

Opportunity Ahead



**Small Business
Financing
since 1978**

2020 Annual Report

Black Hawk Economic Development, Inc.

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Black Hawk Economic Development, Inc.

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Black Hawk Economic Development, Inc.

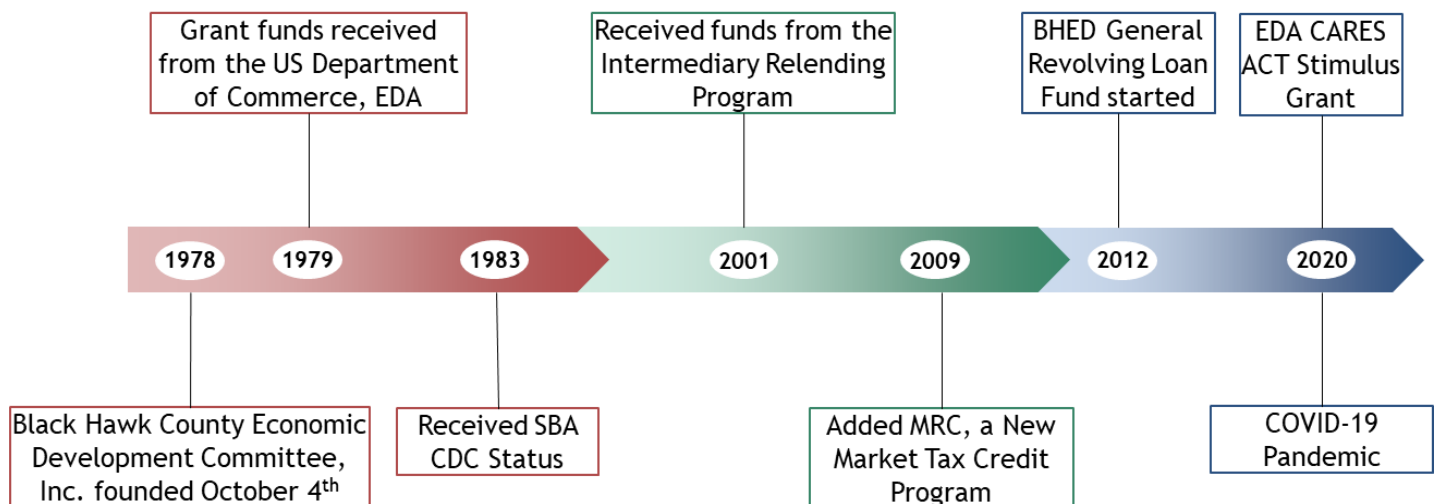
WELCOME



Unprecedented Times!

Going into 2019-2020 fiscal year we were cautiously optimistic that the upcoming year would be a year of greater prosperity and opportunity, only to be derailed in large part by the COVID-19 pandemic in the first part of 2020. Not since the Spanish Flu outbreak in the early 1900's has the nation faced the widespread loss of life, business shutdowns, unemployment and change in lifestyle. I could go on indefinitely as to the psychological, emotional and financial effects of this pandemic. Instead, I chose to focus on the future in terms of the lessons learned, and how we can improve upon our relationships and ability to work together as a nation to regain what we have lost and unite this country as it has never been united before. As an organization, we stand ready to do our part as there is truly—Opportunity Ahead!

Luke Lesyshen
President
September 2020



Black Hawk Economic Development, Inc.

INTRODUCTION

In March 2020 the Nation experienced, on a wide scale basis, the first of the COVID-19 Pandemic outbreak leading to unparalleled social and economic times that affected the entire nation. In response to the extraordinary times, President Trump signed into law the bi-partisan CARES Act \$2.2 trillion federal stimulus response in an effort to lessen the pandemics' effect on an individual's financial wherewithal and employment, a business continued ability to operate and meet its financial obligations, and the economy as a whole as States struggled to contain the virus through various public policy proclamations. Through the CARES Act a seemingly abundance of direct financial aid was rapidly deployed to individuals, businesses and State governments with less bureaucracy and within an accelerated time frame.



In terms of the effect on the Organization, the effect was truly a “voyage into uncharted waters” as the type, amount and timing of federal assistance involved ranged from easy to complex and often times on “learn as you go” basis. In addition to assisting small businesses to navigate the various stimulus programs processes, the pandemic had a direct negative impact on the Organization's small business clients based upon the level of infection which resulted in complete shutdown of operations for certain businesses to uninterrupted operations for essential services businesses. Although essential services businesses were able to continue to

operate, no one, on an individual or individual business basis was able to escape the pandemic's affects as the economy on a whole retracted with second quarter drop in Gross National Product by 32.9% following a first quarter drop of 5.0%, the start of the onslaught of the pandemic.



Black Hawk Economic Development, Inc.

