



McLaughlin Body Company
Rock Island, IL

New Market Tax Credits

CENTRAL
STATES

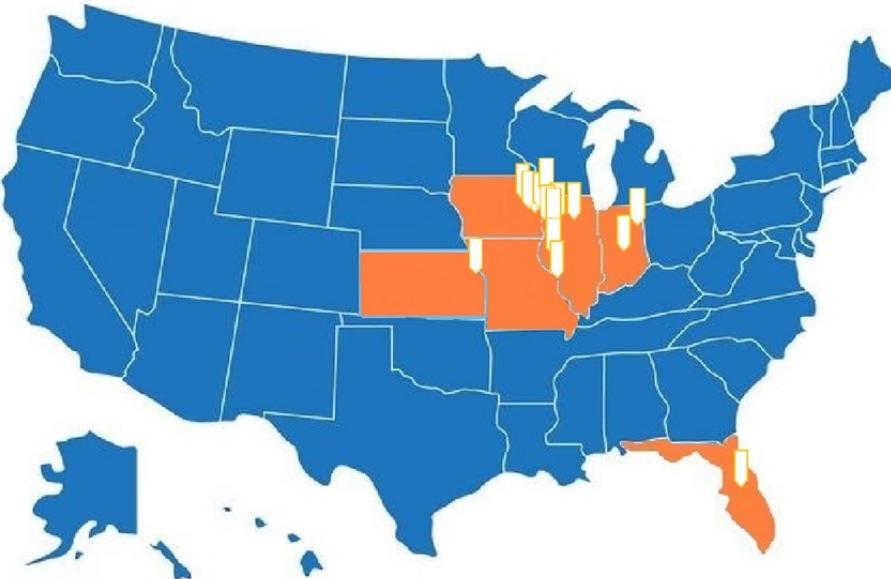
DEVELOPMENT
PARTNERS, INC

Three time, back-to-back Allocatee of \$100 Million in New Market Tax Credits bringing critical jobs, services and goods to low-income communities.

Equal Opportunity Provider.

BY THE NUMBERS

May 2019- Awarded \$35 Million in New Market Tax Credits authority from the U.S. Department of Treasury's CDFI Fund. This is Central States' third consecutive allocation, receiving a total of \$100 Million in New Market Tax Credit authority since 2016.



Projects financed by Central States Development Partners since 2016 created 4,088 jobs including:

4,179

- 2,423 direct permanent jobs
- 1,456 construction jobs
- 575 indirect jobs

An additional 868 jobs were retained through Central States' New Market Tax Credit activity.

\$192 M

Central States' previous \$65 million NMTC allocation brought \$192 million in project value to highly distressed areas within six states.

\$17 M

Central States was able to source allocation from another CDE and directly fund its first New Market Tax Credit transaction in 2012 for \$10 million in NMTC financing. In 2014, Central States also facilitated a \$7 million New Market Tax Credits transaction in Rock Island, where the CDE is headquartered. The two NMTC transactions combined generated 642 jobs.

8

Number of days it took Central States to issue 100 percent into Qualified Equity Investments for its 2017 New Market Tax Credit award of \$20 million. Central States was also quick to deploy capital with its first allocation, closing and/or issuing 100 percent of its \$45 million New Market Tax Credits within four months.

80%

80 percent of Central States' NMTC projects were located in non-metropolitan and rural counties.

100%

100 percent of New Market Tax Credit projects financed by Central States were in severely distressed census tracts where bankruptcy rates are 25 percent higher than national norms, low wage jobs account for 10 percent more of the job pool, access to capital is up to 17.6 percent lower for small businesses, and food insecurity rates are as high as 15 percent.

BY THE INDUSTRY



4

Manufacturing/Wholesale/Distribution



4

Real Estate



5

Service

The NMTC helped manufacturing businesses expand to new facilities, purchase cutting edge equipment, and secure working capital.

Central States' provided real estate financing through its Loan Pool to support the rehab of a courthouse into a hotel in Missouri; acquisition and purchase of state-of-the-art equipment and fixtures for two car dealerships in rural Iowa.

