyce Dunlay
Board Member since 2011
Member of the
Executive Committee
Loan Committee



Carol Jahnke ~
Board Member since 1995
Member of the
Personnel Committee



~ Bob Krogh
Board Member since 1987
Member of the
Loan Committee
Personnel Committee



Cliff Mortenson ~
Board Member since 2014
Member of the
Loan Committee

Black Hawk Economic Development, Inc.

BOARD OF DIRECTORS

~ Don Page
Board Member since 1989
Member of the
Personnel Committee
Nominating Committee



Brian Quirk ~
Vice-President/Asst. Sec
Board Member since 1993
Member of the
Executive Committee

~ Tony Thompson
Board Member since 2008
Member of the
Executive Committee



Francis Wehrle ~
Board Member since 2013
Member of the
Executive Committee
Loan Committee

Black Hawk Economic Development, Inc.

MISSION STATEMENT

To actively engage in economic development activities for the benefit of all constituents.

GOALS AND OBJECTIVES

The overall goals and objectives of the Organization are to promote an increase in the standard of living for constituents through sustained, additional and improved job opportunities and capital investment all through diversification and expansion of the service area's economic base.

- Increased new business start-up, business expansion and retention activities
- Increased diversification of the economic base and development of exporting and minority business opportunities
- Sustained/increased/enhanced employment opportunities (new jobs and job advancement)
- Increased capital investment, and property and sales tax revenues

... accomplished in large part through the present day four financial assistance programs:

Revolving Loan Fund Program · SBA 504 Loan Program · Intermediary Relending Program

General RLF Program

And further supported by:

Midwest Renewable Capital, LLC
New Market Tax Credit Program

Cedar Valley Growth Fund I, Inc.
Micro-Venture Capital and Technical Assistance Fund

Black Hawk Economic Development, Inc.

THE YEAR IN REVIEW 2014-2015



“As I serve in my second year as President of BHED, I continue to be in awe of the Organization’s accomplishments. From its modest beginning to assist in retention of The Rath Packing Company in Waterloo to the present day national footprint and over \$200 million in loans serviced, I remain humble to all who have served or continue to serve the Organization as members, committee members, directors and staff.”

*Francis E. Wehrle,
President
September 2015*

Number of Loans	
RLF Loans	13
SBA 504 Loans	10
IRP Loans	1
BHED Loans	1
Total Loans	25

DOLLARS (\$) APPROVED

Total Dollars Approved		\$8,452,750
IRP Program Loans	\$ 200,000	
RLF Program Loans	1,107,750	
SBA 504 Program Loans	7,081,000	
BHED Program Loans	64,000	

PROJECT INVESTMENTS

Total Project Investments		\$22,620,305
IRP Program Loans	\$ 317,114	
RLF Program Loans	3,307,451	
SBA 504 Program Loans	18,931,740	
BHED Program Loans	64,000	

JOBS CREATED/RETAINED (Estimated)

Total Jobs Created/Retained		257
IRP Program Loans	45	
RLF Program Loans	168	
SBA 504 Program Loans	44	
BHED Program Loans	-	

Black Hawk Economic Development, Inc.

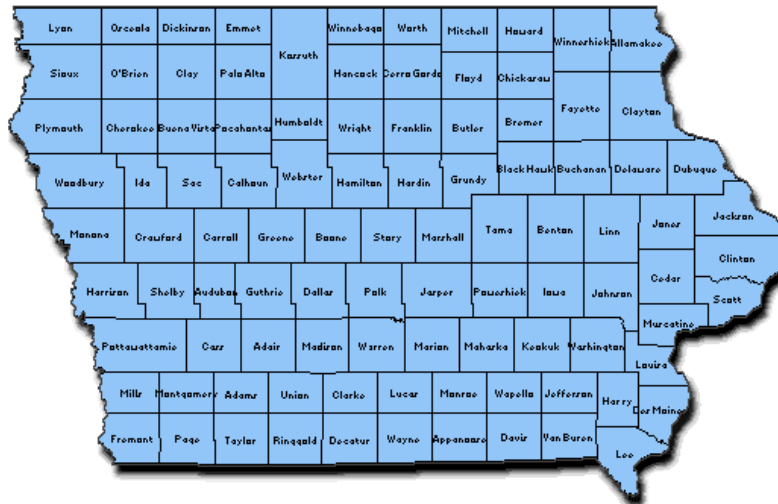
AREAS OF OPERATION AND ASSISTANCE

Economic development programs designed to meet the needs of Iowa small businesses and communities since 1978:

