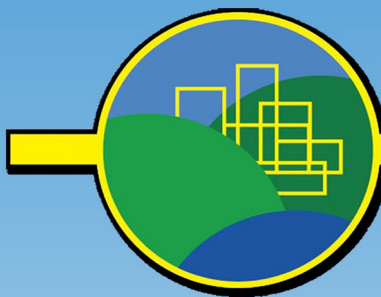


*Together ~
We Believe
in Making
A
Difference...*

*2017 Annual
Report*

Small Business Financing Since 1978



Black Hawk Economic Development, Inc.

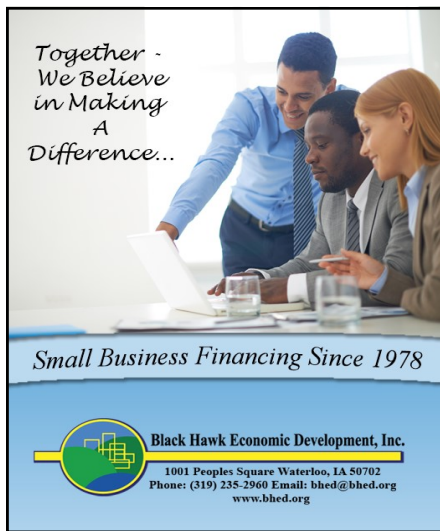
1001 Peoples Square Waterloo, IA 50702
Phone: (319) 235-2960 Email: bhed@bhed.org
www.bhed.org

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INTRODUCTION

The Organization's thirty-ninth year was greeted with optimism, and through the dedication and commitment of its economic and community development partners, directors, members and staff, concluded with a plethora of projects in four of our Nation's States. This optimism was founded in the cliché "Together ~ We believe in making a difference" and validated by the collaborative efforts that resulted in over \$500 million of capital investments and nearly 2,500 jobs created/retained.



During the 2016-2017 fiscal year, the Organization provided direct financial assistance in the form of loans to 24 businesses totaling \$8,288,500 through the Organization's EDA Revolving Loan Fund Program, SBA 504 Loan Program, USDA IRP Loan Program and BHED General Loan Fund Program. These 24 loans are expected to result in total project investments of \$22,172,994 and creation and/or retention of over 135 jobs within two years of project funding.

In addition, the Organization, as manager of Midwest Renewable Capital, LLC, assisted in deployment of \$37 million of NMTC allocation to three businesses located in Arkansas, Kansas and Texas.

These three Midwest Renewable Capital projects are expected to result in total project investments of over \$250 million and creation and/or retention of 578 jobs in three qualified low income census tracts.

As the Organization approaches its fortieth year, the Organization will continue to build upon its strong presence and reputation in economic and community development on a local, area, State, and National basis.

In addition, new, as well as existing, economic and community development strategies will continue to be evaluated on an on-going basis in order to maximize realization of the Organization's goals and objectives.

Together ~ as in the past and in the future, the Organization will collaborate with the various businesses, financial institutions, government agencies and community and economic development partners in the furtherance of it's efforts to enhance the economic well being and standard of living of all constituents.

Black Hawk Economic Development, Inc.

MISSION STATEMENT

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

GOALS AND OBJECTIVES

The goals and objectives of the Organization are to promote an increase in the standard of living for all constituents through strategic, inclusive and sustainable economic and community development activities:

Economic Activities -

- New business start-up, expansion and retention programs and activities that promote:
 - Entrepreneurship
 - Public/Private partnerships
 - Capital investment
 - Job opportunities — new, enhanced, retained
 - Diversification and expansion of economic base
 - Business recruitment
 - Minority-owned business and career opportunities
 - Exports and import substitution

Community Activities -

- Quality of life initiatives that promote:
 - Economic opportunity
 - Healthcare — Access
 - Community wellbeing
 - Development/rebuilding of low income rural areas
 - Development/rebuilding of low income urban areas
 - Capital Investments
 - Public/Private partnerships
 - Community enhancement
-

And further supported in larger part with the various partnerships and collaborations with special gratitude to:

