

Revolving Loan Funds Deliver Big Impact Across Iowa

Projects funded by the USDA Rural Economic Development Loan & Grant (REDL&G) program are regularly featured in the IADG newsletter. It is a multi-faceted program, and it is challenging to showcase all the many results that have been created from this economic development tool. In this issue, we spotlight the 72 statewide rural utility-managed Revolving Loan Funds (RLFs) in operation as a result of our utility partners successfully participating in the REDL&G program.

Thirty years ago, the USDA introduced the REDL&G program as a way to provide funding for rural projects through local utility organizations. Under the REDG (grant program), USDA provides grant funds to local utility organizations to establish revolving loan funds (RLF). Loans are made from the revolving loan funds to projects that will create or retain rural jobs. The RLF component's success was uncertain when the program launched. As with many initiatives, Iowa rural utilities saw an opportunity and seized the day. This program has become an incredible asset for Iowa and an ongoing source of support for economic development projects across Iowa.

REDL&G and RLF Highlights

- In 2019, IADGs members received over \$11.6M from the REDL&G program to help Iowa's economy.
- This funding helped spur \$47.5M of new capital investment and created and retained 500 jobs.
- **Cumulatively, through 2019 IADG's members have received a total of 345 REDL&G awards totaling \$141.5M since the program was created.**
- Utilizing REDL&G, IADGs members have had a tremendous impact on Iowa. These cumulative awards have been part of **\$1.2B of new investment in rural communities and have created or retained 22,500 jobs.**
- REDL&G creates locally controlled revolving loan funds (RLFs).
- To date, **72 Iowa rural utilities operate revolving loan funds.** This includes all of IADGs member electric cooperatives as well as a large number of municipal electric and independent telecommunications companies.
- Combining the USDA funding and local matching funds from the utility, these **combined RLFs total \$74.5M.**
- From these revolved funds, the RLFs have in turn made over 1,000 loans totaling almost \$90M. These projects have spurred \$753M of capital investment and created and retained over 13,000 jobs.



Grant Menke, Iowa State Director for USDA Rural Development

"Through key partnerships with rural electric cooperatives, rural telephone cooperatives, municipal utilities, and supporting organizations such as the Iowa Area Development Group, Iowa continues to lead the nation in delivering REDL&G investments and projects."

BluTrack Races Into Anamosa

BluTrack, a manufacturer of hands-on, creative toys and STEM (science, technology, engineering, and mathematics) products, has broken ground on a new facility in Anamosa. Their most noted product is the two-lane wide flexible toy racetracks. Randy Belding, founder, president, and father, engineered this track after his son was not interested in another racetrack he had been given. BluTrack is a one-of-a-kind flexible, two-laned racetrack and requires no batteries for operation. BluTrack believes the best toys are ones that stretch a child's imagination and creativity, all while having a blast.

This new 8,500 sq. ft. manufacturing facility in Anamosa is necessary to meet the increased demand for the company's products. The new plant will extrude BluTrack's patented race track systems, using the latest advances in lean manufacturing, flow production, and process technology; to reduce waste, increase throughput, and promote innovation. BluTrack co-owners, both are from Iowa are thrilled to be locating their company and creating jobs in Jones county.



The new facility is expected to be completed in early 2021. Maquoketa Valley Electric Cooperative will provide power to the new facility.

IADG Energy Bank - Supporting Energy Efficiency and Business Growth



The Iowa Area Development Group Energy Bank RLF, launched in 2013, offers an ongoing source of low-interest financing for the implementation of cost-effective projects that save energy and money, improve facilities and processes, and enhance job creation and profitability. The fund was created with nearly \$2 million, and since that time, it has supported 19 projects and continues to make loans as funds are repaid.

The most recent loan provided through the IADG Energy Bank is to LDJ Manufacturing/Thunder Creek Equipment. The company is a manufacturer of fuel trailers for agriculture and heavy equipment uses. The company continues to innovate and add component options for their products. An example is the creation of a "portable shop," which can include tool cabinets, general storage, oil and other fluid tanks, and a combination welder, air compressor and generator system, all customized for the intended user. This trailer takes the shop to the field and allows for independent operation. The company will use the IADG

Energy Bank loan to purchase a new electric press brake to replace an older, less efficient, hydraulic machine. A press brake machine is a pressing tool for bending sheet and plate material, most commonly sheet metal. This new equipment offers several advantages over their current hydraulic system, including reduced setup time, increased speed (cycles) and capacity of the metal being bent, and a reduction in electrical usage.

The IADG Energy Bank Revolving Loan Fund (RLF) is focused on making loans to businesses and industries for qualifying energy efficiency projects within the State. Preference is given to manufacturers. Loan amounts range from \$50,000 - \$300,000. For more information, visit IADG.com/EnergyBank or contact Bruce Nuzum, Sr. VP Finance and Operations at bnuzum@iadg.com.



Goodwill of the Heartland Opens Vegetable Oil Processing Plant



Goodwill of the Heartland is well-known for its retail stores and their efforts to connect people with disabilities to jobs. They have now expanded by adding a vegetable oil processing plant to their operations. The new company is housed in a renovated food-grade 63,000

sq. ft. building in Coralville. This new plant expects to produce 10,000-14,000 metric tons of vegetable oil annually, to serve the World Food Program, helping feed children, teens, pregnant mothers, and refugees internationally. The facility includes state-of-the-art packaging equipment to allow them to fulfill their mission.