With the help of NMTC financing, services are expanded to reach low income persons and low income community residents. Two noteworthy projects is a non-profit expanding services for low-income families, children, and veterans; and a non-profit Minority-serving and Hispanic-serving college expanding to increase access to higher education.



3

Mixed Use

Central States' furthers the mission of its parent non-profit Economic Growth Corporation, by providing NMTC financing that create critical jobs, business growth and affordable housing through mixed-use development activity.



BY THE STATE

Central States is a nationwide CDE focused on revitalizing low-income communities, particularly in the four states of Illinois, Iowa, Indiana and Florida. Central States seeks to work primarily in minor-metro and regions to mitigate dis-investiture in low-income communities by adding opportunities for better amenities, improve access to quality jobs for low income persons and low income residents and increase the tax base.

Since 2016, Central States worked swiftly to invest in highly distressed census tracts that exhibit high rates of housing need or rent burden, low-median worker wage rates compared to the area, high percentages of poverty, and high needs for affordable medical services and fresh food access.

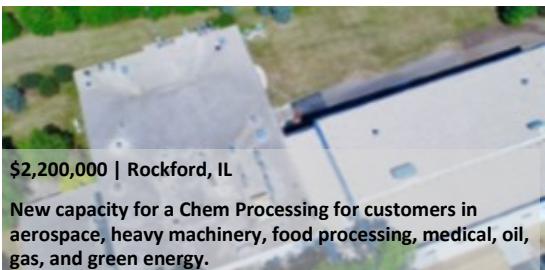
New Market Tax Credit financing by Central States is an integral part necessary for these projects to move forward. Many considerations are given for New Market Tax Credit financing, with prioritization relying predominantly on:

- Level of distress
- Level of job creation, quality, accessibility to low-income people, and advancement opportunities
- Access to goods and services accessible to low income persons, or low-income community residents
- Access to affordable, fresh food or community services
- Project innovation with proven approaches to business growth
- Viability of a project to support the ongoing growth of the community

*Number does not include NMTC facilitated capital. See page 9 for detail.

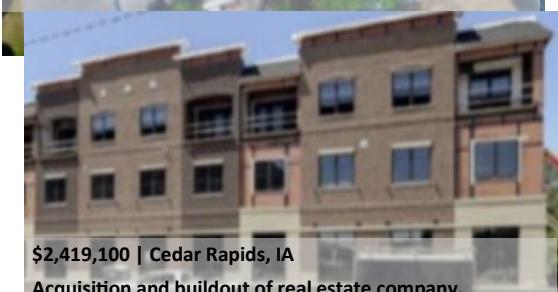
IMPACT STORY // Loan Pool

Central States in conjunction with Cedar Rapids Bank & Trust, created a \$10 million loan pool that enabled Central States to fund multiple transactions for the seven year New Market Tax Credit compliance period. The loan pool provided non-revolving loan debt from \$750,000 to \$2,500,000 to projects that showed strong community alignment and community impacts.



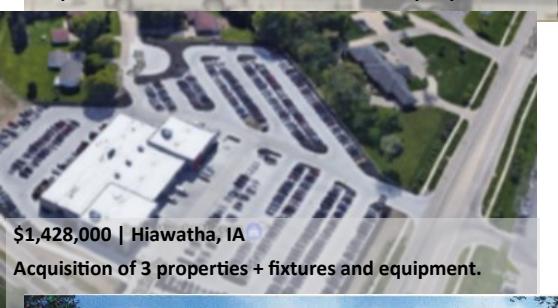
\$2,200,000 | Rockford, IL | Manufacturing

Central States provided \$2.2 million in New Market Tax Credit financing to support a 35,000 square feet new manufacturing and warehouse space for a metal finishing company creating new capacity for the company to serve the following industries: aerospace, defense, heavy machinery, food processing, medical, oil, gas, and green energy in Rockford, IL.