- Revolving Loan Fund (RLF)
- SBA 504 Loan Program (SBA)
- Intermediary Relending Loan Program (IRP)
- General Loan Program (GEN)
- Technical Assistance
- Assistance with other economic development programs

- * Local
- * State
- * Federal

STATE OF IOWA



AREA OF OPERATION

RLF Program — Black Hawk, Bremer, Buchanan, Butler, Chickasaw and Grundy counties

IRP Program — Rural Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Floyd, Grundy and Tama counties

SBA Program — All of Iowa

GEN Program — All of Iowa

2014-2015 MILESTONES

-  **October-** BHED celebrated 36th year anniversary.
-  **November-** BHED RLF lending activity exceeded \$25 million.
-  **December-** MRC funded four NMTC projects (Denver, CO; West Point, MS; Memphis, TN and Dallas, TX).
-  **January-** BHED received top Volume Lender Award from SBA.
-  **February-** BHED attended International Franchise Convention.
-  **March-** BHED participated in International Investment Summit hosted by President Obama.
-  **April-** MRC funded Osceola, AR NMTC project.
-  **May-** BHED loan servicing portfolio exceeded \$200 million.
-  **June-** MRC awarded \$65 million from CDFI's Round 12 Allocation.
-  **July-** ACA capitalized by BHED grant.
-  **August-** ACA applied for Community Development Entity certification.
-  **September-** CVGF technical assistance exceeded 750 hours.

- * BHED—Black Hawk Economic Development, Inc.
- * MRC—Midwest Renewable Capital, LLC
- * CVGF—Cedar Valley Growth Fund, Inc.
- * ACA—Advanced CapAccess, Inc.

Black Hawk Economic Development, Inc.

REVOLVING LOAN FUND PROGRAM SINCE 1978

The Organization's Revolving Loan Fund Program (RLF Program) is a small business financial assistance program founded with the assistance of the U.S. Department of Commerce—Economic Development Administration. The purpose of the program is to provide gap financing which is typically defined as subordinated financing and can be thought of in terms of "filling" the short fall or "gap" between the required equity portion of a financial package and bank/credit union financing.



Blessed Hair, Inc. dba Blessed Hair Boutique Waterloo, IA: Opened in April 2014. Beauty supply retail business—real hair and synthetic wigs and extensions, scarfs and hats, and fashion accessories.



"It was a pleasure working with Black Hawk Economic Development. They are very easy to work with, things are done in a timely manner. They really understand the true meaning of community development and small businesses still matter to them."

Vicki Smith—Fristo, Owner

Under the RLF Program, emphasis is placed on providing gap financing to businesses in the industrial/manufacturing sectors although all for-profit businesses may apply with specific exceptions. Eligible project costs include purchase of real estate, building improvements, machinery and equipment purchase and installation, and working capital. RLF Program assistance is provided on a competitive basis.

Eligible areas include Black Hawk, Bremer, Buchanan, Butler, Chickasaw and Grundy counties.

RLF Program Goals:

Non—RLF Capital leverage 2:1.

Job creation/retention leverage \$5,000 per fte

Black Hawk Economic Development, Inc.

