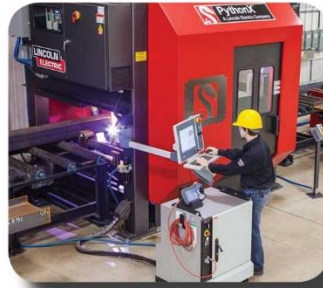




Iowa Area Development Group

PARTNERS IN PROGRESS

STATUS REPORT



IADG Energy Bank

2012 Inception - June 30, 2019

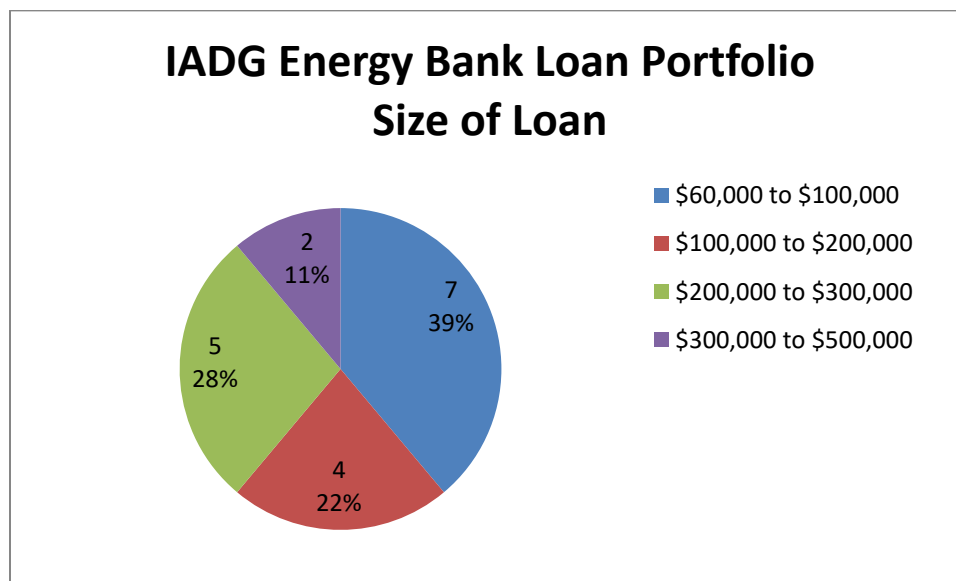
History of IADG Energy Bank

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 provided the funding source for this IEDA award. The IADG Energy Bank loan program 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

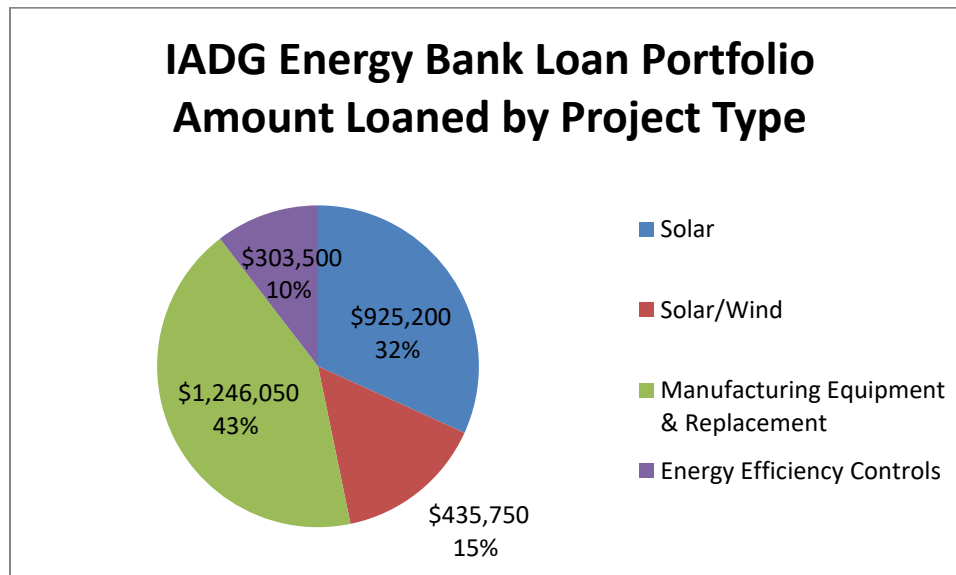
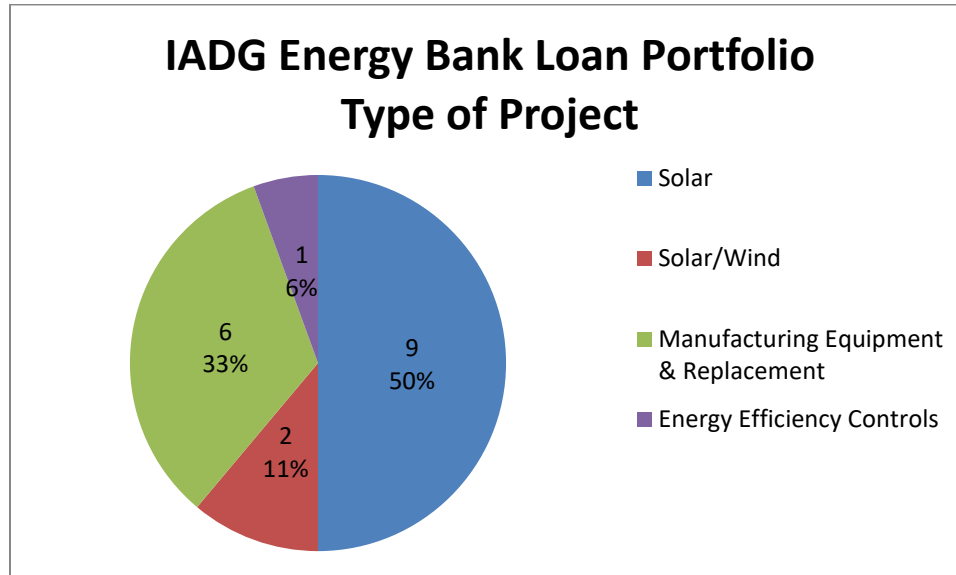
The program's first loan was made in September 2013 and in December 2018, the 18th loan was made. These 18 loans have more than exhausted the initial capitalization (\$1,916,950) of the Energy Bank. As loan repayments are returned to the IADG Energy Bank, additional energy projects around the state of Iowa are eligible to receive funds through an open enrollment and application process. As of June 30, 2019, the current amount available in the Energy Bank for loans is approximately \$670,000. This figure does not account for applications in process. Of the 18 loans made, 8 loans have been paid in full and completed.