INTRODUCTION

Despite the pandemic's hold and due to the resiliency of our economy, during the last month of the fiscal year and into the new year, we experienced a resurgence in the number of inquiries for small business financing and a resultant increase in the number of applications involving business expansion and business transition projects. If this period is any indication of the what we can look forward to we stand ready to assist in the full recovery of our nation through our business finance programs. Our path is clear and there is truly - Opportunity Ahead!



During the 2019-2020 fiscal year, the Organization provided direct financial assistance in the form of loans to 26 businesses totaling \$7,442,395 through the Organization's EDA Revolving Loan Fund Program, SBA 504 Loan Program, USDA IRP Loan Program and BHED General Loan Fund Program. These 26 loans are expected to result in total project investments of \$19,481,519 and creation and/or retention of 160 jobs within two years of project funding.



In addition, the Organization as controlling entity and manager of Midwest Renewable Capital, LLC, was directly involved in the deployment of \$47 million of NMTC allocation to five businesses located in Georgia, Illinois and Kentucky. These five Midwest Renewable Capital projects are expected to result in total project investments of over \$70 million and creation and/or retention of 353 jobs in qualified low income census tracts.

In summary, 2019-2020 year concluded on a high note as interest in BHED programs increased and there appears to be a sound bases for optimism for the coming year once the pandemic begins to appear in the "rear view mirror". And we look forward to once again interfacing with our clients, prospective clients, fellow economic development partners and governmental agencies on the opportunities that await ahead.

Black Hawk Economic Development, Inc.

MISSION STATEMENT

To actively engage in sustainable 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 and quality of life 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 large part with the various partnerships and collaborations with special recognition to:

Midwest Renewable Capital, LLC

Cedar Valley Growth Fund I, Inc.

Black Hawk Economic Development, Inc.

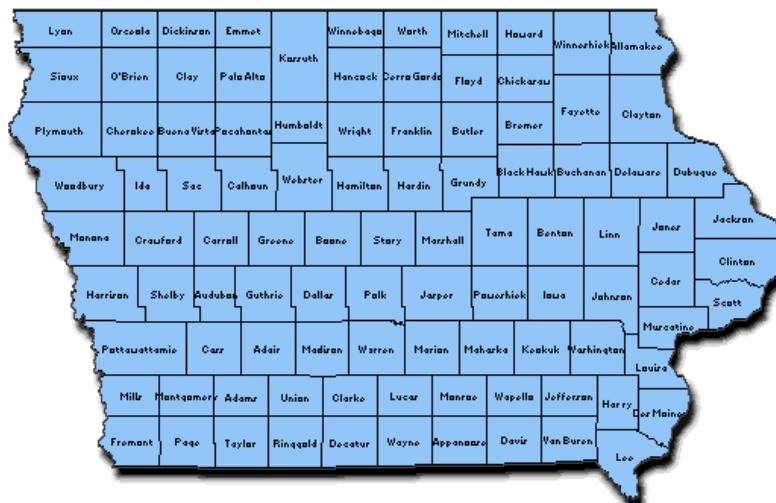
IOWA OPERATIONS AND ASSISTANCE

Economic and Community development programs and initiatives 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

Black Hawk Economic Development, Inc.

THE YEAR IN REVIEW 2019-2020

Number of Loans	
IRP Loans	1
RLF Loans	12
SBA 504 Loans	12
GEN Loans	<u>1</u>
Total Loans	26

DOLLARS (\$) APPROVED

Total Dollars Approved		\$7,442,395
IRP Program Loans	\$ 30,000	
RLF Program Loans	965,895	
SBA 504 Program Loans	6,094,000	
GEN Program Loans	352,500	

PROJECT INVESTMENTS

Total Project Investments		\$19,481,519
IRP Program Loans	\$ 149,635	
RLF Program Loans	2,173,284	
SBA 504 Program Loans	16,806,100	
GEN Program Loans	352,500	

JOBS CREATED/RETAINED (Estimated)

Total Jobs Created/Retained		160
IRP Program Loans	8	
RLF Program Loans	97	
SBA 504 Program Loans	50	
GEN Program Loans	5	

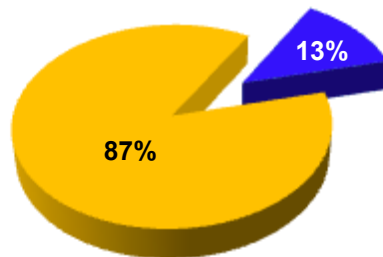
Total Dollar (\$) Servicing as of September 30, 2020

Total Dollars (\$) Servicing		\$386,606,065
SBA 504 Program	\$ 46,618,251	
RLF Program	\$ 2,158,618	
BHRLF (General) Program	\$ 902,460	
IRP Program	\$ 63,687	
MRC NMTC Program	\$336,863,049	

Black Hawk Economic Development, Inc.