REVOLVING LOAN FUND PROGRAM ACTIVITY SUMMARY 1978 - 2015

NUMBER OF LOANS AND LOAN GUARANTEES

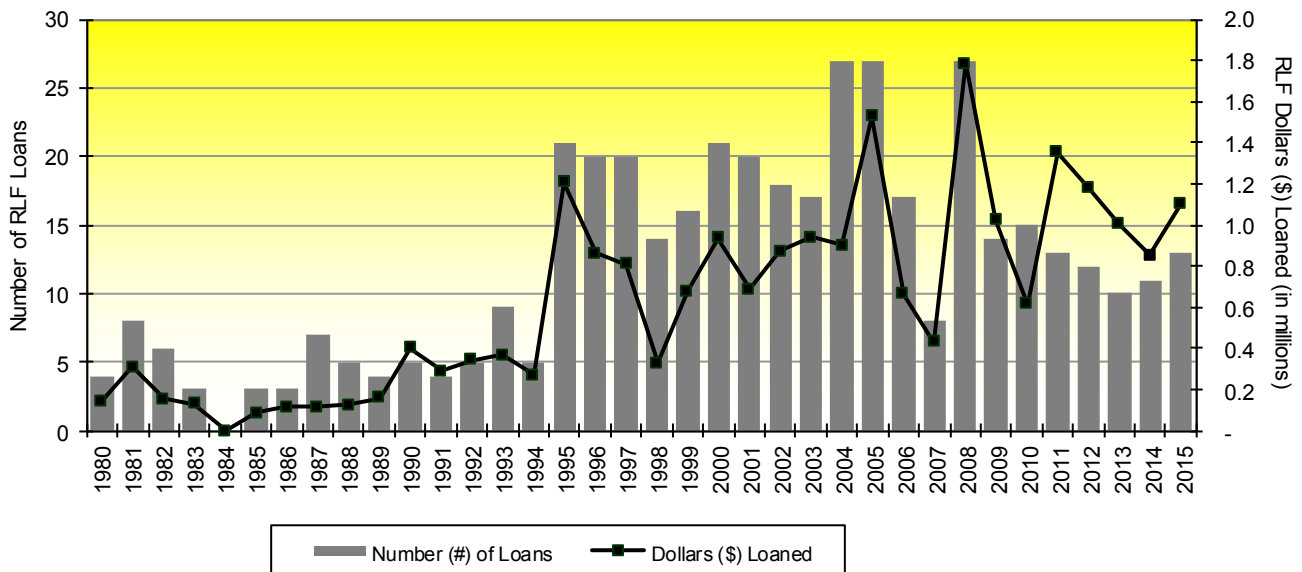
Total Loans & Guarantees		433
RLF Program Loans	423	
RLF Program Loan Guarantees	10	

DOLLARS (\$) APPROVED

Total Dollars Approved		\$25,789,799
RLF Program Loans	\$ 25,390,752	
RLF Program Loan Guarantees	399,047	

PROJECT INVESTMENTS AND JOBS CREATED AND/OR RETAINED

Total Project Investments		\$187,824,438
Total Jobs Created/Retained		14,957



Black Hawk Economic Development, Inc.

SBA 504 PROGRAM SINCE 1983



The SBA 504 Loan Program is an U.S. Small Business Administration (SBA) economic development program administered on a local level by a *certified development company*, such as Black Hawk Economic Development, Inc. The SBA 504 Loan Program is designed to provide direct financing for long-term fixed assets under new business start-up, expansion and retention projects. Under the Program an eligible business may obtain up to 80-90% financing for a project.

Eligible businesses must be for-profit, and manufacturing, service, professional and retail businesses are generally eligible. Eligible project costs include purchase of real estate, building construction/improvement, and purchase/installation of machinery and equipment that meet certain useful life requirements. Program assistance is provided on a statewide basis.

Legacy™ Manufacturing Company: was founded in 1986 as a division Weems Industries, Inc., a family business in Eastern Iowa. The Company manufactures and distributes high-quality, durable equipment for professional and residential use.



"Black Hawk Economic Development, Inc. was wonderful to work with. For any business that is looking to expand their facilities, they are really missing an opportunity if they don't consider the 504 loan program. It is a detailed process, but the Black Hawk team's guidance and knowledge made it a simpler, painless process."

*Mark Weems, President
Legacy Manufacturing Company
Marion, Iowa*

Black Hawk Economic Development, Inc.

