



Iowa Area Development Group

PARTNERS IN PROGRESS

STATUS REPORT



IADG Energy Bank

2012 Inception - June 30, 2017

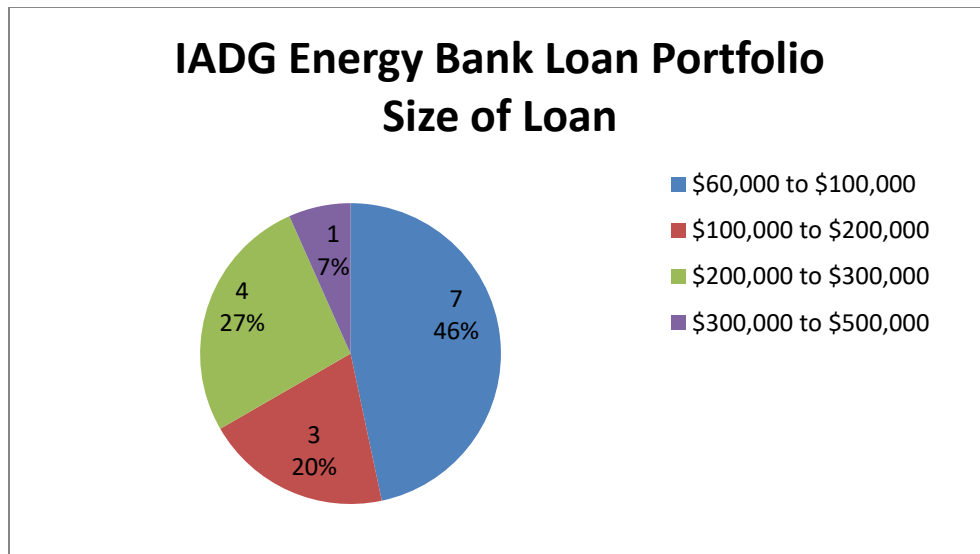
History of IADG Energy Bank

In 2012, Iowa Area Development Group (IADG) was awarded nearly \$2 million from the Iowa Economic Development Authority (IEDA) to establish and administer a State Energy Program Revolving Loan Fund. The Federal Government's 2009 American Recovery and Reinvestment Act and the U.S. Department of Energy provide the funding source for this IEDA award. The loan program established by IADG offers Iowa businesses and industries a low interest financing option for energy efficiency improvements, renewable energy projects and energy management and implementation plans.

