



Rural Financing Best Practices: Unlocking the Development Finance Toolbox in Rural America



Committed to the future of rural communities.



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Introduction

Rural America faces unique challenges to economic development in the 21st Century. Rural economies generally face obstacles such as poverty, geographic isolation, infrastructure deficiencies, and the flight of skilled human capital to urban regions. To address these challenges, rural communities can benefit from pursuing asset-based economic development strategies. Accessing development finance by leveraging resources and emphasizing quality-of-life have become prime components to the success of strong economic development in many rural areas.

Rural Financing Best Practices is intended as a resource to help rural community leaders better understand the development finance strategies that are available to successfully develop projects in a rural area. The publication is targeted to rural communities and is particularly intended to assist communities interested in utilizing the U.S. Department of Agriculture (USDA) Rural Development programs, private sources of funding, and state and local funding sources.

Rural Financing Best Practices is a case study presentation of ten different rural development financing projects across the nation. This publication explores how rural communities can leverage a wide range of tools and approaches to build on their assets, protect their resources, and make strategic investments that offer long-term benefits for residents and local businesses. These featured case studies have embraced a variety of innovative economic development strategies including downtown redevelopment, historic preservation, land conservation, and community facilities. Many of the rural communities highlighted in these case studies utilized a mix of federal, state, local, and private financing sources to build public-private partnerships that support these projects.

While not every community will have the same local assets and opportunities described in these case studies, every community can evaluate how to bring residents, the business community and elected officials together to set a vision for how to take advantage of their own local assets. The goal of *Rural Financing Best Practices* is to provide a snapshot of ten communities that have succeeded in making their visions and development projects a reality.



The Innovative American Manufacturer: Bear & Son Cutlery

Site History

To combat increasing poverty in Alabama, the state and local governments incited a knife manufacturer to build a factory on the outskirts of Jacksonville. After several years of operation, production slowed and the company was facing closure. Members of the community feared the manufacturer would eliminate those jobs, leaving many in Jacksonville unemployed.

Fortunately, a new owner stepped in to purchase the company and preserve the manufacturing site. Ken Griffey and two additional partners obtained the factory and company in 1991, and renamed the business to Bear & Son Cutlery. The company instilled a strong focus on the community and has been growing successfully ever since. The community, in turn, supports the company. This type of symbiotic relationship has helped the business thrive.

In 2006, Bear & Son Cutlery received contracts from Remington Outdoor Company, a manufacturer based in Huntsville, Alabama. Following years of successful work together, the two companies reached a licensing agreement for Bear & Son Company to manufacture a new line of knives under the Remington name. The work expected through the partnership projected to double Bear & Son Cutlery's production. However, their current production site provided little room to expand to meet this prospective demand.

Project Quick Facts

Project Location:	Jacksonville, Alabama
Project Description:	Locally-produced product, job creation and retention
Partners:	Alabama Department of Economic and Community Affairs, Cheaha Bank, Remington Outdoor Co.
Website:	www.bearandsoncutlery.com

Project Development

In order to keep up with the demand of their expanding business, Bear & Son Cutlery needed a new shipping center and warehouse, and the company was offered space in a building across the street from their existing facility. There were some challenges standing in the way, though. The building across the street needed significant work, and because the shipping company that currently owned the building was both a new business and not a manufacturer, the upgrades did not qualify for conventional business loans.

However, the Cheaha Bank was able to offer a credit enhancement program to help make the loan possible. The program, managed by the Alabama Department of Economic and Community Affairs (ADECA), was part of the national State Small Business Credit Initiative (SSBCI) overseen by the U.S. Department of the Treasury and authorized in the *Small Business Jobs Act of 2010*. ADECA's program guarantees a portion of eligible loans, providing security to lending institutions and facilitating access to capital so small businesses can grow.

Project Financing

The owners of Bear & Son Cutlery were able to secure a \$182K loan, which was used to buy the building and make major improvements. Renovations included improving lighting, adding heating and air, and installing a concrete drive to the loading area.

The SSBCI loan guarantee was the key factor enabling the project to move forward. ADECA's guarantee not only provided the necessary security that enabled Cheaha to make the loan, but with the guarantee in place, the bank was able to offer the loan at a lower rate. These factors enabled Bear & Son Cutlery to expand without potentially crippling their cash flow.