SBA 504 LOAN PROGRAM ACTIVITY SUMMARY 1983 - 2015

Number of Loans Approved

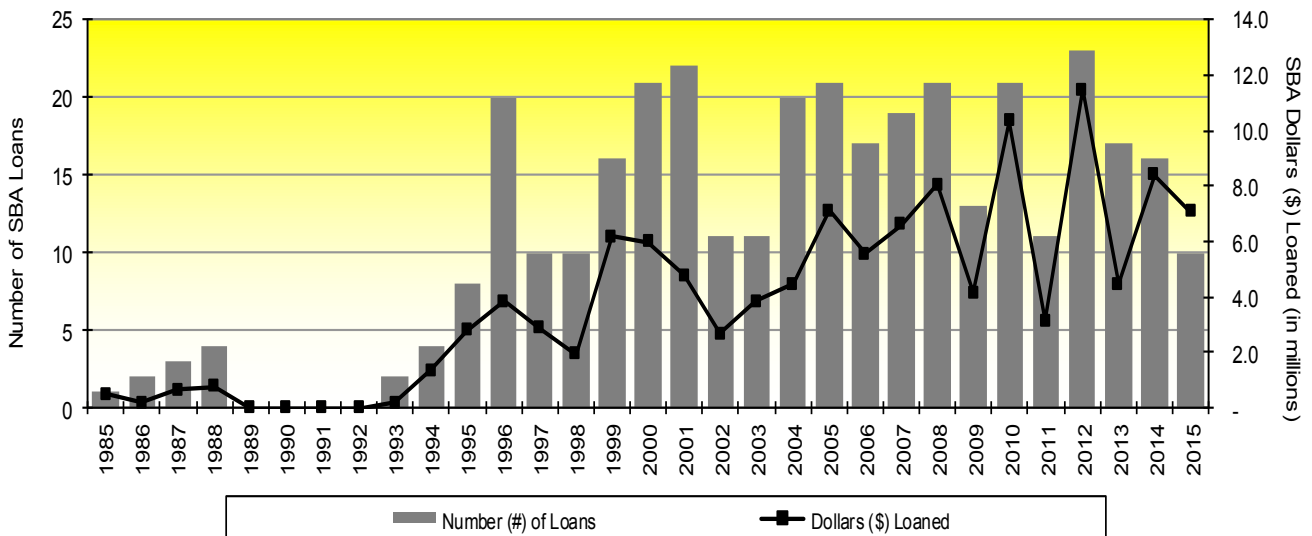
Total Approvals		354
SBA 504 Loans, Funded & Pending Funding	307	
SBA 504 Loans Withdrawn/Cancelled/Expired	47	

Dollars (\$) Approved

Total Dollars Approved		\$121,222,000
SBA 504 Loans, Funded & Pending Funding	\$101,539,000	
SBA 504 Loans Withdrawn/Cancelled/Expired	19,683,000	

Total Project Investments and Jobs Created and/or Retained

Total Project Investments		\$341,162,073
Total Project Investments Not Completed		13,081,516
Total Jobs Created/Retained <i>(Actual, Est., and Net of not completed projects)</i>		3,485.8



Black Hawk Economic Development, Inc.

INTERMEDIARY RELENDING PROGRAM SINCE 2001



The Intermediary Relending Program is an economic development program designed to promote rural small business development and community enhancement projects. Under the program, BHED funds were leveraged with funds from U.S. Department of Agriculture (USDA) to capitalize the Intermediary Lending Program (IRP Program Fund). The IRP Program operates similar to the Revolving Loan Fund Program in terms of gap financing.

Eligible businesses must be for-profit, and manufacturing, service, professional and retail businesses are generally eligible. In addition certain community based organizations and governmental entities may be eligible. Eligible project costs include purchase of real estate, building construction/improvement, and purchase and installation of machinery and equipment. Businesses may also use the funds for working capital. IRP Program assistance is provided on a competitive basis.

Eligible counties include rural Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Floyd, Grundy and Tama.

IRP Program Goals:

Non-IRP Capital leverage 2:1

Job creation/retention \$5,000:1

AVEKA Manufacturing in Fredericksburg, IA is a toll ingredient processing facility for pet food, agricultural, personal care and industrial markets.



"The loan programs administered through Black Hawk Economic Development have been an important part of our growth and improvement over the years. Most recently, we were granted a loan that allowed us to make significant repairs and updated to our building and improvements to our processing suites."

*Dr. William A. Hendrickson CEO
Aveka Manufacturing*

Black Hawk Economic Development, Inc.