The chart below shows the size of the loans in the Energy 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 \$162,000, 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:

- Renewable energy projects account for 61% of Energy Bank loans originated since inception.
- Renewable energy lending has totaled \$1,360,950 (47%) of total lending.
- The Energy Bank's 11 loans for renewable energy have reduced electrical purchases by 417,465 kWh annually.
- Installed renewable energy capacity has allowed for avoided cost and energy savings to borrowers of \$52,249 annually.
- All but one of the Energy 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

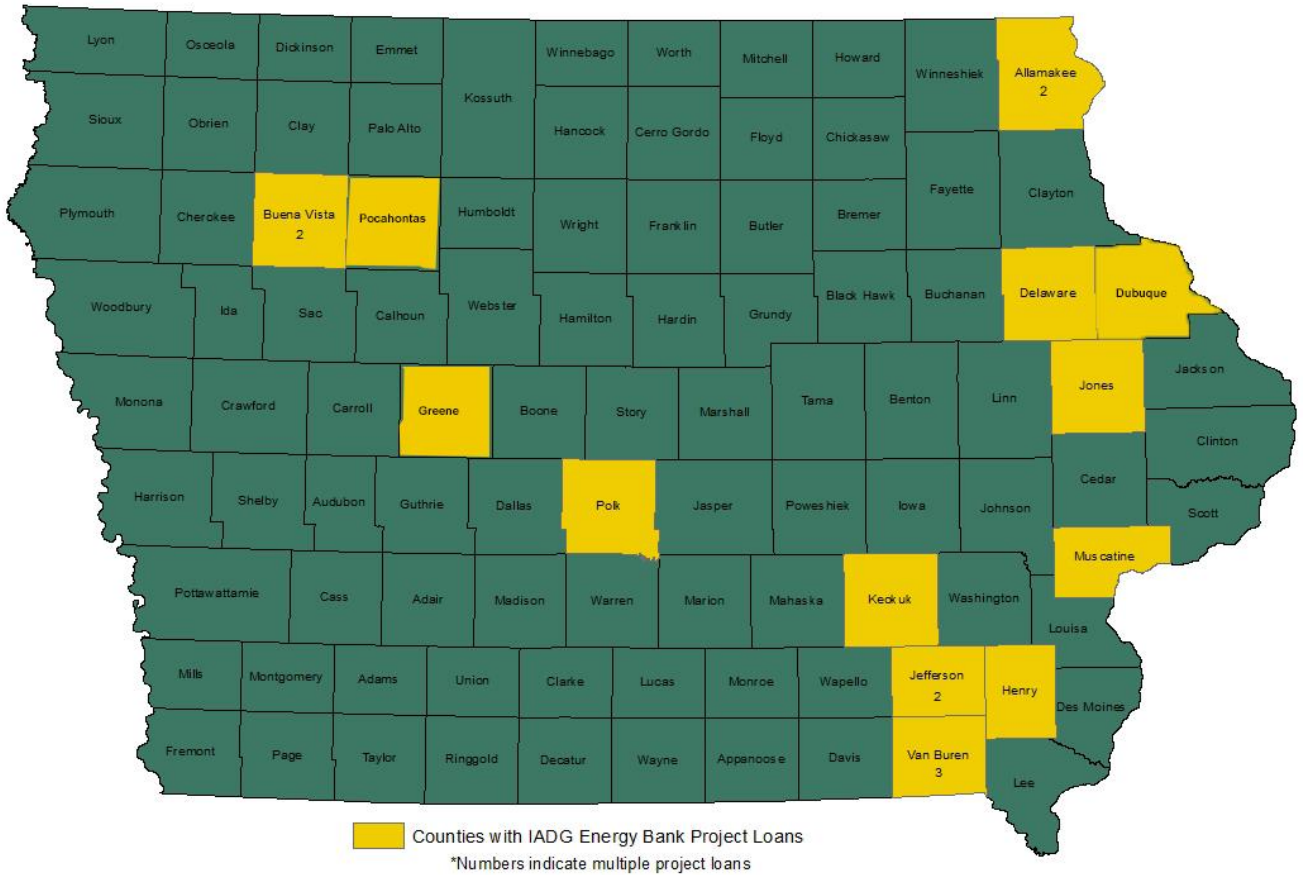
In examining the energy efficiency component of IADG Energy Bank lending, the following observations can be noted:

- Just over a third (39%) of the Energy Bank portfolio has been directed to energy efficiency related projects.
- Energy efficiency lending has totaled \$1,549,550 (53%) 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 670,743 kWh annually.
- Mills Manufacturing throughput determined a savings percentage of 35% per unit piece.
- Trinity Fabricators investment will reduce energy cost 4% per unit, and will reduce labor costs 42%.
- Energy efficiency lending has been predicted to save borrowers over \$254,718 annually.
- The 7 energy efficiency loans made by the Energy Bank have helped retain 207 jobs, and created three new positions.

Location of IADG Energy Bank Projects

The 18 IADG Energy Bank project loans are located in 13 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 loan has been in place, the IADG Energy Bank administration team requests electric bills to analyze the savings the project is generating for Iowa businesses and industries on their energy costs.

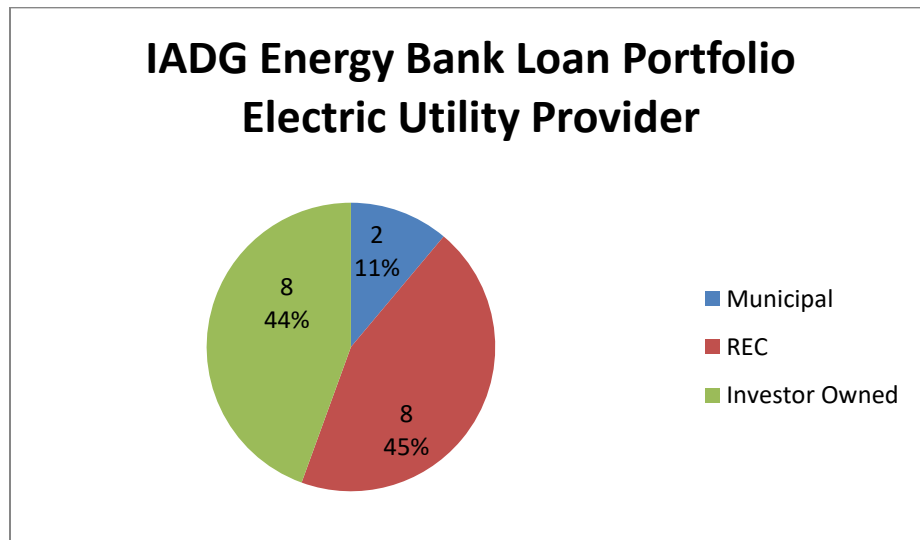
One example of this savings was a company reducing purchased electricity from nearly 70,000 kWh a year to zero. This business saved over \$8,000 in one year on energy, and is now only paying the monthly service charge for the electric utility account.

Another noteworthy 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%.

Most recently, the Energy Bank helped leverage matching funds from rural utility revolving loan funds to help a manufacturer become both more energy and labor efficient. The new equipment helped retain 18 jobs and created three new positions.

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

The chart below shows Energy Bank loan recipients by utility type. The main loan provider is shared between Investor Owned Utility (IOU) systems and 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.

