



Annual Report – 2010

Background

2009 was the second full year of Ripple Effect program implementation and the partnership between Iowa Network Services (INS) and Iowa Area Development Group (IADG). The partnership was formed for an initial three-year term to provide community and economic development services for INS shareholders – the independent telephone companies (ITCs) of Iowa. Since late 2007, IADG has conducted Ripple Effect program outreach and managed project activity which has begun to have the major facilitative impact on the growth and development initiatives originally envisioned by the partners. This past year Ripple Effect assisted with company expansions, the planning of community facilities, branding and marketing campaigns, community revitalization efforts, the recruitment of dental practices, among others.

Financial activity over the past year included direct loan assistance to main street businesses, grants for the planning of community facility projects, and technical assistance with USDA applications for the financing of community facilities and local business expansions. In 2009, seven telcos partnered with Ripple Effect to facilitate either direct loan or grant assistance for business entities or communities. In support of local project opportunities, IADG staff also provided technical assistance in a variety of different ways to the ITCs and their community partners. Additionally, IADG provided staff assistance to the Ripple Effect financing board that met quarterly to review assistance applications submitted by INS shareholders.

This annual report illustrates the many ways in which Ripple Effect is a valuable economic development tool for the ITCs and provides the year's program highlights.¹¹

2009 Loan Activity

In 2009 Ripple Effect awarded two small business loans - one for a business expansion in Ruthven and the second for a startup grocery store in Armstrong.

River Valley Telecommunications & Relativity Printing

To supplement a loan request made to their revolving loan fund (RLF)², River Valley Telecommunications Cooperative located in Graettinger applied for Ripple Effect assistance to

¹ A listing of all financial activity is contained in an end note (#i) to this report.

² Initially funded with a USDA grant.

enable the growth of a local screen-printing company. Relativity Printing, owned and operated by Terri Whitaker in Ruthven, a former RLF loan recipient of River Valley, was in a competitive market position to be able to buy out Creative Stitches, a company in a nearby town and then employ the owner-employees of that company. Ripple Effect matched a \$20,000 loan from River Valley's RLF which allowed Relativity to buy the other company's equipment and other physical plant assets with the combined \$40,000 capital. Thanks to Ripple Effect and River Valley, Relativity Printing is stronger today, now with two locations and two new employees.

RingTel Communications & The mARket

In small rural communities a grocery store is often the retail anchor and arguably one of, if not the most important business in town. Brad and Eric Eisenbacher and sister, Corinna Hargrove wanted to start a grocery store in Armstrong. Already running a successful business in Armstrong, Ringsted Welding & Fabrication, the Eisenbachers took up the leadership mantle in the community to eliminate an 18-mile drive in any direction for area residents to shop for groceries. Working with their local ITC, the Eisenbachers requested assistance from RingTel Communications. In response to the request, RingTel applied for a matching \$25,000 Ripple Effect loan for the project, specifically to assist the Eishenbachers in purchasing new refrigeration equipment. Today, the store is open and thriving with loans totaling \$50,000 from Ripple Effect and RingTel.

2009 Grant Activity

Landscaping in Panora - marketing and branding in Templeton - daycare fundraising in Wyoming - hospital equipment in Davis County - four ITCs applied for and received grant assistance for these community planning initiatives and their local partners. Designed to leverage local financial contributions for the planning of these community projects, matching Ripple Effect grants were awarded to the city of Panora through Panora Telecommunications in the amount \$1,000; \$5,000 to Templeton Betterment Committee through Templeton Telephone; to the city of Wyoming through Wyoming Telephone in the amount of \$1,250; and \$30,000 to Citizens Mutual Telephone for one half of the ITC required match for a USDA rural development loan. These grant awards totaling \$37,250 leveraged over \$43,000 in local matching dollars at the community level.

A Collaborative Partnership

Utilizing IADG's pioneering approach to economic development Ripple Effect encourages collaboration and cooperation among the rural ITCs and various funding partners to create economic opportunities and wealth in communities, foster public and private investment, and create jobs in rural Iowa. Ripple Effect unites the strength of the ITCs with the collective staff

expertise of IADG and the commitment and development experience of the rural electric cooperatives. In 2009, two projects were beneficiaries of this collaborative relationship.

IADG staff took full advantage of their longstanding and successful working relationship with USDA to bring economic opportunity to the ITCs. ITCs that are eligible to participate in USDA rural development financing programs are encouraged to consider using this program to facilitate the development of community facilities, help attract new business and to support the expansion of existing business. Two such ITCs successfully applied for USDA financial assistance in late 2009.

Citizens Mutual Telephone Cooperative & Davis County Hospital

Sensitive to the community's challenging financial needs in Bloomfield, Citizens Mutual Telephone Cooperative (CMTEL) worked in partnership with Southern Iowa Electric Cooperative (SIEC) to determine the best approach in assisting two projects in the community – expansion of both the community high school and the county hospital. After consultation with SIEC, Citizens decided to apply for a USDA rural development grant to create a revolving loan fund and to make its first interest-free loan to Davis County Hospital. This loan will allow the hospital to expand the radiology department and purchase for the first time magnetic resonance imaging equipment. CMTEL was successful in its application with an award made by USDA in early 2010. The decision by CMTEL to assist the hospital enabled SIEC to apply for the high school expansion project which was also awarded by USDA.

Northwest Telephone Cooperative Association & Country Maid, Inc.