IRP LOAN PROGRAM ACTIVITY SUMMARY 2003 - 2015

Number of Loans Funded

Total Loans Funded **18**

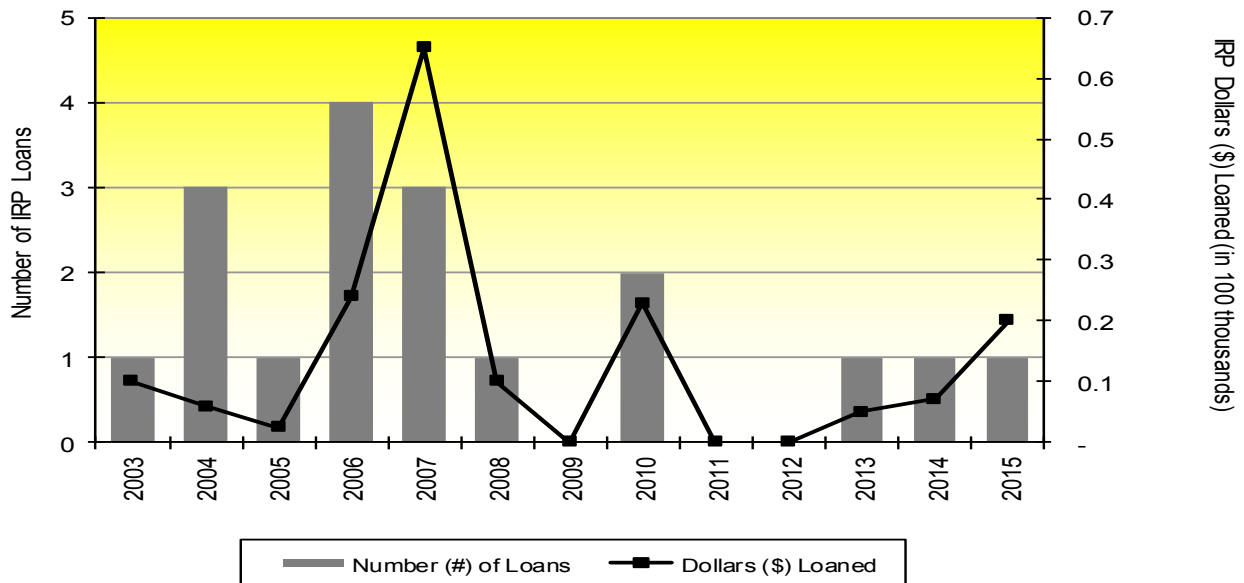
Dollars (\$) Funded

Total Dollars (\$) Funded **\$1,301,000**

Total Project Investments and Jobs Created and/or Retained

Total Project Investments **\$6,708,814**

Total Jobs Created/Retained **229.5**
(Actual and Estimated)



Advanced CapAccess, Inc.

Advanced CapAccess, Inc. (ACA) is a 501 (c) (3) not-for-profit corporation formed to serve as a conduit for qualified low income communities, business and residents to access the Federal New Market Tax Credit Program.



www.advancedcapaccess.org

ACA's mission is to:

- 1) Serve and/or promote the economic welfare of low-income persons, persons or organizations located in low-income communities, or to other organizations that principally serve low-income persons or residents of low-income communities in the corporation's service area within the United States of America, as established from time to time by the Board of Directors.
- 2) To serve and/or provide investment capital for the benefit of federal designated low-income persons or low-income communities, with at least (60% of its activities (e.g., loans, investments, technical assistance) targeted to such low-income persons or low-income communities and businesses.

ACA applied for Community Development Financial Institutions (CDFI) - Community Development Entity Certification in August 2015 and upon approval will commence operations in earnest.

Advanced CapAccess aims to assist in the “rescue” of low income communities thru six primary strategies:

Rural development – target projects with enhanced emphasis on assisting rural areas

Employment opportunities enhancement – target projects with significant new, retention, and enhanced employment opportunities.

Sustainable development – target projects that are not only transforming but that will have long-lasting sustainable benefits.

Capital investment – target projects with significant public/private capital leverage.

Unified development – target projects that involve a high level of public-private partnership and unified collaboration.

Environmental impact – target projects that align with or complement the federal 2030 Green Energy Initiative for environmental sustainability.

Midwest Renewable Capital, LLC

New Market Tax Credit Program

Before



After



The twelfth Midwest Renewable Capital NMTC Program project involves financing for redevelopment of the historic 1927 Sears Crosstown Distribution and Retail building that has been abandoned for over 20 years.