Loans Made and Available Funds

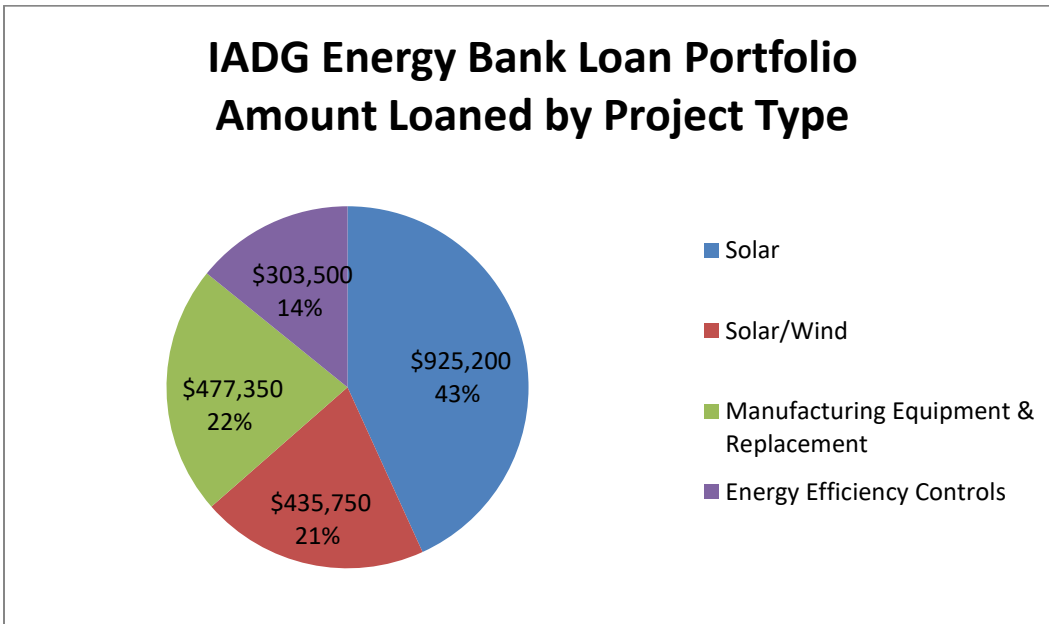
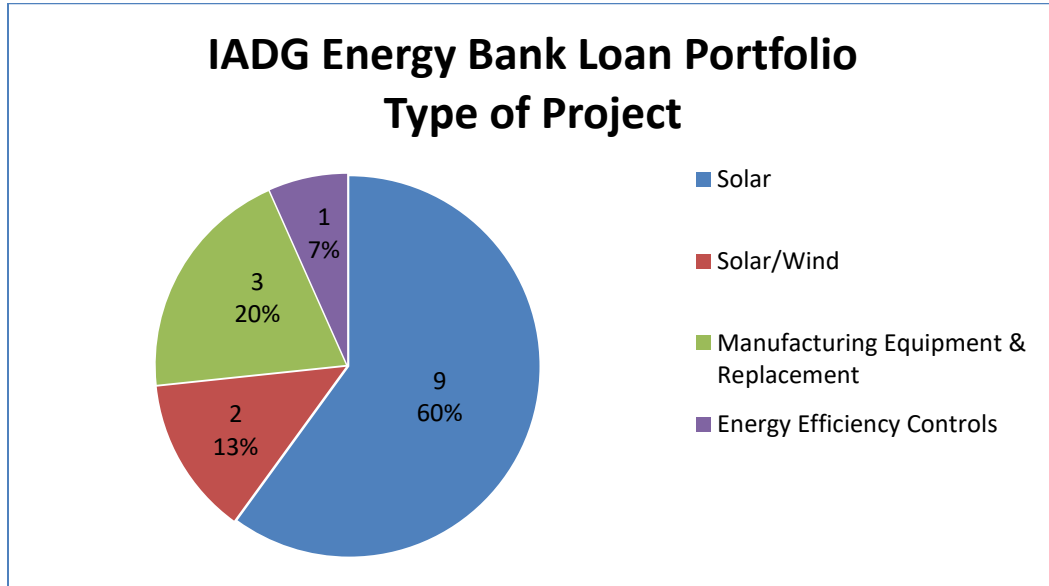
The program's first loan was made in September 2013 and in November 2016, the 15th loan was made. These 15 loans have more than exhausted the initial capitalization (\$1,916,950) of the Energy Bank. Consequently, funds are now returned to the IADG Energy Bank, additional energy projects around the state of Iowa are eligible to receive funds through an open enrollment and application process. As of June 30, 2017, the current amount available in the Energy Bank for loans is approximately \$825,000. This figure does not account for applications in process.

The chart below shows the size of the loans in the Bank's portfolio. The majority of loans made have been between \$60,000 and \$100,000 – 7 total. The average loan size in our portfolio is \$145,000, with \$303,500 being the largest amount loaned to date.



Type of Projects Funded

To date, the vast majority of Energy Bank loans have been for solar projects. There have also been loans that were for solar/wind; purchase of energy saving manufacturing equipment; and energy efficiency controls. The charts below show both the breakdown in project loan type, as well as the amount of funds that have been awarded to each project type.



Renewable Energy Portfolio Lending Overview

In examining the renewable energy component of IADG Energy Bank lending, the following observations can be made:

- Nearly three quarters of the Energy Bank loans originated since inception (73%) have been for renewable energy.
- Renewable energy lending has totaled \$1,360,950 (64%) of total lending.
- The Bank's 11 loans for renewable energy have reduced electrical purchases of 417,465 in reduced kWh usage annually.
- Installed renewable energy capacity has allowed for avoided cost and energy savings of \$52,249 annually.
- All but one of the Bank loans served as a catalyst for introducing solar array construction in the livestock industry.
- Renewable energy project investment has increased profitability and helped retain over 61 jobs.