In the city of West Bend, Northwest Telephone Cooperative Association saw the need to help with the expansion plans of Country Maid, Inc., the maker of the Butter Braid™ pastry products. Northwest Telephone has operated a revolving loan fund since 1996 and since its inception has re-capitalized the fund two additional times to fund numerous community facilities and business development projects. In 2009, Northwest applied for the largest financial assistance request among six other community funding partners for Country Maid's \$4.2M expansion and was awarded an USDA interest-free \$500,000 pass-through loan for this highly successful, home-grown company. For its commitment to community development, financial investment, and effective use of the company's revolving loan fund, Northwest Telephone received the annual IMPACT award which is given to ITCs by IADG that have participated in the Ripple Effect program.

Outreach & Program Partners

Since the launch of Ripple Effect, outreach and the cultivation of program partners have been and continue to be a critical function and ongoing strategy for success. In addition to visiting with ITCs throughout the year to identify ways in which to create Ripple Effect project opportunities, IADG staff also facilitated systematic communication and engagement with a

number of important stakeholders and development partners. USDA, rural electric cooperatives around the state, the Professional Developers of Iowa (PDI), investor-owned utilities, the National Rural Economic Development Association (NREDA), Iowa Finance Authority, the Iowa Farm Bureau, and Delta Dental of Iowa are just a few of the organizations IADG staff worked closely with in 2009 to facilitate community and business development for the ITCs.

Additional outreach included - -

- The development and launch of a program website – www.insrippleeffect.com and Twitter site – insrippleeffect;
- The planning and facilitation of telecommunications conference sessions at PDI's 2009 spring conference held in Sioux City;
- The planning and delivery of a Ripple Effect conference session at the NREDA annual conference held in Orlando, FL;
- Loan consultations and referrals to the Iowa MicroLoan program administered by the Foundation for Microenterprise and Community Vitality;
- Ripple Effect exhibits at EntreFest! 2009, RIITA Convention & Expo, INS netJam, and the PDI annual spring conference, and
- Various presentations to interested stakeholder groups around the state

Another important initiative undertaken in 2009 was the creation of an in-house geographical information system (GIS) mapping program. Working with INS staff, the IUB, Kiesling Associates, RIITA, ITA and a mapping consultant, IADG now has the telephone exchange boundaries in GIS format. This flexible data-based mapping program and the information it can provide related to prospective development enables IADG and program partners to respond quickly to growth opportunities.

A Collaborative Assessment

In this second year point in an initial three-year partnership term it is important now to step back, analyze, and quantify program efforts and outcomes to determine the effectiveness of Ripple Effect and to make course correction if necessary. IADG has created an assessment tool that will assist INS executives and the board of directors in conducting this review. The questions in the following section are designed to facilitate a partners discussion of results to date and areas for process improvement.

SUCCESS INDICATOR	YES/NO	How Can We Improve?
Do we have clarity about program goals, strategies & outcomes?		
Are program strategies designed to ensure long term sustainability?		
Are there tools that should be added or eliminated?		

SUCCESS INDICATOR	YES/NO	How Can We Improve?
How should program success be measured?		
Is the pace of program success acceptable?		
Is the level and frequency of program communication sufficient?		
Are financial resources sufficient to achieve meaningful results?		
Are we establishing a strategy for long term sustainability?		

The INS – IADG discussion that ensues from a meaningful review of Ripple Effect should strengthen the partnership, the program, its strategies and tools, and IADG staff performance to ensure future success and sustainability of the program.

Looking Forward - 2010 Goals

IADG is committed to its work with INS and Ripple Effect and look forward to continuing to build a strong programmatic foundation for ITC leadership in economic development – all for the growth and vitality of rural Iowa. IADG staff will continue to engage ITCs in 2010 to facilitate community and business development projects and to take full advantage of the financial and technical assistance tools of the program. Outreach and partnership engagement will remain a high priority and staff function so that IADG may capture each opportunity as it presents itself.

For those ITCs who can use USDA financing tools, IADG will encourage and facilitate USDA rural development financing for potential public and private development projects that eligible ITCs desire to assist.

Equipped with the newly developed GIS mapping capacity, staff will continue to work with business and industry development prospects to help them understand the territorial strength of the rural ITCs.

IADG staff will continue to enhance the web presence of Ripple Effect and study the outreach effectiveness of the website and Twitter activity and report usage metrics to INS.

Staff will continue to work with Delta Dental of Iowa and participating ITCs to facilitate the recruitment and placement of young dentists to rural Iowa communities in need of dental health care.

Together, INS and IADG are making a difference in rural Iowa.



End Notes

SUMMARY OF 2009 FINANCIAL ACTIVITY

Ripple Effect Grants Awarded in 2009

Panora Telecommunications	<i>City of Panora</i>	\$1,000.00
Wyoming Telephone	<i>City of Wyoming</i>	\$1,250.00
Templeton Telephone	<i>City of Templeton</i>	\$5,000.00
Citizens Mutual	<i>Davis County Hospital</i>	\$30,000.00

Ripple Effect Loans Awarded in 2009

River Valley Telecommunications-Graettinger	<i>Relativity Printing(Terri Whitaker)</i>	\$20,000.00
RingTel Communications-Ringsted	<i>The mARket (Brad/Eric Eisenbacher)</i>	\$25,000.00

USDA Financial Applications in 2009

Citizens Mutual Telephone Cooperative	<i>Davis County Hospital - grant</i>	\$300,000.00
Northwest Telephone Cooperative Association	<i>Country Maid, Inc.- loan</i>	\$500,000.00