*Sears Crosstown
Memphis, TN*

Since 2009, BHED joined efforts with Midwest Renewable Capital, LLC (MRC), Grimes, IA to pursue allocations of tax credits under the federal New Market Tax Credit Program (NMTC). NMTC tax credits are in turn sold to investors, who through the purchase of tax credits assist in capitalization of a pool of loan funds that are in turn used to make qualified investments into qualified low income census tracts. MRC has received a total of five federal allocations totaling \$225 million and one state allocation of over \$930,000. MRC targets companies with the potential for excellent growth, significant community impacts, and positive environmental returns (renewable and clean energy projects), with a focus on rural areas.

BHED functions as the Manager and Controlling Entity of Midwest Renewable Capital and performs the administrative, loan servicing, and compliance functions.

During BHED's fiscal year, six NMTC Program projects were funded totaling \$55 million. These six project are expected to result in Qualified Equity Investments of over \$628 million and creation/retention of over 2,762 jobs, all within the low income census tracts.

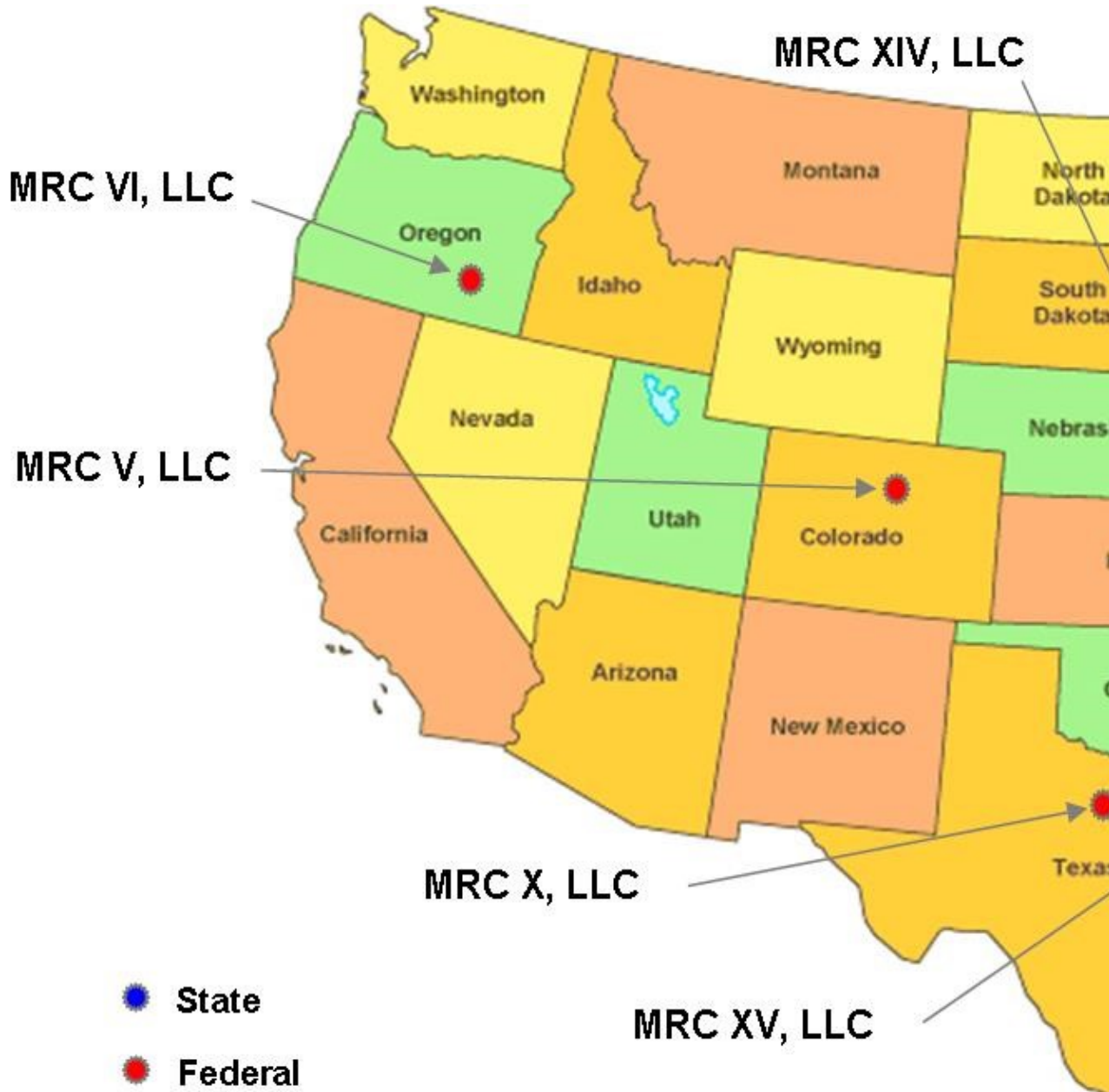


"In the furtherance of private capital for public good..."