Project Financing Details	
Sources of Capital:	
Cheaha Bank Loan	\$182,000
Total Project Size:	\$182,000

Project Impediments

The project faced an initial impediment because the expansion building owner was unable to acquire the financing to make needed site improvements. Without the loan guarantee, the project may not have moved forward, and Bear & Son Cutlery may not have been able to complete the new contract.

Project Impact

SSBCI has helped many small manufacturers and businesses grow—both in Alabama and throughout the country. Since its launch in 2011, the program has leveraged \$6.4B in over 12,400 loans and investments made by private-sector financial institutions. Through ADECA's SSBCI loan guarantee program, Bear & Son Cutlery now has a large plant in Alabama, which enables the company to continue making great products and hiring new employees.



Conserving a Valued River: Broadway Reclamation Facility

Site History

The Water Infrastructure Finance Authority of Arizona (WIFA) financed the Town of Clarkdale’s Broadway Reclamation Facility project to replace an outdated lagoon treatment system with a recycled and refurbished mechanical wastewater treatment facility. The lagoon system posed significant water quality threats to the neighboring Verde River, designated by Congress as a Wild and Scenic River.

The original plans to construct a new plant were cost-prohibitive, and Clarkdale refurbished a decommissioned wastewater treatment plant from a subdivision in Surprise, AZ to improve water infrastructure and protect water quality for the community.

Project Quick Facts	
Project Location:	Clarkdale, Arizona
Project Description:	Sustainable & innovative infrastructure, environmental
Partners:	WIFA, Public works of Clarkdale, Southwestern Environmental Consultants, Felix Construction, PTM, BC Land Group
Website:	www.clarkdale.az.gov

Project Development

In 2010, a consulting engineer performed a feasibility study of building a wastewater treatment plant in Clarkdale. However, in order to meet fiscal realities, the design had a target price cap of \$5M. An agreement between the Town and Pulte Homes allowed Clarkdale to purchase the entire plant.

When it was determined that the original plans to construct a new plant were cost-prohibitive, Clarkdale officials then decided to move forward with a more innovative and sustainable solution to improve water infrastructure and protect water quality. The consulting engineer worked with Felix Construction Company, which constructed the original plant, to develop a cost estimate for decommissioning and refurbishing a decommissioned plant in a subdivision of Surprise, AZ. After obtaining a WIFA loan, Clarkdale officials decided to purchase and refurbish the decommissioned wastewater treatment plant from a subdivision in the City of Surprise, saving the community nearly \$9M.

Project Financing

The City of Clarkdale received a loan from WIFA. WIFA's low interest rates and forgivable principal allowed Clarkdale to implement the project in a cost-effective manner that benefits both the community and the ratepayers.

Project Financing Details	
Sources of Capital:	
WIFA Loan	\$5,500,000
Total Project Size:	\$5,500,000

Project Impediments

The Town of Clarkdale had a low budget to begin the project. After it was determined that their original plans to construct a new plant was cost-prohibitive, Clarkdale officials had to come up with a new plan. The new design was intended to purchase and refurbish a decommissioned wastewater treatment plant.

Construction of the plant also became a challenge in the process because the existing lagoon system covered the entire plant site. The project's environmental and design partners were critical to overcoming this impediment.

Project Impact

This project is an incredibly innovative and sustainable solution to improve water infrastructure and protect water quality for the community. The City of Clarkdale received WIFA's 2013 Clean Water Project of the Year in recognition of exemplary project management and commitment to public health protection through the improvement of drinking water and wastewater infrastructure.

The new wastewater treatment plant is enclosed and eliminates any potential discharge to the Verde River. The upgraded wastewater treatment plant resulted in the production of A+ effluent—the grade qualifying for aquifer recharge in the State of Arizona. This grade signifies a 30 percent increase in water without drawing any more from the ground or damaging the quality of the Verde River. The project has made significant improvements through sustainable infrastructure to protect water quality in the area.



Educating Today for Tomorrow: Black River Technical College

Site History

Black River Technical College (BRTC) is a comprehensive two-year college based in Pocahontas, Arkansas serving the citizens of mostly small communities in the northeastern part of the state.

In November 2010, BRTC administrators began discussing possible expansions of the Health / Science facility to allow for anticipated future growth of the health and other health-related programs, including the expansion of the science labs. After continued discussions and studies, the opportunity presented itself to construct a new facility using a low-interest loan from USDA. After meeting with the architects, administration officials, USDA, and bond funding staff, the Finance / Capital Projects Committee recommended the expansion.