Total Dollars Approved versus Total Project Investments (Program to Date)

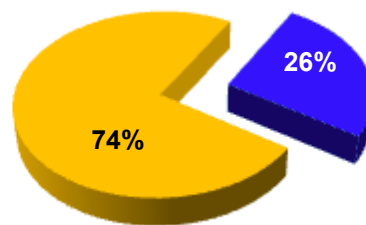
Revolving Loan Fund (RLF)



■ Total Dollars (\$) Approved
\$29,243,299

■ Total Project Investment
\$198,442,506

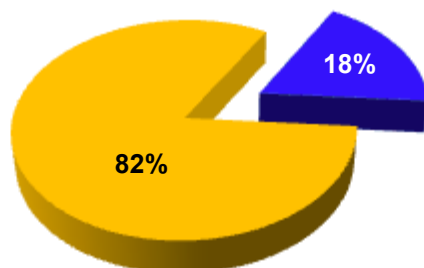
SBA 504 Program (SBA)



■ Total Dollars (\$) Approved
\$132,093,000

■ Total Project Investment
\$379,093,008

Intermediary Relending Program (IRP)



■ Total Dollars (\$) Approved
\$1,431,000

■ Total Project Investment
\$6,588,449

Black Hawk Economic Development, Inc.

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 thirteen loans totaling nearly \$2,236,000.

	2019-2020 Goals	2019-2020 Actual	2020-2021 Goals
Number of Loans	5	1	6
Dollars Loaned	\$750,000	\$352,500	\$1,000,000
Total Project Costs	\$1,500,000	\$352,500	\$2,000,000
Job Creation/Retention	80	5	100



Although there was one loan funded during the year, the program remained active through loan administration activities in support of the small businesses in the loan portfolio.

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. 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.

	2019-2020 Goals	2019-2020 Actual	2020-2021 Goals *
Number of Loans	12	12	20
Dollars Loaned	\$1,000,000	\$965,895	\$2,500,000
Total Project Costs	\$1,500,000	\$2,173,284	\$6,250,000
Job Creation/Retention	150	97	500

* 2020-2021 goals based upon deployment of the EDA Cares Act Grant



“Working with Black Hawk Economic Development was hands down a wonderful experience. I'm investing in the future with the purchase of a smart locker system, so customers can pick up orders 24/7/365. I can't express enough how appreciative I am that BHED worked with me. This will not only be a benefit to my business's future, but the Cedar Valley as well.”

Anji Barnard
Farnsworth Electronics
Owner

Black Hawk Economic Development, Inc.

REVOLVING LOAN FUND PROGRAM ACTIVITY SUMMARY 1978 - 2020

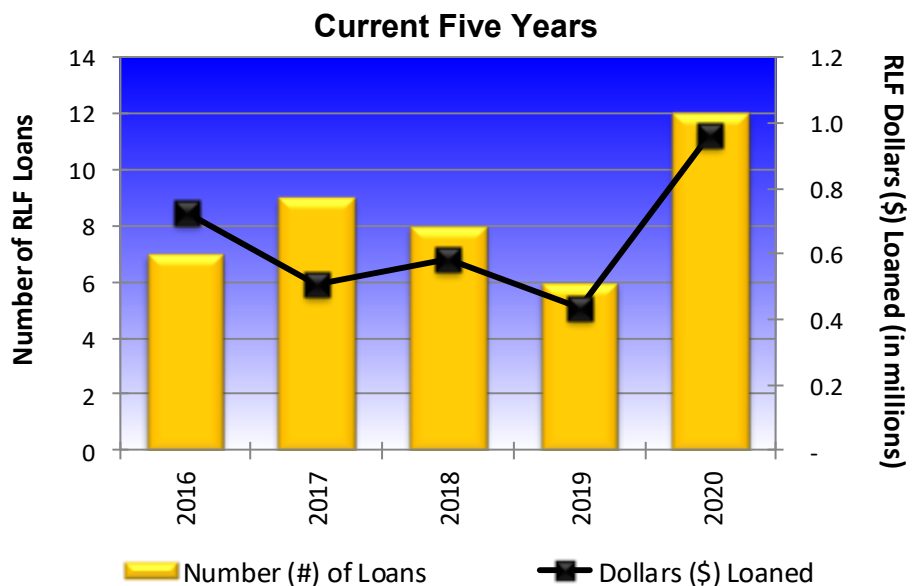
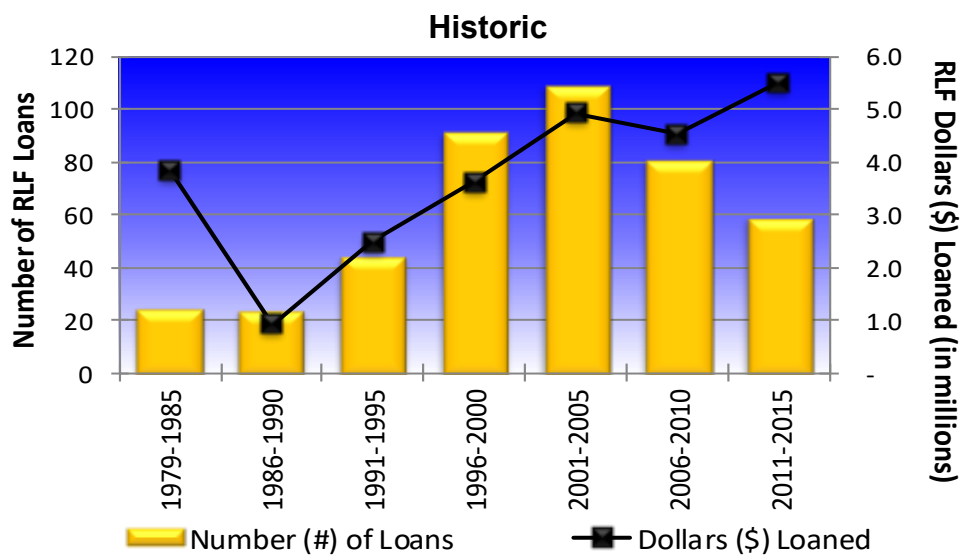
Number of Loans and Loan Guarantees