Midwest Renewable Capital, LLC

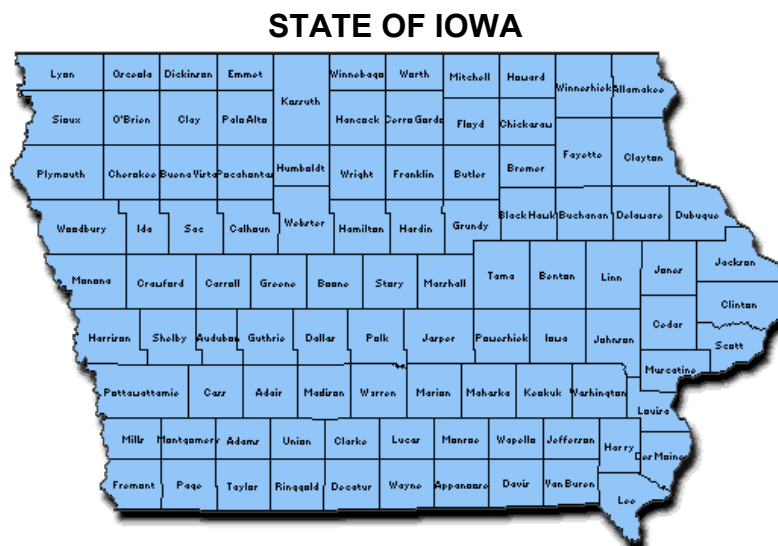
Cedar Valley Growth Fund I, Inc.

IOWA OPERATIONS 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



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

Black Hawk Economic Development, Inc.

2016-2017 NOTEABLES

BHED Awards

2016 SBA Iowa Top Lender Awards

- Rural Market
- SBA Turnaround
- Top 504 Lender
- Veteran-Owned Small Business



Steve Brustkern, Luke Lesyshen, Jayne Armstrong,
Dave Morgan, Jesse Bro
SingleSpeed Brewing, Waterloo, IA

SelectUSA Summit



Steve Brustkern, Stephanie Koenen, Tahirah Elliott
SelectUSA Summit, Washington, D.C.
International Investment Summit
June 2017

During the 2017 Summit, the Organization met with clients on the following projects:

- Distribution Centers
- Environmental
- Manufacturing
- Medical Facilities
- Software Development

Total Loans Servicing as of September 30, 2017

SBA 504 Program:	\$ 49,036,000
RLF Program:	\$ 3,265,250
BHRLF (General) Program:	\$ 1,191,500
IRP Program:	\$ 421,000
MRC NMTC Program:	\$241,012,476
Total:	\$294,926,226



THE YEAR IN REVIEW 2016-2017



"It has been my pleasure to serve as the Organization's president over the course of the past eight months. In addition, I want to extend my gratitude to Francis Wehrle, all of those that preceded him, members, directors and staff, for the hard work and dedication given to making Black Hawk Economic Development a premier economic development organization, second to none in terms of its commitment to serving our nation's business community and citizens".

*Luke Lesyshen
President
September 2017*

Number of Loans	
RLF Loans	9
SBA 504 Loans	12
IRP Loans	1
BHED Loans	2
Total Loans	24

DOLLARS (\$) APPROVED

Total Dollars Approved		\$7,306,000
IRP Program Loans	\$ 100,000	
RLF Program Loans	507,000	
SBA 504 Program Loans	6,169,000	
BHED Program Loans	530,000	

PROJECT INVESTMENTS

Total Project Investments		\$22,172,994
IRP Program Loans	\$ 100,000	
RLF Program Loans	564,500	
SBA 504 Program Loans	20,030,994	
BHED Program Loans	1,477,500	

JOBS CREATED/RETAINED (Estimated)

Total Jobs Created/Retained		135.5
IRP Program Loans	5	
RLF Program Loans	40.5	
SBA 504 Program Loans	90	
BHED Program Loans	0	

GENERAL LOAN FUND PROGRAM SINCE 2012

The General Loan Fund Program (GEN Program) is a financial assistance program founded in 2012. As the purpose of the program is to broaden the types of businesses or organizations served and the means to serve them, the program is administered similar to the Organization's RLF and IRP Programs, albeit, fewer regulations.