Project Development

The total expansion project included several construction activities. The two focal points of the expansion were \$1M in improvements to the Health Sciences Building, affecting all Health Sciences

Project Quick Facts

Project Location:	Pocahontas, Arkansas
Project Description:	Educational expansion, local job retention
Partners:	U.S. Department of Agriculture, Finance/Capital Project Committee
Website:	www.blackrivertech.org

Programs, and a \$3M construction of approximately 16,000 square feet at the Paragould site for additional classrooms and administrative office space.

The Finance / Capital Project Committee recommended that BRTC pursue a 30-year fixed-rate loan with USDA at a construction cost of \$10M plus a contingency of \$1M for a total cost not-to-exceed \$11M. Unanimous approval was given by the Board. The Arkansas Higher Education Coordinating Board approved the project at a special meeting in June 2013.

Project Financing

The college first attempted to find conventional financing but was not able to afford the shorter terms that the private sector offered. USDA Rural Development was able to provide a Community Facilities Direct loan of \$8.5M. BRTC was able to contribute \$2.5M to the project. BRTC applied under the Business & Industry Program on behalf of Arkansas Rural Nursing Education Consortium, which is made up of four colleges located in StrikeForce counties, which are federally-recognized as having particularly challenging capital access and persistent poverty issues.

Project Financing Details	
Sources of Capital:	
Community Facilities Direct Loan	\$8,500,000
BRTC Contribution	\$2,500,000
Business & Industry Loan	\$635,804
Total Project Size:	\$11,635,804

Project Impediments

Accessing financing for the project was made more difficult because of the economic struggles in northeast Arkansas. The region has sustained extensive job loss, matching or exceeding the national average, contributing to the county’s designation as StrikeForce. The project could not have moved forward without the recognition and participation by USDA. Through the StrikeForce initiative, USDA has been able to leverage resources and collaborate with partners and stakeholders to improve the economic opportunity in rural communities.

Project Impact

Local economies are seeking to re-invent themselves with renewed emphasis on entrepreneurial development and increased educational attainment. BRTC upgrades are a testament to the region’s commitment to continuing long-term community development in the region.

As a result of the Community Facilities Direct loan, BRTC was able to construct a new Health and Science Complex that is approximately 41,500 square feet. This will enable the college to house all of the Health and Science Programs along with all students that are required to complete science classes with labs.

The new facility has allowed increased enrollment of over 70 students. The expansion will also help retain students in the local area once they graduate. This impact is especially meaningful in a county that needs to recruit and retain educated young professionals to improve the area’s economy.



Educating the People: University of Pikeville

Site History

The University of Pikeville in Pikeville, KY is also a private nonprofit 501(c)(3) institution of higher education primarily serving students from persistent poverty areas. The year, 2011, marked a period of change for the University of Pikeville. The institution transitioned from Pikeville College to the University of Pikeville.

The switch was part of a larger effort to expand the university’s tradition of providing students with a multidisciplinary education, while maintaining a balance of intimate undergraduate programs and intensive graduate programs. Also effective in 2011, the name of Pikeville College School of Osteopathic Medicine (PCOM) changed to the Kentucky College of Osteopathic Medicine (KYCOM). The KYCOM has earned high ratings in rural medicine, ranking fifth among all medical schools in the nation in U.S. News & World Report’s 2014 edition of Best Graduate Schools. The University employs over 200 people and is consistently one of the top five employers in the region.

Project Development

The University of Pikeville needed room to expand to address the growing demand for services. The University received some assistance for its efforts to educate and encourage students to establish

Project Quick Facts	
Project Location:	Pikeville, Kentucky
Project Description:	Promise Zone Development, educational facility expansions
Partners:	U.S. Department of Agriculture, Raymond James, James Graham Brown Foundation, the Appalachian Regional Commission, Pikeville Medical Center
Website:	www.upike.edu

medical practices in underserved areas of Central Appalachia. The University hired Codell Construction Company (CCC) to oversee the project as construction manager. The University constructed a nine-story, 85,000-square foot clinical facilities building.

The project allowed KYCOM to expand its current class size from 75 to 125 medical students, increasing total enrollment from 300 to 500 medical students. This increase in enrollment is essential to help alleviate physician shortages in Kentucky and the Appalachian region. The project was done in conjunction with a new facility for the Pikeville Medical Center, which was also supported by USDA Community Facilities

Project Financing

The total cost of the University of Pikeville expansion project was \$42,215,100 and came from a variety of public and private sources. A \$29M direct loan was provided from the American Recovery and Reinvestment Act of 2009 through USDA Rural Development. The project also received \$10.5M through the New Market Tax Credit. Private investment included a \$500K grant from the Appalachian Regional Commission, a \$500K grant from the James Graham Brown Foundation, and a college contribution of \$1.5M.