\$2,419,100 | Cedar Rapids, IA | Real Estate

Central States provided \$2.4 million in New Market Tax Credit financing to support the acquisition and build out for corporate administrative offices, adding 32 new employees to its new corporate headquarters, adding to its national 181 employee workforce. The project entailed the relocation of a real estate company into a new mixed-use development located in a highly distressed area that aligns to a larger community redevelopment effort in Cedar Rapids, IA.



\$1,428,000 | Hiawatha, IA | Real Estate

Central States provided \$1.4 million in New Market Tax Credit financing to support the acquisition and purchase of fixtures, furniture, and equipment of new facilities that are leased to two car dealerships in a highly distressed area of Hiawatha, IA.



\$825,004 | St. Louis, MO | Real Estate

Central States provided \$825,004 in New Market Tax Credit financing to support a \$60 million adaptive-reuse project turning the municipal court building on Market Street into a 150-room hotel.. Central States' New Market Tax Credit contribution was a small piece needed to support the \$60 million in total project costs that includes state and federal historic tax credits, brownfields tax credits, sales taxes from a Transportation Development District and Community Improvement District, Tax Increment Financing, developer equity and private debt.



\$927,896 | Cedar Rapids, IA | Real Estate

Central States provided \$927,896 in New Market Tax Credit financing to support a refinance structure of a real estate holding company in its renovation efforts of a mixed-use development in a highly distressed area of Cedar Rapids, IA.



\$2,200,000 | Dubuque, IA | Real Estate

Central States provided \$2,200,000 in New Market Tax Credit financing to support a 260,000 square foot mixed-use development that includes commercial, retail, and entertainment known as Millwork Market Place in the Historic Millwork District, a highly distressed area in Dubuque, IA.

Expansion of Fresh Food in Central FL // IMPACT STORY

\$8 Million in NMTC financing brought a total of \$32 Million in new investment into Florida, creating and maintaining 551 jobs in central Florida located within a severely distressed census tract of Haines City, Florida a community in which experiences a poverty rate of nearly 31 percent.

Aldi Inc.'s distribution center distributes fresh food to its affiliate grocery stores within central Florida. The Project involves an expansion of its existing distribution site in Haines City to reach over 694,000 Square Feet. This expansion was needed in order for Aldi Inc. to meet the trend of their demand in growth by expanding an additional 200,000 Square Feet of its already 494,000 Square Feet distribution center.

By expanding, Aldi Inc. was able to increase the volume of existing products held for distribution, as well as store new types of fresh food products including fresh fruits, vegetables, and other fresh foods.

The project will create 100 new jobs over the next three years, with a 120 total jobs anticipated after the remodel is complete. 100 percent of the jobs are considered quality, paying a livable wage with full benefits available.

In total, 314 (81%) of the positions are or will be accessible to low income persons. Aldi Inc.'s expansion is in direct alignment with the goals of the community that advances the County's Comprehensive Plan.

Phase 3, upon completion will be a catalyst for significant job creation in a severely distressed census tract.



NMTC Value to Taxpayers

For every dollar of revenue forgone by the federal government, the NMTC Program generates an additional eight dollars.*

*2017 NMTC Report by the New Market Tax Credit Coalition

500 New Jobs in Rural Iowa // IMPACT STORY

Central States provided \$10 Million in New Market Tax Credit financing bringing a dormant poultry processing plant back to life in Charles City, IA. The company invested \$42.7 million in a distressed rural area where 60% of household incomes are under the area median.

The plant is a state-of-the-art, innovative chicken processing plant producing high-quality, premium chicken products meet the demands of the health focused customer. The facility is unparalleled related to levels of technology, efficiency, sustainability, safety and animal welfare.

A total of 500 permanent jobs will be created over the period of seven years. Currently, 250 jobs are available for hire ranging from entry-level to management. 400 of the 500 jobs will be available to residents of the low-income community of Charles City, the county seat of Floyd County and a population of 7,652.



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IMPACT STORY // New Jobs in Rural Sterling, IL



Having worked with the rural municipality of Sterling, IL for nearly ten years on issues ranging from hosing stabilization to economic development, Central States was intimately aware of the huge impact the loss of 263 quality jobs would have on this rural community, where median worker incomes area five percent lower than the county income and incomes are under 62 percent of the area median.