Eligible businesses/organizations include both for-profit and not-for-profit, and eligible use of funds include purchase of land and buildings, building construction/improvements, purchase and installation of equipment and fixtures and working capital.

The GEN Program is administered statewide in Iowa.

Since the beginning in 2012, the General Loan Fund Program has funded nine loans totaling nearly \$1,662,500.



"BHED's assistance in upgrading our call center operations equipment has resulted in new business and opportunities that would not have otherwise been possible. Their assistance was timely and greatly appreciated."

*Steven Lindaman, President
Cedar Valley Growth Fund Holdings*



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” to for-profit small businesses in North Central Iowa. Gap financing 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.

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	Goal	Actual
Non—RLF Capital leverage	2:1	4.01:1
Job creation/retention leverage	\$5,000 per fte	\$1,763 per fte



"We appreciated Black Hawk Economic Development with helping us expand our business in downtown Cedar Falls. Their assistance was in a timely manner."

*Elizabeth "Liz" Steege
Steege's Meat Market
Cedar Falls, IA*

Black Hawk Economic Development, Inc.

REVOLVING LOAN FUND PROGRAM ACTIVITY SUMMARY 1978 - 2017

NUMBER OF LOANS AND LOAN GUARANTEES

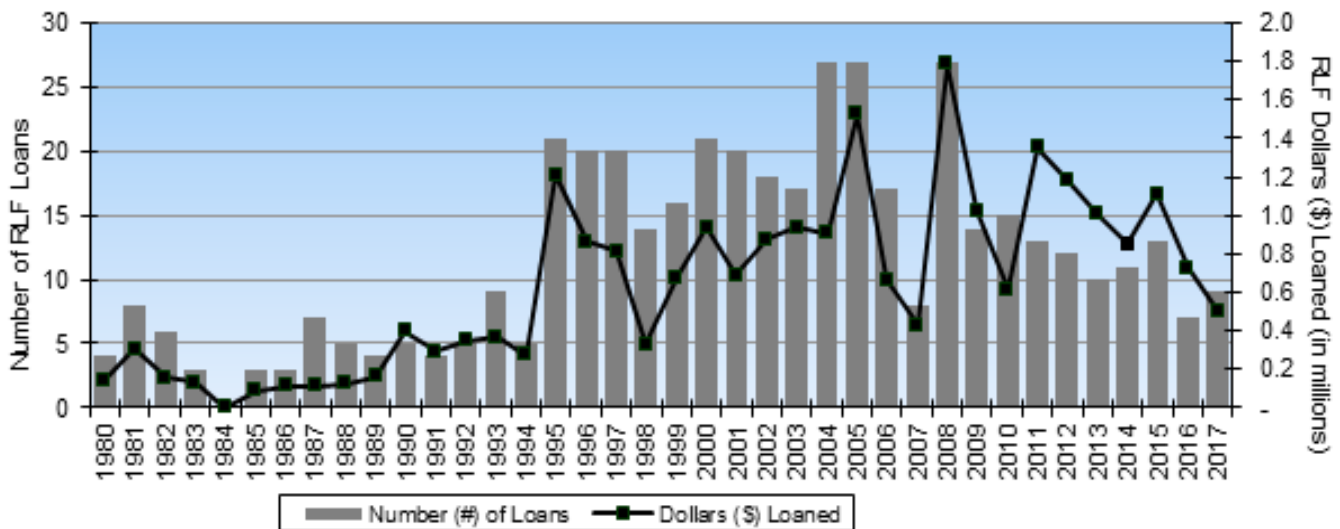
Total Loans & Guarantees		449
RLF Program Loans	439	
RLF Program Loan Guarantees	10	

DOLLARS (\$) APPROVED

Total Dollars Approved		\$27,223,799
RLF Program Loans	\$ 26,824,752	
RLF Program Loan Guarantees	399,047	

PROJECT INVESTMENTS AND JOBS CREATED AND/OR RETAINED

Total Project Investments	\$193,909,722
Total Jobs Created/Retained	15,232.5



2016-2017 RLF Program activity constrained by highly competitive commercial lending environment.

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 a total of 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.