This new operation expects to provide 40 good-paying jobs over the next three years, with 20 of them for people with significant disabilities. While the industry standard is to deliver fully-automated filling lines on similar products, Goodwill wanted to engineer jobs back into their operation. Goodwill was able to find the right places to add meaningful operator roles into the line for employers, providing a semi-automated production system that excels in both ergonomics and safety considerations. This allows Goodwill of the Heartland to create local jobs for people with disabilities and impact people worldwide with the oil packaged for humanitarian food aid.

Goodwill of the Heartland's mission is to advance the social and economic well-being of people who experience barriers to independence. Organization officials say their goal with the jobs in this production facility is to scale people up with the work traits and skills they need to be successful in manufacturing, providing them with more employment options.

Linn County REC provides power to the Goodwill facility.

Lely North America Locates Headquarters to Pella

Pella is the future home of Lely North America Inc's headquarters. This impressive \$20 million project will consolidate all operations from Lely's North America's existing facilities under one roof, including products currently manufactured in Europe. The groundbreaking ceremony was held in late October for this 100,000 sq. ft. building, which will include manufacturing space, professional space, a state-of-the-art training facility and will offer the opportunity for phased expansion as needed.

The building will be located on a 60-acre campus to be named Lely Park. This LEED-certified building will emphasize connecting the physical structure of the facility to the surrounding Iowa prairie landscape. The environmentally friendly campus will feature native Iowa plantings including a variety of trees, prairie grasses, perennial flowers and water-quality improvement features developed in partnership with the Iowa Department of Natural Resources. All of this helps to support an important part of Lely's vision around sustainability in agriculture.

The Lely Group, a family owned, privately held organization was founded in the Netherlands in 1948. Lely develops and manufactures automation and robotic equipment as well as software and data analytics that improve animal welfare, flexibility, and production on dairy farms. Lely originally located in Pella in 2004 and approximately ten years ago expanded with their first robotic milking assembly operation on the campus of Vermeer Corporation. The adoption of technology and automation around dairy and livestock farming continues to grow, and Lely expects the new headquarters building to provide them the opportunity to expand their operations as needed to meet this growing demand.

The new facility is expected to open in the first quarter of 2022. Pella Cooperative Electric Association will serve this new facility.



Ripple Effect - A Powerful Partnership for Growth

IADG's partnership with Aureon and its nearly 120 independent telecommunications company (ITC) members continues to demonstrate strong results in a variety of ways. Below are a few highlights:

The Ripple Effect program provides financial and technical assistance to support business and community development projects. The most recent Ripple Effect grant was awarded to Little Knights Learning Center in Dysart to construct a new facility that will expand the classrooms available from three to five and increase the overall capacity from 69 to 85 students. The facility is expected to open during the summer of 2021. A Ripple Effect grant of \$10,000 (\$5,000 from Aureon and \$5,000 from Farmers Cooperative Telephone Company (FCTC)) was awarded to support this project.

In addition, Iowa's ITCs continue to secure funds through the REDL&G program to support statewide projects and establish and enhance Revolving Loan Funds. Farmer's Co-op Telephone Company also provided a \$100,000 loan from their RLF to support this important community asset. To date, 24 ITCs are operating RLFs as a result of funds received from the USDA REDL&G program. These RLFs provide an ongoing funding source to support business and community development projects for years to come.



The Ripple Effect program makes available low-interest loans to business applicants and planning grants to communities and their economic development partners for various types of community development projects. At a minimum, the Independent Telecommunications Companies match the local financial assistance provided by Ripple Effect. Other Ripple Effect services include financial packaging for development projects; research and education; awareness and training; business marketing and outreach; and development project facilitation including direct financial assistance through loans and grants from Aureon. For more information about the Ripple Effect program, contact Brittany Morales, Vice President of Community Initiatives, IADG; at bmorales@iadg.com or RippleEffectWorks.org.



MCHC Albia Expansion

Congratulations to Monroe County Hospital and Clinic for completing its \$20 million expansion project to upgrade its facilities and offer better access to specialized care and outpatient services. This expansion also updated the pharmacy and specialty services area. Both Chariton Valley Electric Cooperative and Northeast Power Cooperative provided a loan and grant from the USDA REDL&G program to support this project. This photo was taken at the loan closing for the project.



EDFP TRAINING COMPLETED

Steven Benne

Congratulations to Steven Benne for completing the Economic Development Finance Professional (EDFP) Certification Program. The EDFP Certification Program™ is an intensive economic development finance training series. Course topics include business credit analysis, real estate financing, loan packaging, deal structuring and negotiating, as well as creating and implementing development programs. IADG is proud of his accomplishment and commends Steve for the results he generates for our rural utility partners.



Wishing you health, joy and prosperity in 2021!

 Rand Fisher	 Bruce Nuzum	 Mike Meissen
 Brittany Morales	<p>Your Partners in Progress</p> 	 Bruce Hansen
 Steve Benne	 Susie Wilhite	 Kay Snyder

Interest in Rural Iowa is Strong

IADGs Utility Partners have a long history of proactively working with local communities to develop industrial sites and buildings and spur business growth. Iowa RECs have actively participated in developing over 7,200 acres of industrial park land across Iowa. Its utility partners have also played an active role in constructing 74 speculative buildings which has yielded over 2.2 million sq. ft. of industrial space.



Interest in rural Iowa properties remains active, with several sites and buildings having serious interest and consideration for projects.

Learn more about Iowa's sites and buildings at www.IADG.com or contact IADG Staff for a confidential discussion and more information about available properties.



Contact the Team

IADG.com

iadg@iadg.com

800-888-4743