With an expiring lease in 2019 and significant company growth, Halo was faced with an option of moving to a new location with suitable logistics outside its home in Sterling, potential relocating hundreds of jobs. Halo indicated that it would required financial incentive to remain in the community. Due to Halo's location in a low-income rural community and the special purpose nature of a new facility construction, it was reasonable for Central States to determine that other financing options were not a feasible solution for retaining this 66-year old business in Sterling.

In order for the project to be financially feasible, the difference between costs and funding available needed to be subsidized. Central States used New Market Tax Credits as part of that subsidy when other options were not available.

Halo Branded Solutions celebrated their grand opening April 2018, and recently announced it would consolidate executive offices located in New York to its Sterling headquarters, adding 250 new jobs over the next seven years.



New Market Tax Credits made possible a 157,000 square foot expansion, retaining its existing 263 employee workforce and creating 250 new full time jobs.

First Veteran-Centric YMCA in Indianapolis, IN // IMPACT STORY



The new OrthoIndy Foundation YMCA is the first facility of its kind in the nation to offer specialized medical services for veterans. The facility has been in the works for years and has officially opened its doors in December 2018. The 56,500-square-foot center is located in the underserved western Indianapolis, IN metropolitan area.

The facility provides health and wellness, youth development, educational and recreational programs, but most notably will be the first YMCA in the United States to include a dedicated Veterans Affairs medical facility onsite. Serving as a model for the partnership between the YMCA of the USA and the U.S. Department of Veterans Affairs, the YMCA of Greater Indianapolis will provide 5,000 square feet for medical services, such as occupational and physical therapy, will incorporate a VA-centric programming within the YMCA for military service members, veterans, and their families. Over 22,900 anticipated appointments are expected in 2019, of which include 2,290 low income persons.

After conducting a 10-year capital campaign, the YMCA approached Central States to fill a financing gap due to lack of traditional debt coverage due to the operational revenue not supported by fees charged to participants in programming. Construction would have been stalled if not for Central States providing \$8 million in New Market Tax Credit financing.

Outside of employing 175 total persons, the YMCA of Greater Indianapolis expect to serve over 10,000 community members through its annual members. As is the case for all YMCA programs and memberships, programs offered at the YMCA are accessible to individuals of all income levels through a sliding scale fee structure, which will result in an additional 2,760 reduced-fee rate memberships.



Additional Community Benefits



Fair & Equal Access to Capital, Credit & Wealth Building Opportunities

Through its New Market Tax Credit activity, Central States was able to acquire and open its Housing & Financial Education Center in a highly distressed census tract within its hometown community of Rock Island, IL.

The Housing & Financial Education Center provides fair and equal access to low-to-moderate income individuals to capital, credit and wealth building opportunities through its housing programs such as financial education counseling, foreclosure prevention, credit counseling, and homebuyer education.

Additionally, single family programs are offered providing downpayment assistance and owner-occupied rehabilitation assistance to improve aging housing stock of low-to-moderate income individuals, particularly assisting seniors and individuals with disabilities.

Microlending

Central States' requested its Qualified Active Low Income Businesses to make a charitable contribution to Bridge Investment Community Development Corporation, a Community Development Financial Institution (CDFI), which created an innovative micro-lending program offering a short-term, low-interest loan up to \$10,000 to small businesses to expand their operations. One hundred percent of the microloans went to businesses located in highly distressed census tracts. The funding supported the first phase of Bridge Investment's microloan program, originating loans to six businesses, creating or supporting 38 jobs, and leveraging \$555,000 in additional capital.



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Microloan Recipients

38

Jobs Created/ Supported through Microloan Program

\$54,600

Total Loans Originated to six (6) Businesses

\$555,000

Leverage in 120 days

\$17 Million Facilitated // NMTC

DOT Foods // Mt. Sterling, IL

A major employer in Mt. Sterling, IL was deciding to expand or relocate. Working with its strategic partners, the owners of Dot Foods, the nation's largest food distributor, stayed true to the company's founder by making a commitment to this rural community and expanding in its home town, despite the economic advantages of relocating based simply on logistical costs of moving product to market. Central States was able to intercede and work with the employer to structure a \$10 million New Market Tax Credit transaction to help finance Dot Food's \$16 million expansion. While Central States did not have its own allocation at the time, it was able to source allocation from another CDE and directly fund the expansion to help the business put together a capital plan to complete the expansion and construction of its freezer, warehouse, and distribution space.