SBA Program	Goal	Actual
Job creation and Retention standard*	\$65,000	\$29,359
*Not to exceed per job created or retained		

“Jesse and Eric made it very easy for us to finance our project, in order to expand our refrigerated warehousing operation. As the demand increases for our food handling services, we are excited to be able to offer our customers more room to meet their needs. We could not have made this possible without the assistance of Black Hawk Economic Development and the SBA 504 Program.”

*Tom Poe
Crystal Distribution Services, Inc.
Waterloo, Iowa*



Black Hawk Economic Development, Inc.

SBA 504 LOAN PROGRAM ACTIVITY SUMMARY 1983 - 2017

Number of Loans Approved

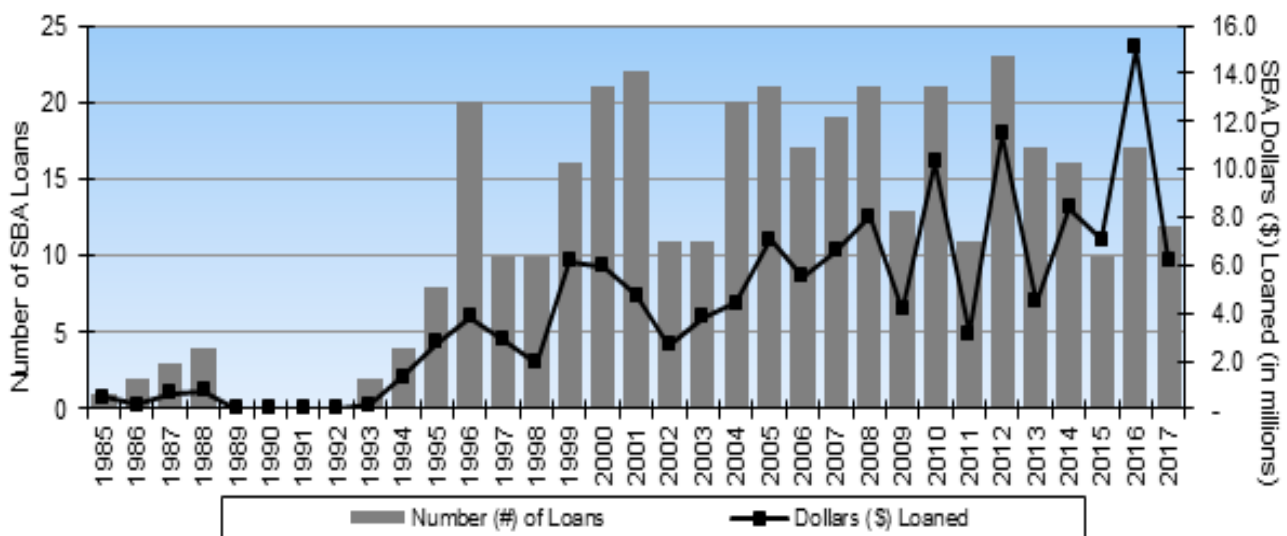
Total Approvals		384
SBA 504 Loans, Funded & Pending Funding	336	
SBA 504 Loans Withdrawn/Cancelled/Expired	48	

Dollars (\$) Approved

Total Dollars Approved		\$142,580,000
SBA 504 Loans, Funded & Pending Funding	\$122,806,000	
SBA 504 Loans Withdrawn/Cancelled/Expired	19,774,000	

Total Project Investments and Jobs Created and/or Retained

Total Project Investments	\$410,639,348
Total Project Investments Not Completed	\$13,081,516
Total Jobs Created/Retained <i>(Actual, Est., and Net of not completed projects)</i>	3,815.3



2016-2017 SBA 504 Program activity slowly rebounding as economic recovery is underway and loan interest rates are competitive.

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) Fund. The IRP Program operates similar to the Revolving Loan Fund Program in terms of gap financing.

IRP Program	Goal	Actual
Non-IRP Capital leverage	2:1	3.87:1
Job creation/retention	\$5,000:1	\$5,461:1

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. In view of the limited funds available, IRP Program assistance is provided on a competitive basis.

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

Clickstop, Inc., Urbana, IA: Founded in 2005, has grown to become one of Iowa's largest e-commerce businesses serving customers on a national basis. The Company's main product line U.S. Cargo Control is a leader in cargo restraint and protection products for the transportation industry.



