

Introduction: On June 24, 2024, Spencer, Sioux Rapids and other areas in northwest Iowa experienced widespread flooding, which caused extensive damage to many businesses. The affected businesses will be faced with assessing damage and decisions on how to move forward with repairing or rebuilding in order to reopen and reestablish operating revenue. However, while business revenues may have stopped or greatly diminished, expenses continue. As a result, many of these businesses will need access to flexible capital to serve as a bridge until revenues can be restarted or return to more normal levels.

Iowa Lakes Electric Cooperative (ILEC) operates a revolving loan fund (RLF) to assist new or expanding businesses. Our RLF was established in 1995 through the USDA Rural Economic Development Loan & Grant Program (REDLG), and it was created for the purpose of helping to improve the quality of life in rural areas. As outlined in the RLF Plan, our priorities for our RLF are job creation and retention, diversification of the local economy, improving education and skills for the rural workforce and upgrading the public infrastructure to improve the health, safety and/or medical care of rural residents. Fulfilling this mission has become even more important to our rural area after the flooding event of June 24. In response and with a goal of helping business continuity and job retention in Spencer, Sioux Rapids and the surrounding areas in Dickinson, Emmet, Clay, Palo Alto, Kossuth, Buena Vista, Pocahontas and Cherokee counties affected by the flooding.

Working in partnership with Iowa Lakes Corridor Development Corporation and other area economic development groups, ILEC is setting aside \$200,000 of funding for this special working capital program which works within the confines of the existing and approved RLF Plan and/or administrative rules of the RLF. As such, individual loan approval continues to be with the ILEC Board of Directors and/or the authorized Loan Review Committee.

Knowing time is of the essence, and in order to streamline the process for business applicants as well as ensure a uniform approval system between entities, ILEC will utilize a streamlined application process and set of procedures. A special loan review committee has been established to evaluate the applicants and make loan approvals.

We recognize it will likely take years for the community and businesses to recover from the impacts of this flooding event. It is our hope this special business and job retention funding loan program will allow affected businesses to rebuild more quickly thereby retaining workers and strengthening the northwest Iowa economy.

Iowa Lakes Electric Cooperative Business Disaster RLF Program

Purpose of the RLF Effort: To provide working-capital assistance to rebuilding businesses affected by the flooding event in northwest

Iowa (Dickinson, Emmet, Clay, Palo Alto, Kossuth, Buena Vista, Pocahontas, and Cherokee counties) on June 24, 2024.

Eligible Recipients: Commercial and industrial businesses verified as existing prior to June 24, 2024, affected by the flooding event of June 24, 2024, and working to recover and rebuild.

Program Duration: This disaster response program will exist for 6 months from the time of board approval or until the funding approved for the program has been fully utilized.

Program Sponsors:

- Iowa Lakes Electric Cooperative – up to \$200,000 in RLF funding available.

Loan Terms:

- Typical loan of \$10,000 with a maximum of \$20,000 allowable.
- 0% interest.
- 5-year loan.
- 1-year deferral to allow for recovery/rebuilding followed by a 4-year amortization.
- These loans are unsecured working capital loans and will not require collateral other than a personal guarantee of the business owner as required below. As such, no verification of insurance is required.
- Applicants must provide a Federal Unique Entity Identifier (UEI) # as part of the application process (if applicable)
- Approved applicants must verify storm damage spending of 125% of the loan amount within 12 months of the date of loan to comply with USDA program requirements.

Loan Review Committee: To help with the collection of applications and evaluation, a special purpose loan review committee has been established. This committee is charged with reviewing the loan application, verifying references and payment history with the applicant's lender, and approving loans. ILEC acknowledges the volunteer loan review committee is indemnified and will be held harmless in regard to ultimate repayment of the approved loans.

- Loan Review Committee (LRC) members include: Ryan Craig, ILEC CEO; Curt Strouth, Iowa Lakes Corridor Economic Development Director; Dan Winterhof, ILEC Board Chair; Alan Madden, ILEC Board Member; Luke Donnenwerth, of Bank Midwest; Crystal Pluth, ILEC Board Director.

- Shelly Tredway, ILEC VP of Finance and Amy Howard, ILEC Executive Assistant, will serve as the Co-Coordinators of the Business Disaster RLF program.

Program Procedures

- Applications will be collected at ILEC's Estherville, IA office, by mail or email, and reviewed for completeness.
- The RLF Co-Coordinators or other members of the LRC will contact the applicant's bank for general credit reference.
- The LRC will have a standing weekly meeting via conference call to evaluate loan applications that are filed and determine a recommendation.
- In light of the importance of acting quickly, the ILEC Board authorizes the LRC to review and approve loan applications.
- The ILEC Board will receive a report at their monthly board meeting with a list and summary of the approved loans and will ratify the loans.

Evaluation Requirements

- Applicant must have been a viable and operational business prior to June 24, 2024.
- Applicant must show the business has been negatively impacted by the storm and is making a good faith effort to maintain the business and retain employees.
- Applicant must provide name of primary loan officer/lender for credit reference purposes.
- Applicant must document storm related spending of 125% of the loan amount within 12 months of loan closing.
- Personal Guarantee will be required of owners with more than 50% of the business.
- Priority will be given to those having hazard / flood insurance to help repair damage.
- Priority will be given to businesses who have met with the Small Business Development Center.
- Priority for Commercial landlords helping existing tenants to remain in business.
- Priority will be given to businesses who can verify a good-faith effort to re-establish and continue.

Board Review and Approval Procedures: ILEC recognizes that time is of the essence for impacted businesses and will act on credit decisions as quickly as prudently possible. The goal is to act within 3 business days of receiving a loan recommendation from the loan review committee.

Loan Closing Procedures

- Upon approval by the LRC, ILEC will expedite loan closing. Approved loan applicants will sign a promissory note, as well as loan agreements, loan guarantees and certifications, as required by the USDA program.

Loan Servicing

- Servicing for this program, which is limited to the generation of loan payment statements and payment tracking, will be provided by ILEC or a third-party vendor. If serviced by a third-party vendor, any delinquencies will be reported to ILEC for collection follow-up by ILEC, per their existing RLF Plan or other applicable administrative policy or procedure.