Midwest Renewable Capital, LLC

2010-2015 SUB-CDE



Midwest Renewable Capital's (MRC) mission is to revitalize the poorest areas of the U.S. by providing flexible, patient capital to clean technology, energy efficiency, advanced manufacturing and renewable energy businesses.

Midwest Renewable Capital, LLC

PROJECT LOCATIONS



PROGRAM TO DATE (Actual and Projected)

MIDWEST RENEWABLE CAPITAL, LLC

Total Dollar (\$) Allocations	\$ 225,932,011
Total Dollars (\$) Loaned	\$ 158,341,381
Total Dollars (\$) QEI	\$ 160,932,011
Total Project Costs (\$)	\$ 928,129,327
Direct Jobs Created and/or Retained in Census Tract	3,575.5

Cedar Valley Growth Fund I, Inc.

Cedar Valley Growth Fund I, Inc., is a 501 (c) (3) not-for-profit corporation. The corporation was sponsored by Black Hawk Economic Development, Inc. in an effort to increase the availability of capital and technical assistance to area small businesses. Cedar Valley Growth Fund I, Inc. was designed to provide near equity loans to both existing and new business start-ups under a revolving loan fund program similar to BHED's Revolving Loan Fund Program, but with less regulations. Income derived from the CVGFI RLF Program is in-turn used to provide professional technical assistance to area small businesses free or at a nominal cost, to fund a micro-venture fund, to replenish the RLF fund and for direct administrative costs. During the Summer on 2015, CVGFI expanded its service area to national.

“Over the course of the past year, CVGF provided over 750 hours of technical assistance to a local small business that has resulted in stabilization of the business, technology upgrades and continued retention of nearly 100 jobs in the Cedar Valley Area.”



Joe Engelkes, CVGFI

American Contractors Supply: (Est. 1996) is a family owned wholesale gutter supplier located in Eastern Iowa. The company specializes in copper and aluminum gutter materials and offers a wide variety of related products.



“Black Hawk Economic Development has helped us to get a good start in the manufacturing part of our business. Through Cedar Valley Growth Fund I, we have been able to purchase machinery that we used to expand our manufacturing of the gutter products that we sell.”