"Steve Brustkern and his group at Black Hawk Economic Development have played a major role in securing the kind of workable financing our organization needs to continue our growth trajectory here in eastern Iowa."

*Todd Kuennen
Executive Vice President
Clickstop, Inc.*

Black Hawk Economic Development, Inc.

IRP LOAN PROGRAM ACTIVITY SUMMARY 2003 - 2017

Number of Loans Funded

Total Loans Funded **19**

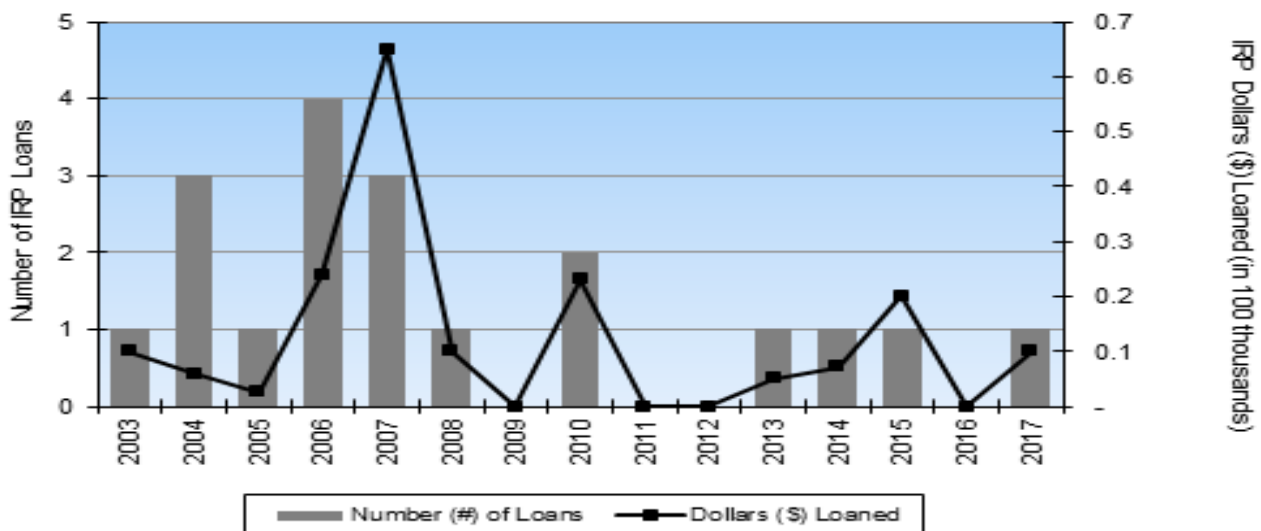
Dollars (\$) Funded

Total Dollars (\$) Funded **\$1,401,000**

Total Project Investments and Jobs Created and/or Retained

Total Project Investments **\$6,438,814**

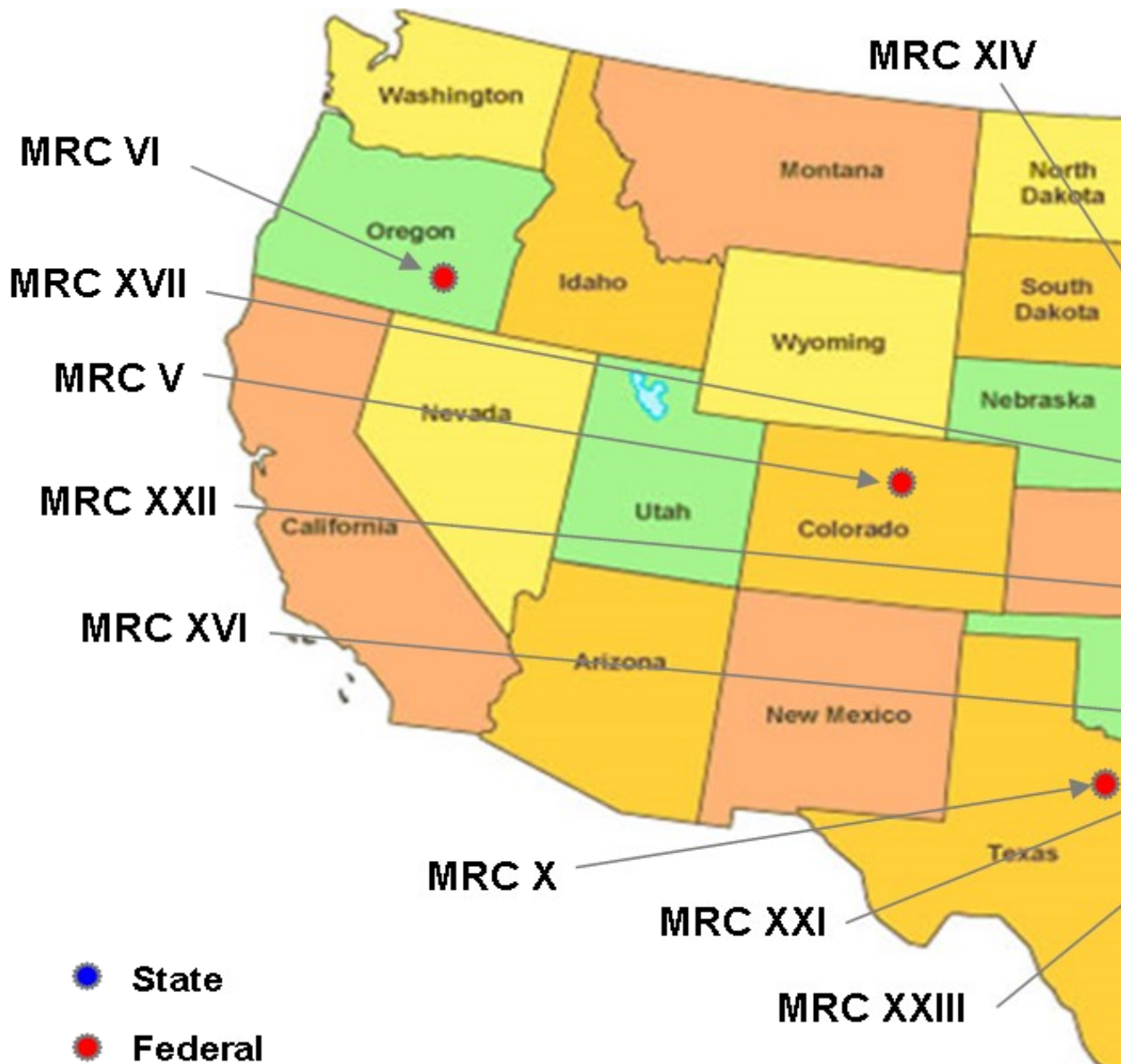
Total Jobs Created/Retained **243.5**
(Actual and Estimated)



2016-2017 IRP Program activity continues to be suppress due to portfolio size.