Project Financing Details	
Sources of Capital:	
Appalachian Regional Commission	\$500,000
James Graham Brown Foundation	\$500,000
New Markets Tax Credit	\$10,565,100
Local Fundraising and Private Individual Contributions	\$1,500,000
USDA Community Facilities Loan	\$29,150,000
Total Project Size:	\$42,215,100

Project Impediments

The topography of the University site presented challenges as it slopes a full 45 degrees. Extensive excavation was carried out, ensuring the building could be built into the side of the site, maximizing the availability of windows and natural lighting inside the building. The slope also allowed for the creation of two separate entrances at the bottom of the hill and at the building’s fifth floor. Double access helps break down the height of the building and ensure architectural uniformity with the University of Pikeville campus.

Project Impact

The University of Pikeville expansion project provides many benefits to the community, including providing well-paying jobs to citizens of the community, and building a current and future occupational tax base that will provide the community the resources necessary for growth. Since its establishment in 2001, 60 percent of all Pikeville graduates have gone on to work in the Appalachian Region, including Kentucky. The University of Pikeville expansion now offers medical students 12 examination rooms, robotic simulators, and a campus cafeteria. The new facility proves the University of Pikeville’s commitment to ensure that KYCOM students leave a lasting impression on the Appalachian communities.



Hopes for Future Generations: Warm Springs K-8 Academy

Site History

Many indigenous nations in the U.S. suffer from outdated facilities. The Warm Springs K-8 Academy in Oregon was built over 80 years ago and could no longer support modern teaching tools and techniques, like web-based resources. This inhibited students’ ability to partake in a full learning experience. The building offered minimal athletic facilities, lacked sufficient cafeteria and restroom accommodations, and could not house modern technology. In the educational arena, research increasingly confirms that outdated school facilities actually have a negative impact on the learning experience. In the fall of 2014, the Confederated Tribes of Warm Springs Indian Reservation of Oregon celebrated the opening of a new state-of-the-art K-8 school on the reservation.

Project Quick Facts

Project Location:	Jefferson County, Oregon
Project Description:	Tribal community development, educational facility improvement, culture preservation
Partners:	Warm Springs Tribal Government, Jefferson County School District, U.S. Department of Agriculture
Website:	www.jcsd.k12.or.us

Project Development

The tribal community has put the next generation first in policy decisions to ensure that they have the best educational foundation, which in turn reflects in the students’ achievements later in life. There was

expansive support from Jefferson County to pass a bond measure that would help fund the new school project development. The county made a historic investment in the development of the school. The element of tribal sovereignty and self-determination alone make reservation settings unique. Coupled with cultural differences and historical relationships, it is clear that tribal communities can develop unique methods to rural development issues differently than those of urban settings.

Project Financing

With broad support from the entire county—both on and off the reservation—voters overwhelmingly passed a bond measure to fund half of the cost of the new school. The balance of the \$22M school project was supported through a \$6.8M USDA Rural Development Community Facility direct loan.

The school district leads operations of the school and will retain a decreasing share of ownership over a period of time.

Project Financing Details	
Sources of Capital:	
Tribal Government	\$4,612,031
Jefferson County School District	\$10,736,300
USDA Rural Development Community Facility Direct Loan	\$6,854,269
Total Project Size:	\$22,202,600

Project Impediments

While each situation is specific to the project and the group, one can expect numerous legal and procedural considerations when working with tribal governments. Some of the challenges may include sovereign immunity, changes to standardized forms, collateral, repayment sources, financial reporting, and project management. In this particular case, a great deal of time was spent working with competent counsel (general legal and bond) for the tribes to arrive at workable solutions. In addition, the joint funder, Jefferson County School District, was extremely cooperative and deferred many decisions to the tribe. Coordination meetings were held regularly to keep the project on track. Trust, cooperation, and responsiveness, along with tremendous effort, go a long way to accomplish duties. This task was not easy, but having consensus to proceed was critical to creating a successful project.

Project Impact

Warm Springs Academy is a testament to the commitment of the Confederated Tribes of Warm Springs Reservation of Oregon to high-quality education that respects culture and tradition. The facility will help develop the next generation of educators, innovators, nurses, and community leaders who will, one day, give back to their community.