The company furthered its community commitment by opening a grocery store in Mt. Sterling's downtown, called Dorothy's Market, a community market named after Dorothy Tracy, co-founder of Dot Foods.

Most recently in 2018, DOT Foods celebrated another 60,000 square foot expansion to accommodate its 2,500 employee workforce, and also includes 125,000 square feet of outdoor/green space.

Hill & Valley // Rock Island, IL

Hill & Valley consolidated its operations from three existing buildings into one, 136,000-square-foot bakery, office and warehouse enabled the company to expand its capacity, reduce its reliance on third-party warehouses, and provide enhanced food safety and product quality.

In February 2014, Hill & Valley officially opened in its \$16 million, 136,000 square foot bakery, office and warehouse and operation space, in a highly distressed underserved area creating a boon for the company, and a huge lift for its hometown, Rock Island, IL. Central States facilitated NMTC financing using another CDE, coupling the transaction with TIF funding from the City of Rock Island, were key components that kept a local company in the state of Illinois and allowed it to grow, creating 87 new full-time equivalent jobs with an additional 50 full time jobs through the creation of a third shift.



\$17 M facilitated NMTC

\$32 M Total Project Costs

642 Total Jobs

72% Accessible to Low Income Persons

BOARD OF DIRECTORS

All the management and investment decisions related to NMTC deployment rests with Central States' staff and its Governing Board of Directors, who identify borrowers and investees, evaluate businesses for credit worthiness and provide financial counseling and other services to NMTC borrowers. The Governing Board relies heavily on the recommendations issued by Central States' Advisory Board, who ensures that NMTC investments are occurring in low-income communities within highly distressed census tracts and providing new opportunity for its low-income residents for quality job creation and advancement.

Central States Development Partners // ADVISORY BOARD

TOM AYERS | City of Rock Island (2009-2018)

JIM BERGMAN | D.D. Development of Sterling

CHARLOTTE FLICKINGER | Char Flickinger & Associates, LLC

IRVIN HENDERSON | National Community Reinvestment Coalition

DONALD JOHNSON | Destiny Baptist Church

STELLA SCHNEEKLOTH | ProjectNOW

SHELLY SHEEHY | River Cities Development Services

Central States Development Partners // GOVERNING BOARD

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Gas & Electric Credit Union

DENISE ISAAC
Regions Bank

SHELLY TUCCIARELLI
Turtle Clan Development

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LINDSEY RAMOS
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AMETRA CARROL-CASTANEDA
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Davis Wren CPA & Associates

KATHY SPRINGER
Illinois Casualty Company

PHIL DENNIS
KeyStone Neighborhood

DARRYL THOMPSON
House of Fire Ministries

LINDA GOLDEN
Neighborhood Resident

BERLINDA TYLER-JAMISON
Rock Island County NAACP

KEY TERM

Qualified Equity Investment | Private investors make Qualified Equity Investments (QEIs) into CDE's. CDEs take the proceeds and invest them in businesses and revitalization projects in low-income communities. Investors (typically regulated financial institutions) receive a federal tax credit of 39 percent taken over seven years. Because the investment is taxable and is taken over seven years, the net cost to the federal government of each dollar of NMTC allocation is about 26 cents.*

*NMTC 2017 Progress Report / New Market Tax Credit Coalition

NMTC TEAM



Brian Hollenback

President & CEO

Mr. Hollenback has over 35 years experience in economic development, real estate, and construction. As President & CEO, Mr. Hollenback is directly responsible of all New Market Tax Credit activity for Central States, closing Central States first NMTC transaction in 2012. He also serves as the President & CEO for Economic Growth Corporation, the controlling entity for the CDE. As a real-estate veteran, Mr. Hollenback has deployed over \$306 million into urban core development projects, specifically deploying over \$15 million in direct assistance to low-to-moderate households.