Energy Efficiency Portfolio Lending Overview

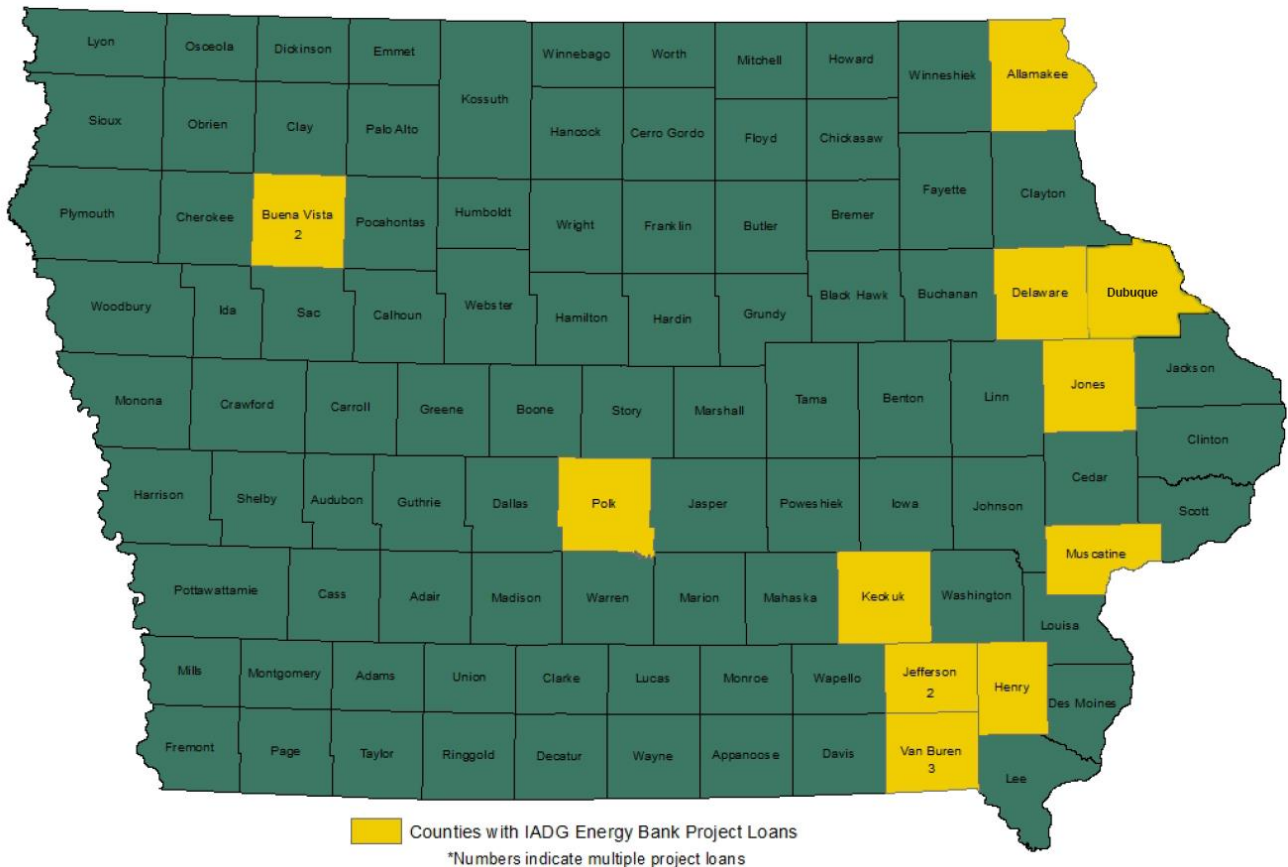
In examining the energy efficiency component of IADG Energy Bank lending, the following observations can be noted:

- Only slightly over a quarter (27%) of the Energy Bank portfolio has been directed to energy efficiency related projects.
- Energy efficiency lending has totaled \$507,850 (36%) of total lending.
- Energy efficiency lending has principally been devoted to enhancing manufacturing and service industry efficiency and profitability.
- Energy efficiency lending has been projected to save 286,743 kWh annually.
- Mills Manufacturing throughput determined a savings percentage of 35% per piece.
- Energy efficiency lending has been predicted to save borrowers over \$28,356 annually.
- The four energy efficiency loans made by the Energy Bank have helped retain 108 jobs.