Many tribal communities have a difficult time finding ways to use local assets to sustainably revitalize tribal property while preserving cultural values and meeting community needs. This project is an example of redevelopment that preserves cultural values and heritage in the local community while creating great opportunity for the future of the tribe.



Living History and the Heart of Downtown: Brooks House

Site History

The Brooks House is a historic 80,000 square foot building built in 1871 and located in the geographic and historic heart of downtown Brattleboro, VT. In the 1970s, the building was saved from demolition and retrofitted into 59 residential apartments and 16 commercial spaces. In 2011, much of the building was destroyed in a fire displacing most of the commercial tenants and residents. Four months later, Tropical Storm Irene caused flooding in the city. The building sat idle for two years, then, in 2013, a group of concerned local citizens purchased the building and organized a restoration plan.

Project Development

A group of local civic leaders from Brattleboro stepped forward when they realized that the owner of the building was not prepared to undertake the complexity of the restoration and its multi-layered financing package. The group purchased the building and organized a

Project Quick Facts

Project Location:	Brattleboro, Vermont
Project Description:	Historic preservation, downtown redevelopment
Partners:	Vermont Rural Ventures, Massachusetts Housing Investment Corporation, U.S. Bancorp Community Development Corporation, Mascoma Savings Bank, Brattleboro Savings and Loan, Vermont Economic Development Authority, Brattleboro Development Corporation, Town of Brattleboro, Vermont Community Development Program, Merchants Bank, and Vermont Mutual
Website:	brookshouse.com

restoration plan and financing package. The building was redeveloped into a mix of retail, office, education, and residential spaces. The restoration was completed in October 2014. Key elements of the restoration include configuring the upper stories to provide bigger apartments for different income levels, adding on to the mid-levels to serve as office and classroom space for education-based tenants, and restoring the historic ground floor storefront space for retail tenants.

Project Financing

Residents of Brattleboro backed the project with investments of \$25K or greater, amounting to \$1.4M, as well as \$150K loan, and \$800K in U.S. Community Development Block Grants. Beyond the Town of Brattleboro’s involvement, the need for additional capital was significant. The building appraised value of \$5.8M was \$17.2M short of the rehabilitation cost.

In order to close the gap, the financing package included New Market Tax Credits, federal and state Historic Rehabilitation Tax Credits, conventional financing, owner equity, and other support. The financing closed in July 2013.

Project Impediments

The primary challenge to the redevelopment project was the damage from recent catastrophes. The 2011 fire and Tropical Storm Irene caused substantial damage throughout the building while displacing residential and commercial tenants. The boarded-up building discouraged economic investment in the downtown and left gaps in needed community goods and services.

Project Impact

The Brooks House itself is a creative example of community support, varied sources of capital, and creative financing bringing diverse employers and services to a downtown. The new 23 residential include five affordable units.

The restored Brooks House brings in anchor tenants Vermont Technical College and Community College of Vermont, mixed-income apartments, retail and restaurant tenants and an office tenant. The revitalized building will bring in more tax revenue than it did before the fire in 2011.

Project Financing Details	
Sources of Capital:	
Mascoma Savings Bank Loan	\$5,800,000
Vermont Economic Development Authority Loan	\$1,391,000
Community Development Block Grant	\$800,000
Vermont State Appropriation	\$2,000,000
Town of Brattleboro Loan	\$150,000
Personal Loan	\$1,000,000
Equity and Stock	\$768,010
State Historic Tax Credit Equity	\$482,350
U.S. Bancorp Federal New Markets and Historic Tax Credit Equity	\$11,167,315
Miscellaneous Grants	\$83,364
Total Project Size:	\$23,642,039



Revolutionizing Artisan Food Processing: Blue Mountain Station

Site History

Columbia County, WA has an ideal climate for dry land farming. The citizens of Columbia County saw the potential to be part of a unique business model to combine an artisan food processing industry and food tourism to create jobs and economic development in the community.

Blue Mountain Station is a food processing park that is revolutionizing the artisan food industry. The Food Center within the Station houses five processing spaces, commercial kitchen, and retail area. The building was constructed to Leadership in Energy & Environment Design (LEED) standards, including space for energy-efficient food processing operation that can be modified to fit an individual business' needs.