Cindy Berg

Chief Financial Officer

Ms. Berg has over 20 years experience in financial management, and has overseen the structuring and reporting for \$170 million in projects. In her capacity as CFO, Ms. Berg is responsible for all aspects of the financial operation of the company, administering and guiding the finance and accounting department staff to ensure that the financial reporting is in accordance with best accounting practices. Cindy has vast experience in federal and state regulations and grant compliance. She is responsible for risk management for the company's assets.

Strategic Partners

Central States relies on our professionals from Baker Tilly (CPA's and consultants) and Applegate & Thorne-Thomsen (legal and tax counsel) to provide technical expertise with borrower loans and with assistance in structuring the overall NMTC transaction. Central States is grateful for the experts from Baker Tilly and Applegate & Thorne-Thomsen for their assistance with highly technical aspects of NMTC compliance, loan servicing and reporting. Having them as part of our NMTC team provides another level of complete and thorough ongoing compliance with NMTC program and requirements.



Equal Opportunity Provider

In accordance with federal law and the U.S. Department of the Treasury, Central States Development Partners, Inc. is prohibited from discriminating on the basis of race, color, national origin, sex, age or disability. To file a complaint of discrimination, write to Department of the Treasury, Office of Civil Rights and Diversity, 1500 Pennsylvania Ave. NW, Washington D.C., 20220 or call (202) 622-1160.

FAST FACT

Macroeconomic Benefits | By providing a shallow, low-return tax credit to investors, the NMTC allows conventional lenders to venture into new markets, tap into promising business opportunities, and expand their investment footprint. These new investments generate regional macroeconomic effects. According to an analysis of NMTC transactions between 2003-2014- 4,000 NMTC projects totaling \$63 billion in economic activity [1] by inducing consumer spending and supporting businesses down the supply chain.

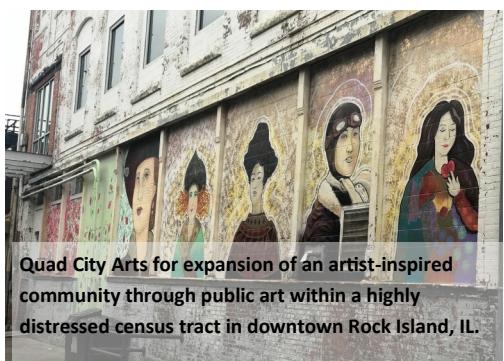
*NMTC Progress Report / New Market Tax Credit Coalition [1] "A Decade of the NMTC". Report by the NMTC Coalition, 2014.

11 Non-Profits Gifted Charitable Contributions

Central States Development Partners is a nationwide CDE formed by its parent non-profit, Economic Growth Corporation (GROWTH) to help meet its overall mission to create jobs, support neighborhoods, and strengthen the community fabric of low-income communities in ways that sustain and promote long-term viable economic success. Additional benefits for communities are being realized where NMTC transactions are occurring, as charitable contributions are being realized through Central States and its New Market Tax Credit (NMTC) activity. Each time that Central States closes a NMTC transaction, charitable contributions are generated to deploy within low-income areas, creating jobs and opportunity for those living there.

As part of its 2017 New Market Tax Credit allocation, Central States made a special effort to assist our nation's at-risk populations by requesting Qualified Active Low Income Businesses make charitable contributions to help underserved children, advance mental health initiatives, support arts, and help other community-minded non-profits that help strengthen low-income neighborhoods by focusing to support and secure sustainable growth through assisting low-income populations with resources that helps increase their quality of life.

As parent organization for Central States, GROWTH's Board of Directors were tasked with nominating projects that meant something to each of them personally and created opportunity for those in need. Those projects were then presented, voted for and approved by the full board.



Central States Development Partners | 100 19th Street, Suite 109 | Rock Island, IL 61201

[www.EconomicGrowthCorporation.com/Central States Development Partners](http://www.EconomicGrowthCorporation.com/Central%20States%20Development%20Partners)

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