Midwest Renewable Capital, LLC

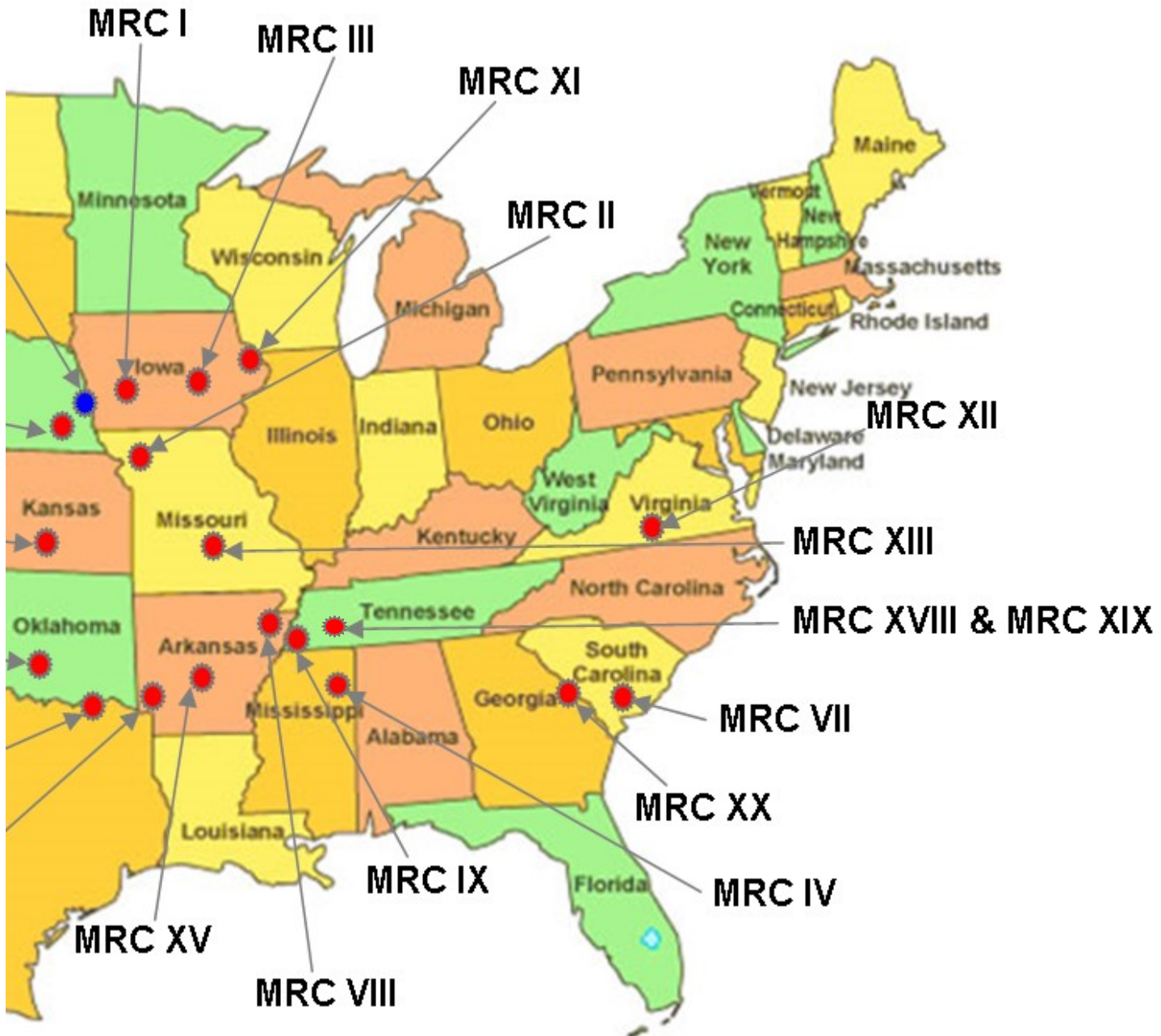
2010-2017 SUB-CDE



Midwest Renewable Capital's (MRC) mission is to revitalize the low income areas of the U.S. by providing flexible, patient capital including but not limited 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 (\$) Awards	\$ 305,932,011
Total Dollars (\$) Loaned	\$ 250,469,976
Total Dollars (\$) QEI	\$ 251,932,011
Total Project Costs (\$)	\$ 1,506,103,422
Direct Jobs Created and/or Retained in Census Tract	4,835.5

Midwest Renewable Capital, LLC

NEW MARKET TAX CREDIT PROGRAM

In 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 (NMTTC). NMTTC 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. Since 2009, MRC has received a total of eight federal allocations totaling \$305 million and one state allocation of over \$930,000. MRC's triple bottom line selection criteria targets projects 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, three New Market Tax Credit projects were funded totaling \$37,000,000. These three projects are expected to result in total project investments of over \$250,516,518 and creation and/or retention of 578 jobs in the Nation's qualified low income census tracts.



Ochoco Lumber — July 12,2010 to July 13, 2017

First Midwest Renewable Capital NMTTC project to fulfill compliance requirements

149 jobs were created through \$50 million total project costs.



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



Cedar Valley Growth Fund I, Inc.

Cedar Valley Growth Fund I, Inc., established in 2009, 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 of 2015, CVGFI expanded its service area to nationwide.



"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."



Ross Marketing

"Over the course of the past couple of years, we have sought, and BHED has provided, a high level of financial and technical assistance for our call center operations. Their understanding of our need and responsiveness is exemplary."