Location of IADG Energy Bank Projects

The 15 IADG Energy Bank project loans are located in 11 counties throughout Iowa. The map below shows the geographic spread of projects.

IADG Energy Bank Project Locations



Energy Savings and Electric Utility Provider

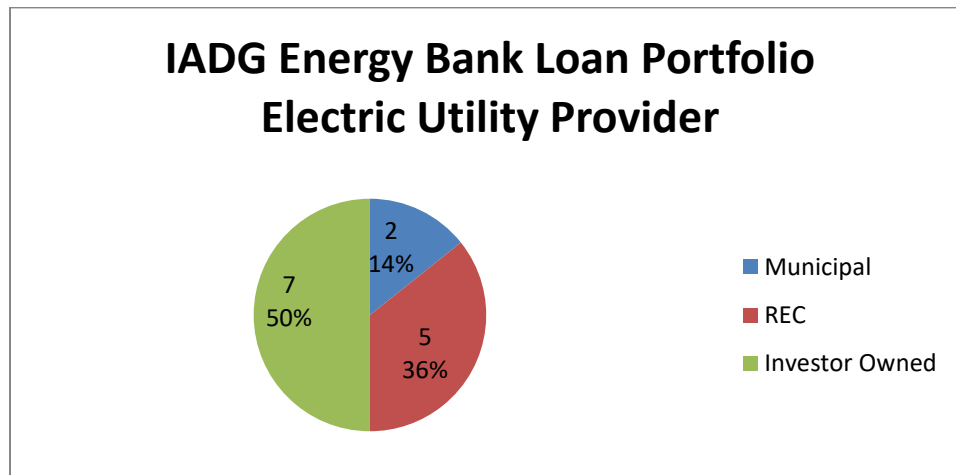
A year after each Energy Bank project loan has been in place, the IADG Energy Bank administration team requests electric bills, where applicable, to analyze the savings the project is realizing for Iowa businesses and industries on their energy costs.

One example of this savings was a company reducing purchased electricity from nearly 70,000 kWh a year to zero. This business saved over \$8,000 in one year on energy, and is now only paying the monthly service charge for the electric utility account.

A more recent example involved a grocery store's installation of new energy efficient refrigeration cases. Product space availability has tripled in size resulting in an estimated 25% increase in sales. Based upon the improvements in their currently technology, individual cases are predicted to have a primary energy savings of 24%.

Project loan recipients have included customers of Iowa's investor owned utilities, municipal utilities, and rural electric cooperative members. In many instances these utilities have provided project related energy rebates and other technical assistance and support.

The chart below shows that breakdown, with the majority being on an Investor Owned Utility (IOU) systems, followed closely by REC systems.



Technical Support and Consultancy



As a part of administration of the IADG Energy Bank, technical services and support have been secured through Tech Resources and Questline. As an adjunct to the program, IADG is making this consultancy and energy bulletins available to loan recipients, utilities, vendors and interested parties.

Delinquencies and Charge Offs

All loan applications are reviewed by an independent Loan Review Committee (LRC).

All loans of the IADG Energy Bank are current. There have been no charge offs, no defaults, or uncollectibles to date.

Federal A-133 Audit

The IADG Energy Bank was independently audited for calendar years 2013, 2014, 2015, and 2016. The audits delivered an opinion with no modifications, stipulations or exceptions. No material weaknesses of IADG's internal controls were indicated, and likewise, no material matters of non-compliance. As such, the audit did not disclose any findings required to be reported in accordance with U.S. Department of Energy Audit Guidance: For-Profit Recipients and Subrecipients.

IADG Energy Bank Marketing

The IADG Energy Bank program is marketed to the general public through the organization's website, advertising, and a program brochure. More focused and targeted outreach is pursued through relevant trade shows, meetings, programs and special presentations.