475

RLF Program Loan	465
RLF Program Loan Guarantees	10

Total Jobs Created/Retained

15,505.5



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.

	2019-2020 Goals	2019-2020 Actual	2020-2021 Goals
Number of Loans	18	12	18
Dollars Loaned	\$7,500,000	\$6,094,000	\$9,000,000
Total Project Costs	\$15,000,000	\$16,806,100	\$22,000,000
Job Creation/Retention	200	50	120



"When the brewery planning began, it became more clear than ever the goal of Kinship isn't just a place to brew beer but rather a focus on community. When I partnered with Black Hawk Economic Development, I truly felt they did not treat my project like some formula they had to fit through a process. But rather, they celebrated the true intent of Kinship and with that, understood the impact of building lasting relationships over transactions. Everyday, we are one day closer to Kinship opening and we are very fortunate to have the partnership with BHED along the way."

Zach Dobeck
Kinship Brewing
Owner

Black Hawk Economic Development, Inc.

SBA 504 LOAN PROGRAM ACTIVITY SUMMARY 1983 - 2020

Number of Loans Approved

SBA 504 Loans, Funded & Pending Funding

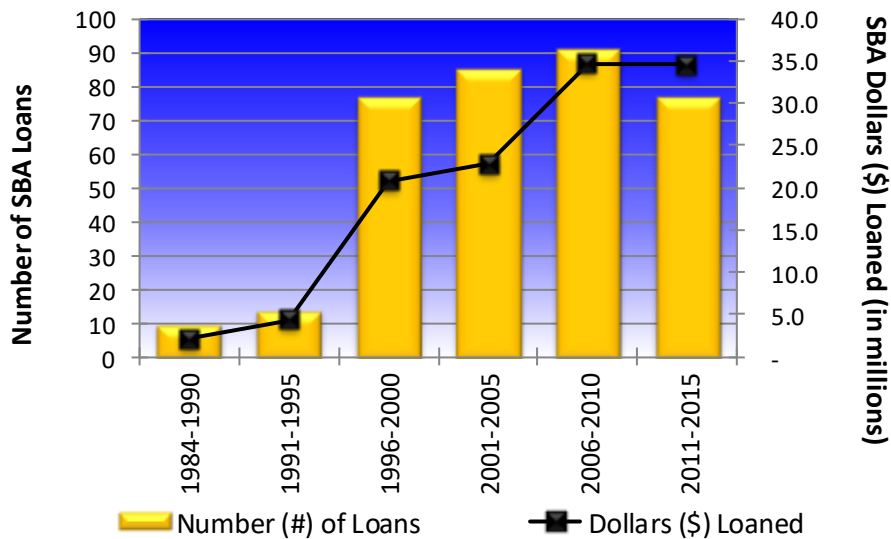
354

Total Jobs Created/Retained

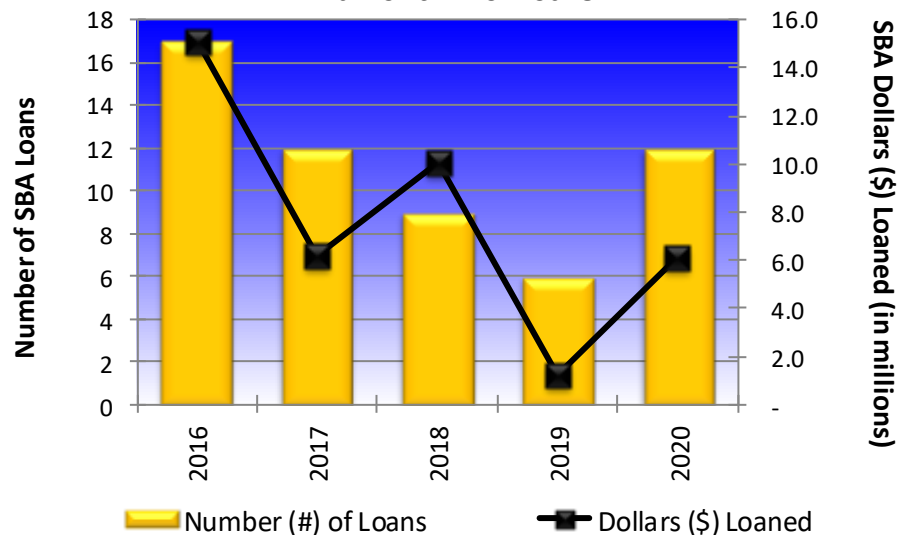
Actual, Estimated for Funded Projects

3,399

Historic



Current Five Years



Black Hawk Economic Development, Inc.