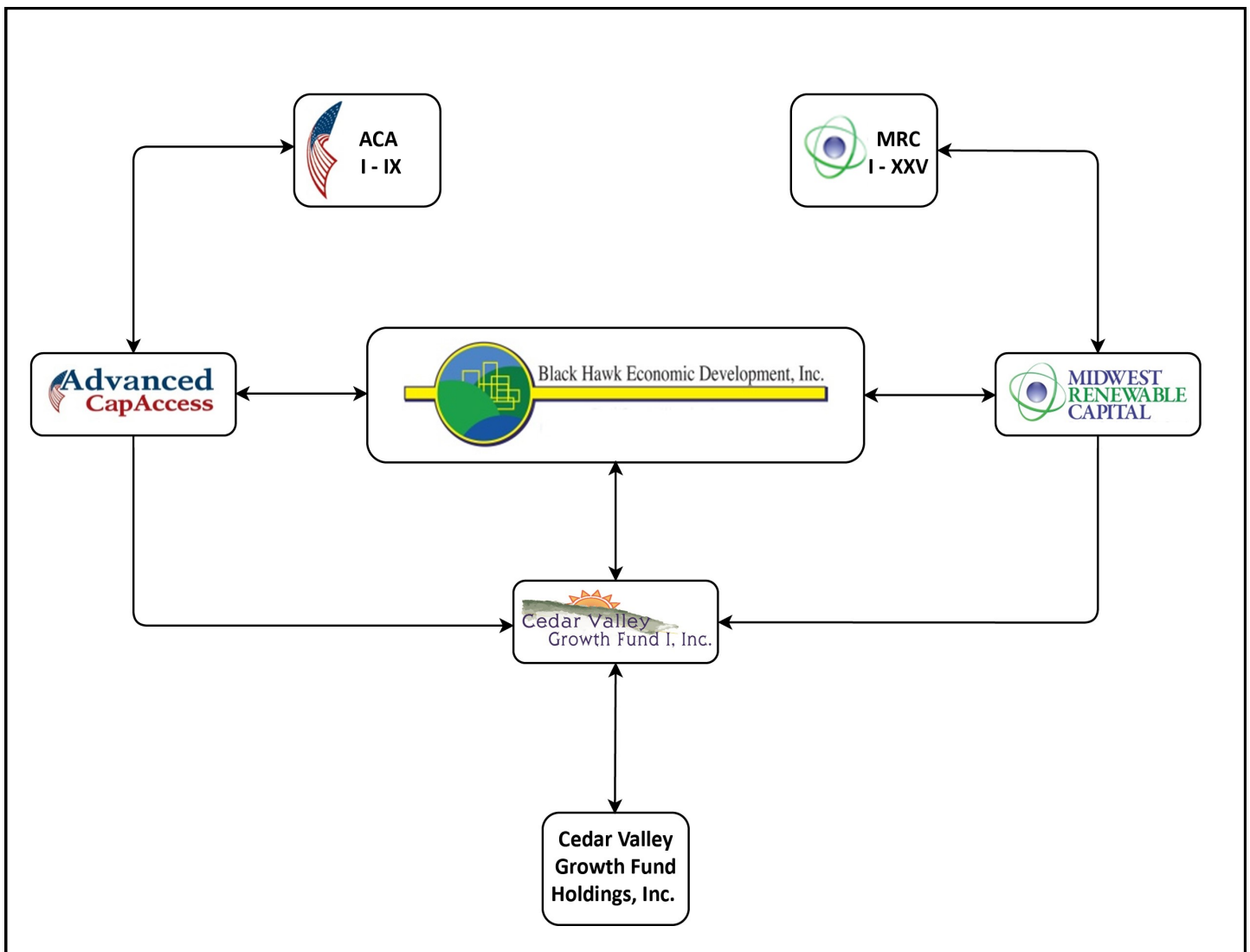
*Curtis Barnhart
American Supply*



“The mission of Cedar Valley Growth Fund I, Inc. is to enhance the quality of life in areas of need, and on a nationwide basis, through responsible innovative economic development initiatives.”

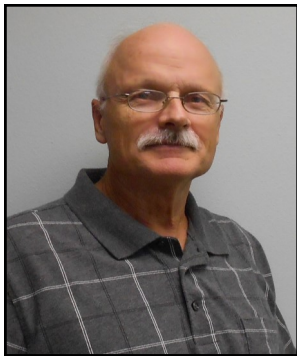
Black Hawk Economic Development, Inc.

PROGRESSIVE ECONOMIC DEVELOPMENT DYNAMICS...



Black Hawk Economic Development, Inc.

STAFF



Steve Brustkern ~
Since 1990
Executive Director



~ Connie Derr
Since 2006
Accounting Manager/Special Projects



Jennifer Furman ~
Since 2013
Administrative/Accounting Assistant



Dee Ann Glover ~
Since 2012
Senior Loan Officer



~Stacy Hageman
Since 2006
Receptionist/Administrative Assistant



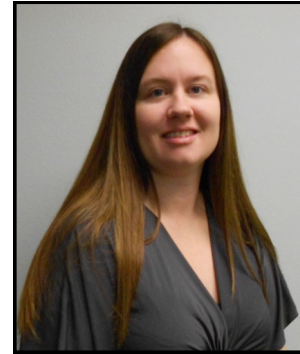
~ Stephanie Koenen
Since 2015
Compliance Manager

Black Hawk Economic Development, Inc.

STAFF



Eric Nottger ~
Since 2009
Economic Development Specialist



~ Meghan Schildgen
Since 2015
Administrative Assistant



NOTES





Black Hawk Economic Development, Inc.

3835 West 9th Street • Waterloo, Iowa 50702
Phone: 319-235-2960 • Email: BHEDC@aol.com
www.bhed.org

The assistance programs offered by Black Hawk Economic Development, Inc.
are provided on a nondiscriminatory and equal opportunity basis.