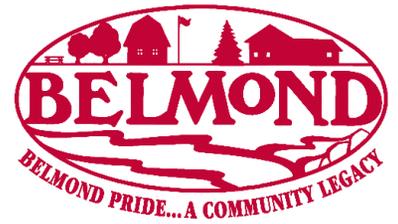


BIDCO Update



"Promoting Economic Growth and Development"

Sept 2009

PRESIDENT'S REPORT

This issue of the BIDCO Update is focused on a new lending program that we're able to offer within the community. Many are aware of the CAP and RAP programs that have been available in the past. This new program will supplement the CAP program and will enhance our ability to serve the local businesses.

Please take the time to learn about the program and consider if it's something your business could use now or in the near term. Contact myself or any BIDCO board member if you have additional questions or seek the application form on www.belmond.com.

Dan Lovgren

Salute to Industry Breakfast

Please join us on October 14th for a free breakfast to salute our local business and industry.

One of the BIDCO board members will be calling you to obtain a verbal RSVP so we can plan accordingly. The details of the event are on page three of this news letter.

See page 3 for a bulletin on the breakfast

USDA Fund Facts

Overview

The Grant from the USDA boosts the lending power of the CAP funds to nearly \$100,000. Fifty One percent of the monies were provided by BIDCO, the other 49% are a grant from the USDA. The money is intended to be used to grow and provide stability to the local rural economies in Iowa. BIDCO can continue to loan and recycle this money as long as the funds are fully dispersed within a 5 year horizon. Any of the funds not distributed within the 5 years will need to be returned to the USDA.

It should be noted and fully understood that this is a grant to BIDCO and not a loan from the USDA. There is no downside as long as we are able to use the money to aid our local economy. Please take a few moments to learn about some of the program specifics.

"In accordance with Federal Law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age or disability. (Not all prohibited bases apply to all programs.)"

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, D. C. 20250-9410 or call (800) 795-3272 (voice), or (202) 720-6832 (TDD)"

CAP Fund History

The CAP fund was established in 1987 with City of Belmond, Luick Trust and Wright County each contributing \$10,000. Additionally the first three CAP loans received a 20% matching grant from Alliant Energy (formerly Iowa Electric).

These grant monies did not have to be repaid to Alliant but instead remained in the CAP fund as the loans were repaid further increasing our re-lending loan fund. Over the past twenty years CAP loans have been made to nine different local businesses. Some loans were for start-up companies but most to expand existing industries.

Presently all loans have been repaid with none outstanding and a fund balance of \$57,000. Recently \$50,001 of this money was leveraged with a USDA grant (\$49,999) to create another re-lending fund to create and retain employment by supporting local industrial development and expansion.

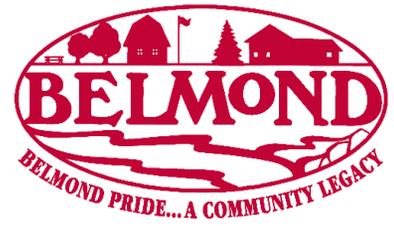
Your City At Work For You

This project was a team effort by your BIDCO board but the main driver was Lee Ann Waltzing. Please help me extend our appreciation for her efforts to research the program and initiate the application process to the USDA. Without her efforts this project would not have been completed and Belmond would have missed out on this opportunity.

Dan Lovgren

Newsletter Contact: Dan Lovgren (641) 444-5206, e-mail danielelovgren@eaton.com

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How to Qualify

The business to be assisted by the RLF program typically must be physically located within one (1) mile of the City limits. The BIDCO board has the ability to over ride this requirement if needed.

The money can be used for:

- Acquisition and development of land, easements and rights-of-way
- Construction, conversion, enlargement, repairs or modernization of buildings (including façade repairs) plants, machinery, equipment, access streets
- roads
- parking areas
- utilities
- pollution control and abatement facilities.
- Loans for startup operating cost and working capital.
- Technical assistance for private business enterprises.

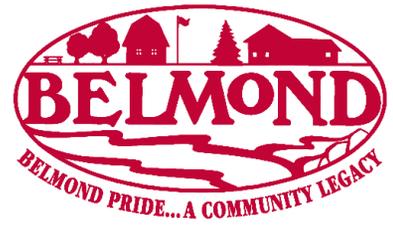
Other Loan Details

- Loans made from the RLF typically will not be less than \$2,000. The Finance Committee may authorize loans smaller than the above values on a case by case basis.
- Loans can be amortized over the lesser of seven years or the life of the security. The Finance Committee shall determine the term.
- The interest rate will typically range from 3-5% and typically will not exceed prime rate by more than 2%. The Finance Committee will determine the rate.
- Security shall consist of the best lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The Loan Committee may require personal guarantees and/or co-signors.
- RLF loan funds will not be used to pay off any previous debt. Refinancing construction financing is an exception to this rule.
- If the business relocates outside of the "loan area" of one (1) mile of the City limits, the Finance Committee may require immediate pay off of the loan.

Loan Limitations

- RLF funds will not be used to produce agriculture products through growing, cultivation and harvesting
- RLF funds will not be used to finance comprehensive area-wide type planning.
- RLF funds will not be used to fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
- Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of "small and emerging private business enterprises" defined as "any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues."
- At least 51% of the outstanding interest in the applicant must be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.
- Applications by members of the loan committee and their immediate family members shall be ineligible for funding.
- The proposed project must be presented to the Finance Committee by the prospective business owner or her/his representative.
- The Finance Committee may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.
- A \$100 application fee shall be submitted with each application. Costs associated with the processing the application (e.g. credit report fees, UCC and lien search fees, filing security documents, filing legal documents fess, etc.) shall be the responsibility of the applicant. The Finance Committee may waive or amend this fee structure without further approval from the grantor.

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Your are cordially invited to attend the
*Salute To Industry
Breakfast Buffet*
At
Belmond Country Club
Wednesday, October 14, 2009
7 to 8 a.m.

*Please join us for breakfast
and a brief presentation
by John Ziegenbusch
with Alliant Energy Economic
and Community Development.*

Thank you for your support of local industry!!