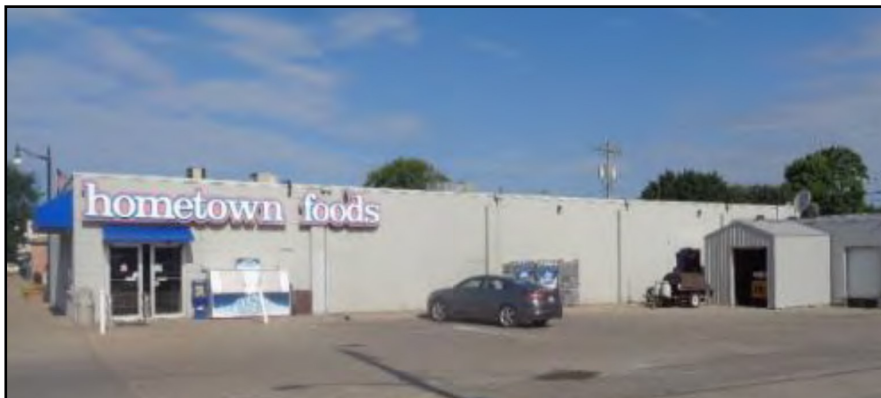
INTERMEDIARY RELENDING PROGRAM SINCE 2001

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 Organization's Intermediary Lending Program (IRP) 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. In view of the limited funds available, IRP Program assistance is provided on a competitive basis.

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

	2019-2020 Goals	2019-2020 Actual	2020-2021 Goals
Number of Loans	2	1	3
Dollars Loaned	\$250,000	\$30,000	\$200,000
Total Project Costs	\$450,000	\$149,635	\$400,000
Job Creation/Retention	60	8	40



"Black Hawk Economic Development was a big help to Doug and I when we decided to purchase our second store in Traer, Iowa. They worked with our bank, GNB, to get our financing plan together. We really appreciate everything that they did for us."

Jill and Doug Eilders
Hometown Foods
Owner

Black Hawk Economic Development, Inc.

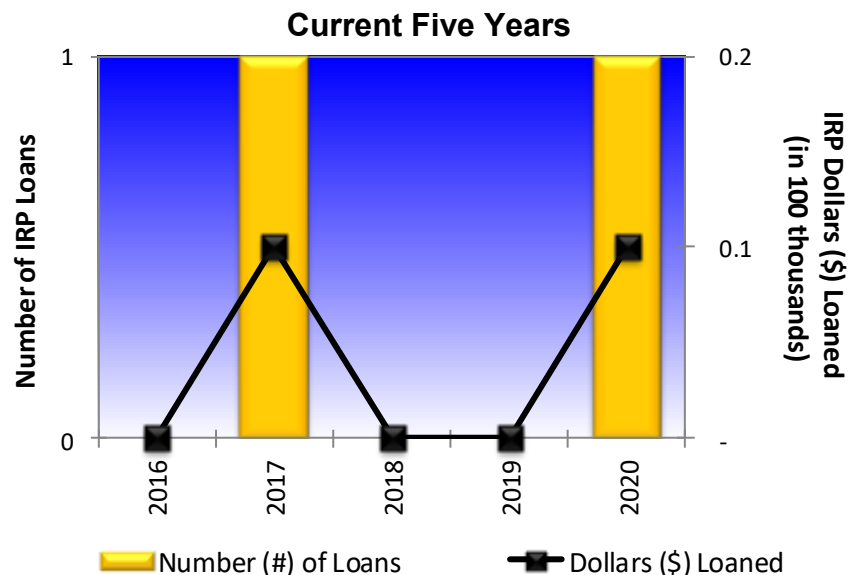
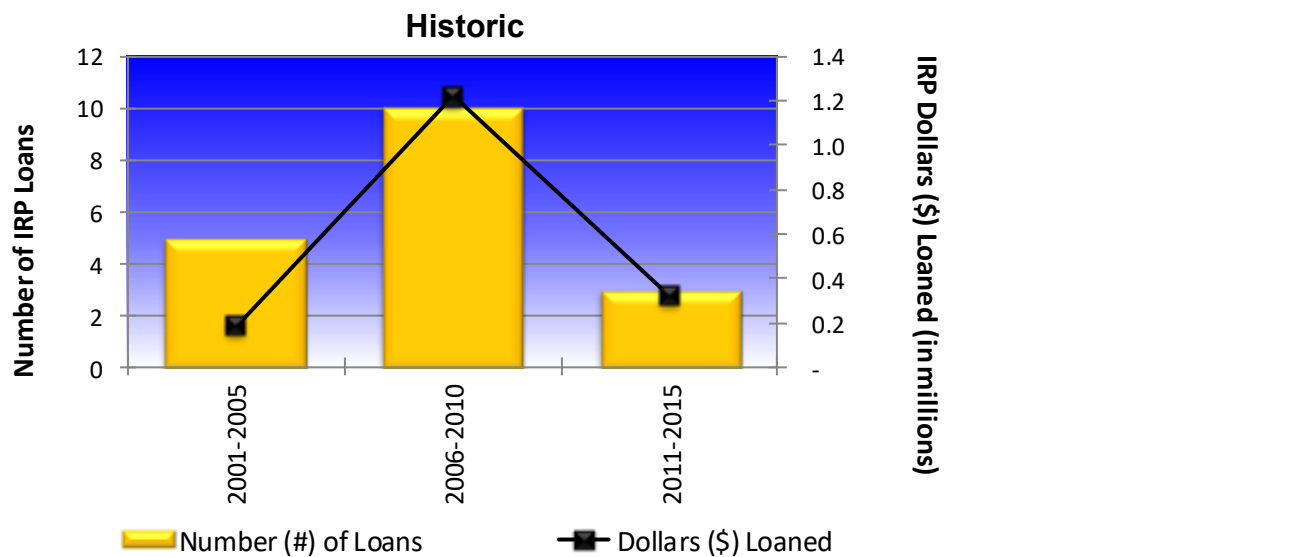
IRP LOAN PROGRAM ACTIVITY SUMMARY 2003 - 2020