The focus of marketing efforts has become more manufacturing oriented. As such, IADG is working more closely with the Center for Industrial Research and Service (CIRAS) at Iowa State University and the Iowa Association of Business & Industry (IABI) for lead generation.

The screenshot displays the IADG Energy Bank website. At the top, there is a navigation bar with links for Home, Contact Us, Staff Login, and Links, along with a search bar. The main header features the IADG logo and the text "The IADG Energy Bank Low-Cost Financing for Business & Industry". Below this, a large green banner highlights the "Low Interest Revolving Loan Fund" with the tagline "Low Interest Financing for Qualifying Energy Efficiency & Renewable Energy Projects".

The main content area is divided into several sections:

- Featured Site:** A small image of a building with the text "Featured Site" and "Custom Spec Building".
- Services:** A list of services including Site Selection, Financial Assistance, Regulatory Assistance, and Data Resources.
- I want to:** A list of actions users can take, such as Tour Sites & Buildings, Explore Iowa Advantages, View Financial Incentives, Review Target Industries, Read Industry Reports, Go to Hall of Fame, Study NIMTC Maps, Access IADG Energy Bank, and Review RLF Materials.
- Program Details:** A section titled "IADG Energy Bank Revolving Loan Fund" with a sub-heading "Low Interest Revolving Loan Fund". It describes the program's focus on financing energy efficiency and renewable energy projects. Key details include:
 - Rate:** Currently 1%
 - Loan Amount:** Determined by project energy savings, Minimum \$50,000 – Maximum \$300,000
 - Origination Fee:** 1% of loan amount which can be financed
- Eligible Borrowers:** A section stating that the bank focuses on making loans to businesses and industries for qualifying energy-related projects within the State.
- Services Provided:** A list of services including Easy Application and Approval Process, Independent and Unbiased Project Review, Customized Financing Solutions, Project Implementation Assistance, and Ongoing Project Monitoring and Support.
- Contact Information:** A section providing contact details for Bruce Nuzum, IADG Energy Bank Program Officer, including his email (bnuzum@iadg.com) and phone number (800-888-4743).
- More Details:** A section encouraging visitors to visit the website (www.IADG.com/EnergyBank) for more information, including regulatory requirements and program details.

Partnership Appreciation

Iowa Area Development Group is grateful to the finance and energy professionals serving on the IADG Energy Bank revolving loan fund committee. Their time and expertise have been most helpful in reviewing loan applications. Likewise, IADG would like to express its gratitude to the Iowa Economic Development Authority (IEDA), and particularly to the staff of the Iowa Energy Office.

Photographic Appendix

Included with this report are photographs of both past and recent Energy Bank loan projects. These photographs serve to further illustrate the quality and variety of projects the IADG Energy Bank has funded.



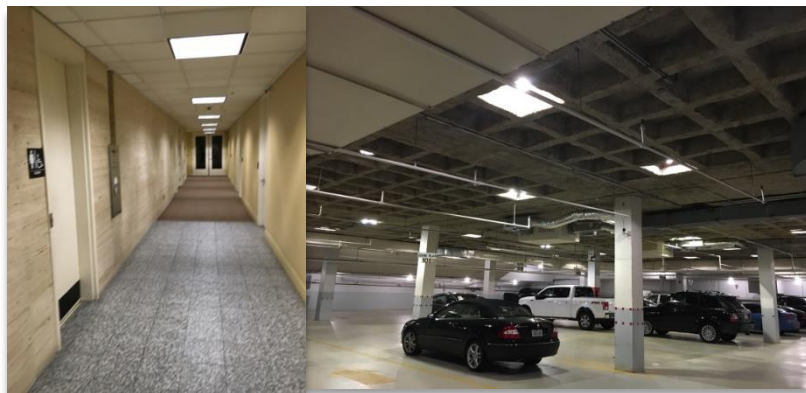
Solar Projects



Energy Efficient Refrigeration Cases



Energy Efficient Plasma Cutter



LED Lighting project for Energy Efficiency