*Shannon Schmidt
Director of Operations, Ross Marketing*

BOARD OF DIRECTORS



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



~ Joyce Dunlay
Board Member since 2011
Member of the
Audit Committee
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



Luke Lesyshen ~
President
Board Member since 2017
Member of the
Executive Committee
Loan Committee
Nominating Committee

BOARD OF DIRECTORS

~ Don Page

Board Member since 1989

Member of the
Personnel Committee
(Chairperson)
Nominating Committee
(Chairperson)



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



Cliff Mortenson ~

Board Member since 2014

Member of the
Audit Committee
Loan Committee
(Chairperson)

Black Hawk Economic Development, Inc.

THE ORGANIZATION As of September 30, 2017

OFFICERS

Luke Lesyshen President
 Brian Quirk Vice President/Asst. Secretary
 Lorie Davis Secretary/Treasurer



BOARD OF DIRECTORS

Lorie Davis* Cliff Mortenson
 Joyce Dunlay* Don Page
 Carol Jahnke Brian Quirk*
 Robert Krogh Tony Thompson*
 Luke Lesyshen*

**Denotes member of Executive Committee*

MEMBERS

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

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

STAFF

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

2016 — 2017 Number of Meetings	
Board of Directors	11
Executive Committee	0
Loan Committee	16

Committees
Board of Directors
Executive Committee
Loan Committee
Nominating Committee
Personal Committee
Audit Committee

STAFF



~ Jesse Bro
Since 2016
Loan Officer



Steve Brustkern ~
Since 1990
Executive Director



~ Connie Derr
Since 2006
Accounting Manager/Special Projects



Jennifer Furman ~
Since 2013
Administrative Assistant



~ Dee Ann Glover
Since 2012
Loan Officer



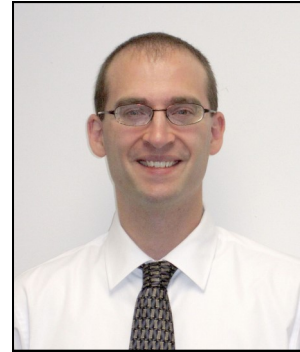
Stacy Hageman ~
Since 2006
Administrative Assistant

Black Hawk Economic Development, Inc.

STAFF



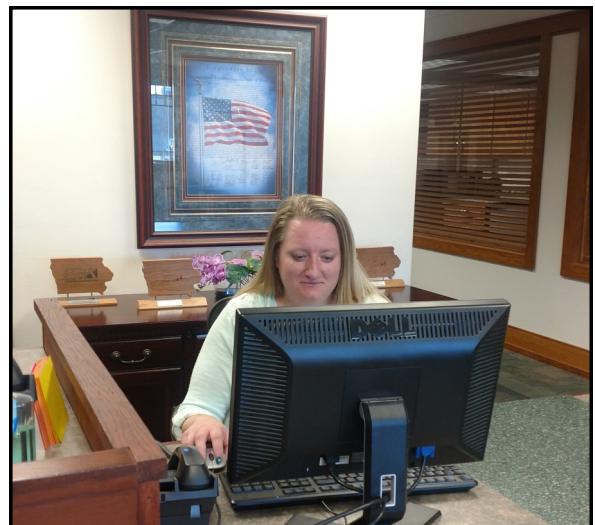
~ **Stephanie Koenen**
Since 2015
Compliance Manager



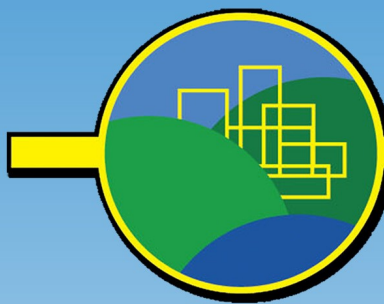
Eric Nottger ~
Since 2009
Economic Development Specialist



~ **Meghan Schildgen**
Since 2015
Administrative Assistant



NOTES



Black Hawk Economic Development, Inc.

1001 Peoples Square Waterloo, IA 50702
Phone: (319) 235-2960 Email: bhed@bhed.org
www.bhed.org

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