Number of Loans Funded

20

Total Jobs Created/Retained
Actual and Estimated

251.5



Cedar Valley Growth Fund I, Inc.



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.

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 businesses 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.



"Black Hawk Economic Development's assistance helped us expand our loan fund and portfolio. Through this assistance we are able to assist in retention of a long-standing community business and its five employees, and have available additional funds to support our technical assistance endeavors."

Joe Engelkes
Cedar Valley Growth Fund I

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 (NMTC). NMTC tax credits are 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 equity investments in an active qualified low income community business in a qualified low income census tract. Since 2009, MRC has received a total of nine federal allocations totaling \$475 million and four state allocations of over \$16 million. MRC's triple bottom line selection criteria targets projects with 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, five New Market Tax Credit projects were funded totaling nearly \$47.3 million. These five projects are expected to result in total project investments of over \$70 million and creation and/or retention of 353 jobs in the Nation's qualified low income census tracts.



"TruStile is the leading manufacturer of high quality architectural doors serving the high-end residential and commercial construction markets. We employ over 550 people located primarily in Iowa and Colorado. The NMTC financing we received was essential to help us achieve our goal of building one of the most environmentally significant manufacturing facilities in the nation. We have installed an advanced biomass boiler system that allow us to recycle our waste sawdust and turn it into energy to heat and cool our building. In addition, we have a 1.5 megawatt solar array to generate electricity."