Project Development

In 2008, the Community Economic Revitalization Board (CERB) approved a \$50K grant for a feasibility study for the Port of Columbia. The study was an implementation plan to execute the development of a Value-Added Agricultural Eco-Industrial Park. The proposed park would support the

Project Quick Facts	
Project Location:	Dayton, Washington
Project Description:	Job creation, economic development, preservation, locally-produced product, tourism industry
Partners:	City of Dayton, Columbia County, Dayton Chamber of Commerce, Southeast Washington Economic Development Association, Experimental Fermentation Company, Pacific Power, Community Economic Revitalization Board, Washington State Legislature, Dayton/Columbia County Fund
Website:	www.bluemountainstation.com

local agriculture industry by allowing the Port, which was at maximum tenant capacity, to expand. The CERB grant was matched by \$30K in local funds.

As a result of the study, CERB approved an \$800K loan and \$200K grant to the Port of Columbia for the purchase of 28 acres of land to be further developed. The park was designed to attract artisan and organic food processors, encourage culinary tourism in the area, and was projected to create 52 jobs in the first phase of a four-phase development. CERB funds were matched with \$100K in local funds.

In 2013, CERB approved a \$109K loan and \$109K grant to the Port of Columbia for a sewer extension, which was important for the development of new food processing park and the businesses ready to locate there. The Port of Columbia then applied through a Committed Private Partner Application for a combination grant/loan for the sewer extension.

Project Financing

The financing came together over several years, with CERB providing grants matched by local sources as the project was planned, developed, and expanded. Grant support is often critical for innovative projects that cannot pre-demonstrate financial security to traditional lending sources. Similarly, the phased approach was beneficial to help the project sufficiently plan and develop the project before committing to the full weight of construction and operating risk.

Project Impediments

The City initially asked the Port to utilize septic tanks, but the County would not permit wine production waste in the tanks. Eventually, the City was able to permit a sewer system connection.

Project Impact

This project is a perfect blend of new development with an existing economic engine. The Artisan Food Center is a beautiful, new, fully-occupied, multi-tenant food processing center for artisan food entrepreneurs and is considered the first LEED certified food processing building in the state. The Blue Mountain Station is the world’s first destination eco-food processing park dedicated to the recruitment and marketing of artisan food processors, primarily in the natural and organic sectors.

Project Financing Details	
Sources of Capital:	
CERB Loan	\$909,000
CERB Grant	\$359,000
Port of Columbia	\$100,000
Dayton Chamber of Commerce	\$15,000
City of Dayton	\$10,000
Columbia County	\$15,000
Pacific Power	\$9,500
Southeast Washington Economic Development Association	\$2,500
Experimental Fermentation Company	\$100,000
Other Private Investment	\$79,200
Total Project Size:	\$1,584,200



Enduring Transformation: Clendenin School

Site History

The historic district of downtown Clendenin was tainted by a deteriorating school building. The school was designed in 1912 and served as a place of education until 2003. Understanding that the downtown was a key community asset, a group of concerned community members established a nonprofit organization dedicated to the revitalization of downtown. To assist with planning and financing strategies, a local nonprofit sought a consultant to realize that the redevelopment was an opportunity to address needs in the community such as an aging population, lack of affordable housing, and a growing medical services industry. The nonprofit partnered with Cabin Creek Health Care Systems, who was looking for a new location for their facilities, on the project.

Project Quick Facts

Project Location:	Clendenin, West Virginia
Project Description:	Historic preservation, downtown redevelopment, alternative use
Partners:	U.S. Department of Agriculture, Raymond James, James Graham Brown Foundation, the Appalachian Regional Commission, Pikeville Medical Center
Website:	www.cabincreekhealth.com

Project Development

The new facility, called Riverview at Clendenin School, resulted in a mixed-use facility that provides needed health care to the region as well as quality, affordable housing for independent seniors. AU Associates (AU) is responsible for envisioning the project and executing an array of funding sources to

achieve the reuse of the former school building. The original classrooms have been transformed into 18 comfortable apartments and medical office space, both of which include modern systems and amenities. Riverview at Clendenin School is the fusion of healthcare services and affordable housing aimed to bring life back into the historic school building of Clendenin, West Virginia.

Project Financing

AU compiled many financing sources. The clinic secured capital from the USDA Community Facilities program through a \$1M loan and a \$140K grant, as well as through the Economic Recovery Act’s Neighborhood Stabilization Program funds, awarded by the Governor. The senior housing portion of the project benefitted from Low-Income Housing Tax Credits and the Federal Home Loan Bank. AU also accessed federal and state historic tax credits.