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 has been independently audited every calendar year since 2013. Each of these 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 with all previous audits, the 2018 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 & Manufacturing Emphasis

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 Energy Bank 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 (ABI) for lead generation. IADG utility partners, economic development allies, and the Iowa Economic Development Authority are likewise engaged in Energy Bank marketing and outreach.

With respect to the emphasis the IADG Energy Bank places on manufacturing, it is noteworthy that nearly one third of the loan portfolio and over fifty percent of lending has been devoted to this area of funding. Manufacturing related funding has helped create and retain nearly 200 jobs.

The IADG Energy Bank
Low-Cost Financing for Business & Industry

Low Interest Financing for Qualifying Energy Efficiency & Renewable Energy Projects

Featured Site
Carnegie Specialization

Services
Site Selection
Financial Assistance
Regulatory Assistance
Data Resources

I want to:
Tour Sites & Buildings
Explore Iowa Advantages
View Financial Incentives
Review Target Industries
Read Industry Reports
Go to Hall of Fame
Study NMTC Maps
Access IADG Energy Bank
Review RLF Materials

IADG Energy Bank Revolving Loan Fund
Low Interest Revolving Loan Fund
Finance energy efficiency and renewable energy projects through the IADG Energy Bank. With qualified energy improvement projects, facilities need no upfront or additional capital. Loan payments can be flexibly arranged to meet your energy savings.

Eligible Borrowers
The IADG Energy Bank is focused on making loans to businesses and industries for qualifying energy related projects within the State. Preference will be given to manufacturers.

Services Provided

- Easy Application and Approval Process
- Independent and Unbiased Project Review
- Customized Financing Solutions
- Project Implementation Assistance
- Ongoing Project Monitoring and Support

Program Details
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

The IADG Energy Bank
Low-Cost Financing for Business & Industry

Low Interest Financing for Qualifying Energy Efficiency & Renewable Energy Projects

Low Interest Revolving Loan Fund
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Contact Information
Bruce Nuzum, IADG Energy Bank Program Officer
bnuzum@iadg.com or 800-888-4743
To ensure availability of funds and overview program related requirements all potential applicants are encouraged to contact the Iowa Area Development Group.

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
Servicing Fee: None, electronic payments required.
Term: Up to 10 years
Timeline: Determined by application readiness and borrower initiative
Reporting Requirements: Federal and State regulatory compliance and reporting required.
Next Steps:
• Call IADG Energy Bank Program Officer for Assistance
• Prepare and Submit Pre-Application

More Details
Please visit our web site at IADG Energy Bank (www.IADG.com) to review program details, regulatory requirements, program information and instructions
www.IADG.com/EnergyBank

IADG Energy Bank Accomplishments Summary

The IADG Energy Bank team compiles the following numbers annually as key indicators of program accomplishments and impact.

-  **Number of Projects: 18**
-  **IADG Loan Totals: \$2,910,500**
-  **Additional Project Funding: \$509,250**
-  **Energy Savings Estimates: 1,088,208 kWh annually**
-  **Jobs Retained & Created: 268**

Partnership Appreciation

Iowa Area Development Group is grateful to the finance and energy professionals serving on the IADG Energy Bank Loan Review 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, and particularly to the staff of the Iowa Energy Office.

Photographic Appendix

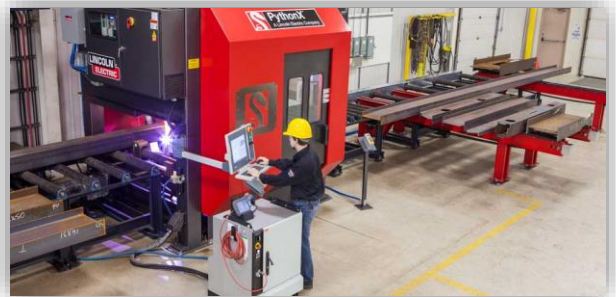
Included with this report are photographs of both past and recent Energy Bank loan projects. These photographs serve to further illustrate the quality and variety of projects the IADG Energy Bank has funded.



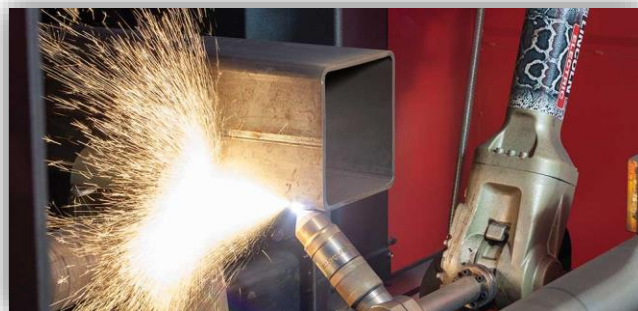
Solar Projects



Energy Efficient Refrigeration Cases



Energy Efficient Plasma Cutter



Robotic Welding Equipment