Scott Schmid
CEO, TruStile
Denver, Colorado

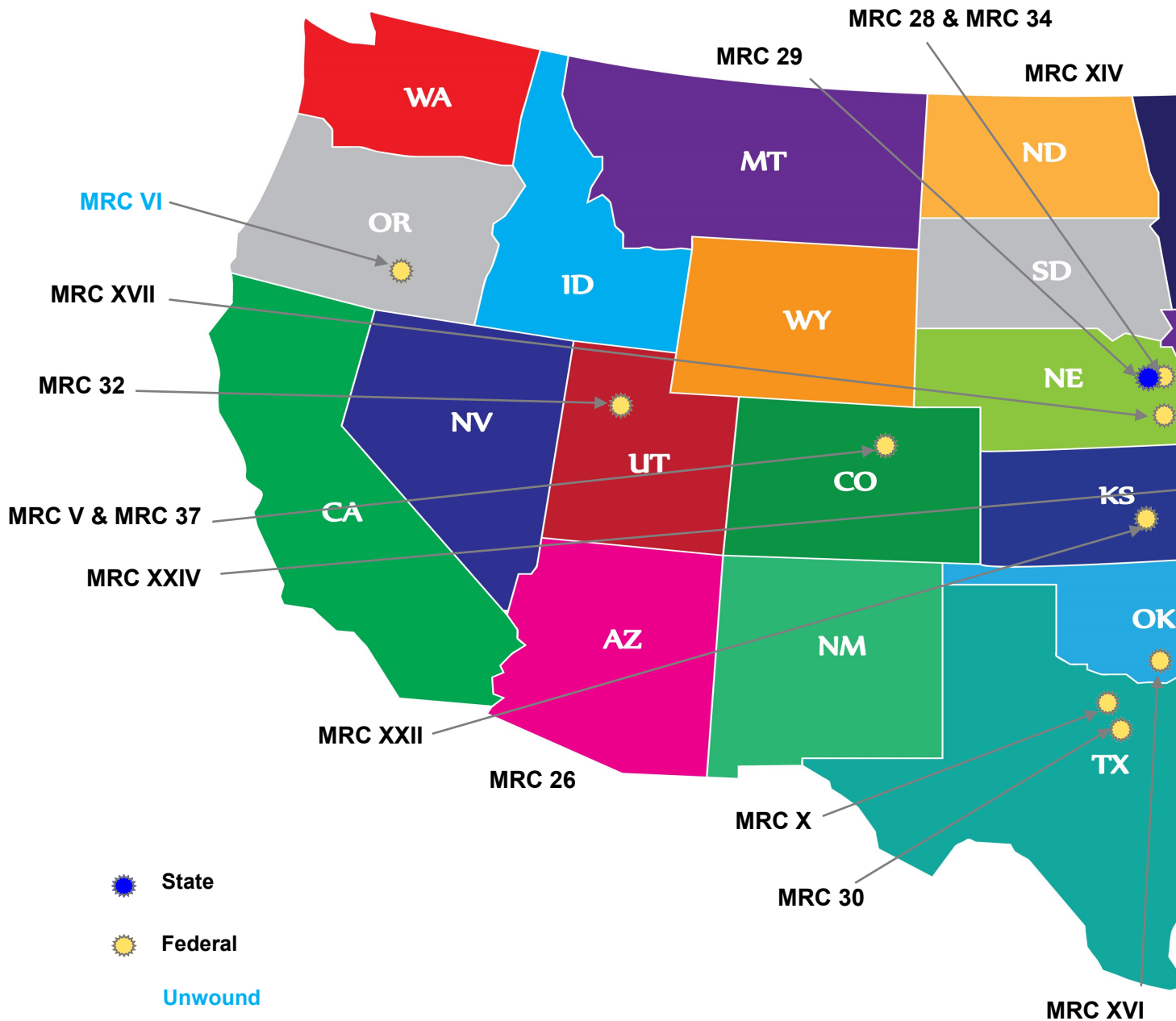


"In the furtherance of private capital for public good..."