USDA ownership requirements are generally incompatible with these credits, but the project achieved a cooperative solution through a leasehold interest structure. This enabled the use of both USDA funding and tax credits, while also providing Cabin Creek Health Care to retain long-term control over their leasehold space. The medical tenant and landlord were able to bring \$1.6M in equity to the partnership. The two projects were physically intertwined and fiscally separate. However, each depended on the other to be built in order to revitalize the entire building and fulfill its objective.

Project Impediments

The biggest challenge encountered was to create a solution to allow the funding sources to work together. The Clendenin School redevelopment project required creativity and persistence from all the partners involved. The collaboration is a great example of a community’s inventive reuse of historic assets for the betterment of a downtown.

Project Impact

The Cabin Creek Health Systems facility offers primary care for patients of all ages. The facility offers much-needed quality medical care to the residents as well as the surrounding community. In addition to the clinical facility, an in-house pharmacy and dentistry center were created. Riverview at Clendenin is a perfect example of sustainable development, reusing a historic building and addressing community needs.

Project Financing Details	
Sources of Capital:	
Federal & State Historic Tax Credits	\$1,074,627
Equity	\$1,635,000
HHS Medical Stimulus Funds	\$400,000
Neighborhood Stabilization Program	\$2,700,000
USDA Community Facilities Loan	\$1,000,000
USDA Community Facilities Grant	\$140,000
USDA Rural Business Enterprise Grant	\$95,000
Total Project Size:	\$5,570,630



Your Bridge to Health and Wellness: Crossing Rivers Health

Site History

The Crossing Rivers Health facility, (formerly Prairie du Chien Memorial Hospital) in Crawford County, WI mainly serves the health and wellness needs of the citizens throughout Southwest Wisconsin and Northeast Iowa. In 2010, a Master Facility Planning Project was initiated. In 2011, the board of directors announced their bold and visionary decision to build a new hospital. Landlocked, the original hospital rented parking from the school district and used a nearby church parking lot for a helipad.

The new 105-acre location has improved access for rescue vehicles, visitors, and patients, as well as space to expand and add services for future growth. The state-of-the-art Medical Center features private rooms, superior infection control, and improved wayfinding. The new 25-bed acute facility includes a spacious emergency department, rehabilitation department, medical imaging equipment, and private patient rooms. Crossing Rivers Health was awarded a \$32.4M Community Facility direct loan from USDA, \$10M came from hospital cash reserves, assets, and donor contributions, and \$7.6M in tax-exempt financing provided through

Project Quick Facts	
Project Location:	Prairie du Chien, Wisconsin
Project Description:	Critical Access Hospital Improvement
Partners:	Dougherty & Mortgage LLC, Crawford County, U.S. Department of Agriculture, National Healthcare Capital LLC, Peoples State Bank, and Prairie du Chien Memorial Hospital Association
Website:	www.crossingrivers.org

local bank placement bonds. The total project cost of \$50M, extended over 50 years, equates to 2.3 percent of the hospital's annual expenses, or approximately 2.4 percent of the annual net revenue.

Project Development

In order to provide the best quality of treatment, Prairie du Chien envisioned a new hospital. USDA financing enabled the project to work with Dougherty & Mortgage LLC to obtain a USDA Community Facilities direct loan. The construction and long-term financing was obtained through a partnership with National Healthcare Capital LLC, Peoples State Bank, and Crawford County. The General Contractor for this project, Market and Johnson, was chosen partly because of their willingness and experience in making bid packages accessible to smaller, local contractors. At least seven contractors and local supplier businesses played a role in the construction of the new medical center.

Project Financing

In order to build the replacement hospital, \$50M was needed for construction. The new hospital includes \$35M for the building; \$12.5M for the 105-acre site, preparation, design fees, equipment, and furnishings; and \$2.5M to update and add new equipment. A bond placed with a local bank provided \$7.6M in tax-exempt financing. The structuring involved an equity portion of \$10M. This consisted of contributed funds from the hospital, as well as a broad fundraising capital campaign. This helped the hospital finance the project at the lowest possible cost. In 2013, USDA Rural Development approved a \$32.4M Community Facilities direct loan for the new facility.

Project Financing Details	
Sources of Capital:	
Local Bank Placement Bond	\$7,600,000
Hospital Equity and Contributions	\$10,000,000
USDA Community Facilities Direct Loan (FY2013)	\$32,400,000
Total Project Size:	\$50,000,000

Project Impediments

The need for a new facility was imminent as the original building had been renovated 11 times and had no opportunity to grow. Relocating the new facility addressed the land issue and allows for future expansion. Unfortunately, the original site has continued to seek a new purpose.