Midwest Renewable Capital, LLC

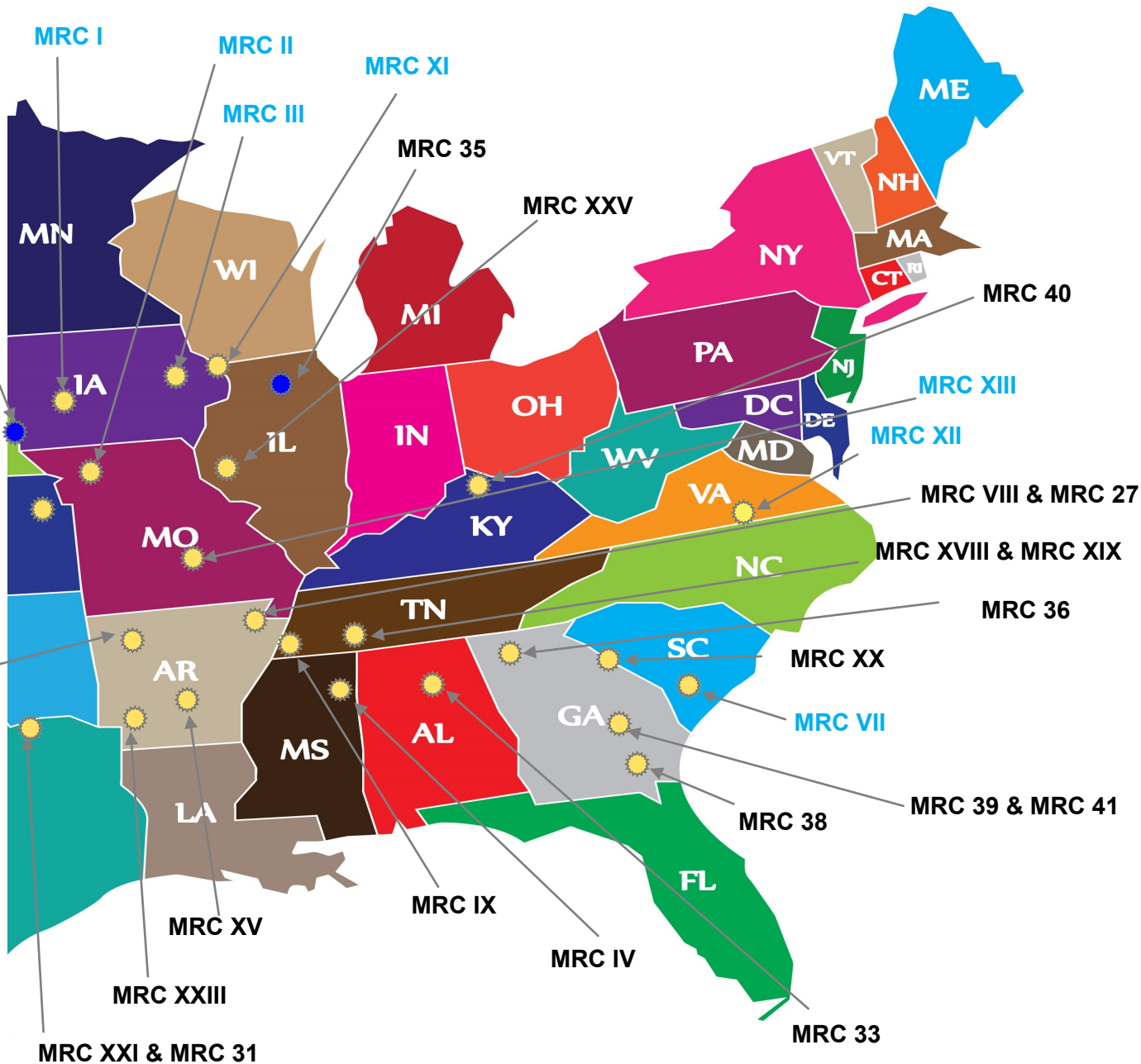
2010-2020 SUB-CDE



Midwest Renewable Capital's (MRC) mission is to revitalize low income communities in the U.S. by providing flexible, patient capital. MRC targets projects based upon the level of community impacts with particular focus on clean technology, energy efficiency, advanced manufacturing and renewable energy projects or businesses.

Midwest Renewable Capital, LLC

PROJECT LOCATIONS



PROGRAM TO DATE (Actual and Projected)

MIDWEST RENEWABLE CAPITAL, LLC

Total Dollar (\$) Awards	\$ 491,069,967
Total Dollars (\$) Loaned	\$ 439,307,879
Total Dollars (\$) QEI	\$ 438,026,844
Total Project Costs (\$)	\$ 2,346,162,364
Direct Jobs Created and/or Retained in Census Tract	10,124

Black Hawk Economic Development, Inc.

BOARD OF DIRECTORS



Nate Clayberg ~
Board Member since 2017
Member of the
Loan Committee
Personnel Committee



~ 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
Audit Committee
Personnel Committee



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



Black Hawk Economic Development, Inc.

BOARD OF DIRECTORS

~ Luke Lesyshen
President

Board Member since 2017

Member of the
Audit Committee
Executive Committee
Loan 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



ReShonda Young ~
Board Member since 2017
Member of the
Nominating Committee



Black Hawk Economic Development, Inc.

THE ORGANIZATION

As of September 30, 2020

OFFICERS

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

BOARD OF DIRECTORS

Nate Clayberg	Luke Lesyshen*
Lorie Davis*	Brian Quirk*
Joyce Dunlay*	Tony Thompson*
Carol Jahnke	ReShonda Young
Robert Krogh	

**Denotes member of Executive Committee*



2019 — 2020 Number of Meetings

Board of Directors	7
Executive Committee	5
Loan Committee	15
Personnel Committee	1

MEMBERS

Nate Clayberg*	Brenda Gibson	John Mardis	Marge Schurman*
Jeff Danielson	Carol Jahnke	Adrienne Miller*	Bob Seymour*
Lorie Davis	Robert Krogh*	Jon Mixdorf*	Tony Thompson
Bill Dotzler, Jr.	George Lake	Chris Mueller	Connie Tolan
Karen Dunlap	Cindy Lantow	Brian Quirk	ReShonda Young
Joyce Dunlay*	Luke Lesyshen*	Chuck Rowe	
Amy Dutton	Steve Lindaman*	Adam Schaefer	

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

STAFF

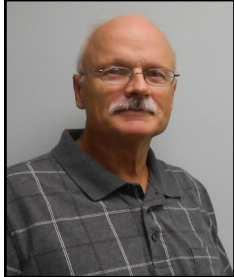
Stephen Brustkern	Executive Director
Dee Ann Glover	Loan Officer
Stacy Hageman	Administrative Assistant
Stephanie Koenen	Compliance Manager
Eric Nottger	Economic Development Specialist
Meghan Schildgen	Administrative Specialist
Mark Pinero	Economic Development Lender

Committees

Audit Committee
Board of Directors
Executive Committee
Loan Committee
Nominating Committee
Personnel Committee

Black Hawk Economic Development, Inc.

STAFF



~ Steve Brustkern
Since 1990
Executive Director



Dee Ann Glover ~
Since 2012
Loan Officer



~ Stacy Hageman
Since 2006
Administrative Assistant



Stephanie Koenen ~
Since 2015
Compliance Manager



~ Eric Nottger
Since 2009
Economic Development Specialist



Mark Pinero ~
Since 2019
Economic Development Lender



~ Meghan Schildgen
Since 2015
Administrative Specialist

Black Hawk Economic Development, Inc.

NOTES

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