Project Impact

Prairie du Chien Memorial Hospital, now Crossing Rivers Health, is one of the top employers in the county. The new hospital improves access for patients, emergency vehicles, and enables future expansion. The new facility also offers updated amenities within pediatrics, diagnostics, medical screenings, 24-hour emergency room, and wellness programs. The new facility in Prairie du Chien is a testimony to the importance of partnership, investment, and collaboration between Crossing Rivers Health, its community, and the federal government.



Local Expansions Reaching Internationally: Gluten Free Oats, LLC

Site History

Gluten Free Oats first began as a project for the Future Farmers of America in 2004 by Forrest Smith, who was determined to develop a safe, gluten free product. Gluten Free Oat was the first company to provide gluten free oats in the United States and is now shipping internationally. In order to successfully address the increasing demand, Gluten Free Oats has needed to expand. The company experienced their first expansion in 2008-2009 and another expansion in 2011. These successful projects were made possible by a partnership between the lender, city, state, and USDA Rural Development.

Project Development

Due to zoning regulations and power availability, Gluten Free Oats was unable to expand at their current location. In 2010, the City of Powell received a \$450K Business Committed Grant to construct a new building to facilitate the expansion project. In 2011, the City of Powell was awarded an additional \$268K in grant funds to address higher costs in constructing the new facility. The new facility was intended to allow the business to complete the cleaning, rolling, and packaging processes at their operation in Powell. Before the new facility was completed, the company shipped its raw oats to Idaho. The new facility alleviates costs associated with shipping their product out of state.

Project Quick Facts

Project Location:	City of Powell, Wyoming
Project Description:	Job creation, locally-produced product, state and local partnership
Partners:	Wyoming Business Council, City of Powell, Powell Economic Partnership, U.S. Department of Agriculture, and First National Bank & Trust
Website:	www.glutenfreeoats.com

The city owns the facility and property, and has leased them to Gluten Free Oats for the next 25 years. Resulting revenues from the lease agreement will be used by the City of Powell to create a revolving loan fund and add to the City’s Economic Development Fund for special community projects such as infrastructure, park development, and projects identified by community interest groups.

Project Financing

The Wyoming Business Council, which manages the Business Ready Community (BRC) Grant and Loan Program, awarded the City of Powell a grant to fund the expansion of Gluten Free Oats, LLC for a two-phase project. The City has a revolving loan fund that was initially capitalized by repayment of Community Development Block Grant funds from a previous project. Gluten Free Oats borrowed match funds from this revolving loan fund. The City of Powell received a \$946K Business Committed grant to construct a warehousing facility, additional grain storage facilities, and a grain receiving area to enhance the business development of Gluten Free Oats. In 2010, the city of Powell received a \$450K Business Committed Grant to build the company a 2,880 square foot facility in the Homestead Industrial Park. Due to higher than expected costs, the project requested and received an additional \$268K from the BRC in 2010 to complete the initial expansion project. The Wyoming State Loan and Investment Board awarded additional grant money to be used along with a \$450K Business Committed Grant that was approved in January of 2011.

Project Financing Details	
Sources of Capital:	
Phase 1: Wyoming Business Council – Business Ready Community Grants (BRC)	\$717,795
Phase 2: Wyoming Business Council – Business Ready Community Grants (BRC)	\$1,000,000
City of Powell Economic Development Fund – Community Development Block Grant (CDBG)	\$79,755
U.S. Department of Agriculture – B&I Guaranteed Loans	\$595,000
U.S. Department of Agriculture – B&I Guaranteed Loans	\$215,000
Total Project Size:	\$1,797,550

Project Impediments

Gluten Free Oats was seeking financing to pay for equipment and to expand their space in order to meet the demand for their product. For various reasons, the company could not access traditional financing to expand their business. This required that the business owners seek other forms of financing, which were fortunately available through this public-private partnership.

Project Impact

Now in its 11th year of operation, Gluten Free Oats is shipping at a much larger scale and has room to meet tremendous, and growing, national and international demand. The company has also been able to save costs by avoiding shipping oats to Idaho to be cleaned and packaged, which in turn, allows the company to invest more in local operations and wages. Gluten Free Oats has been able to add and retain 18 jobs in the local community and has a demand for an additional 1,000 acres of gluten free oats to be grown by local farmers. Thanks to the partnership of the city, state, federal, and private entities, Gluten Free Oats will continue to provide future economic development to the city and county.

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