



1st SouthWest Bank

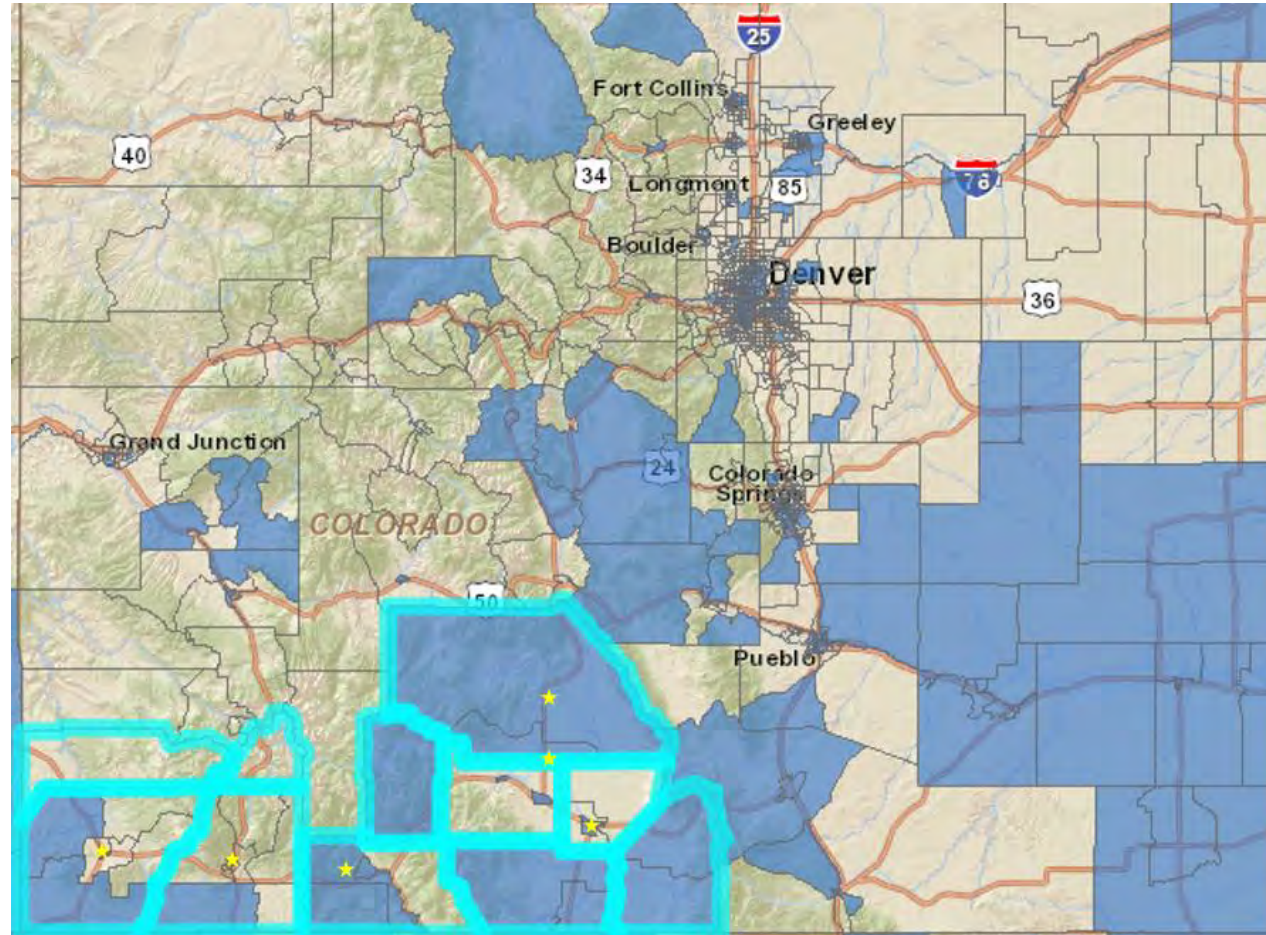
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Our Footprint



Part 1: Collecting Impact Data



Collecting Impact Data

- Start small, create a pilot program.
- Perfect match:
 - Funding that required us to track job creation +
 - Lender utilizing these funds was one of our more creative lenders.
 - *(Note: This source of funds actually funnels through our nonprofit, First Southwest Community Fund.)*



USDA Intermediary Relending Program

- One million loan from the USDA at 1% fixed for 30 years.
- Scoring Criteria:
 - Job creation / retention component;
 - 75% of loans have to be \$150,000 or less;
 - At least 30% of loans have to be to USDA “underrepresented groups;”
 - Ultimate Recipient has to certify in writing at least 20% of its workforce include persons with income below the poverty line.
- Other requirements involve cash equity, matching funds, private financing, meets SBA Small Business Standard.



Job Creation, Race / Ethnicity Forms

- Contacted local economic development organization and asked for job creation form and race / ethnicity form.
- Modified and updated it with our information.
- Ran it past Compliance Officer for approval.



Lender Buy In

Create products with basic impact data to showcase capabilities.



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Lending just over \$500,000, First Southwest Community Fund was able to:

- Create **2** new jobs and retain **41** existing jobs;
- Partner with **3** other lenders;
- Leverage **\$4,972,125** in additional funding!

*Exact amount was \$512,000.

[LEARN MORE ABOUT FIRST SOUTHWEST COMMUNITY FUND](#)

[LEARN MORE ABOUT THE INTERMEDIARY RELENDING PROGRAM](#)



First Southwest Bank has been serving the San Luis Valley and Southern Colorado for more than 100 years. The bank recently received certification as a Community Development Financial Institution (CDFI) through the U.S. Treasury Department. This is an important designation that allows First Southwest to assemble funding and services in new and innovative ways to enhance the overall economic landscape in the communities it serves.



Rustic Log Furniture

A dynamic husband and wife team grew their business from constructing porch swings to designing and building beautiful log furniture for every room in the home. First Southwest Bank handled all of Rustic Log's expansion financing so they could focus on creating beautiful furniture.

[Watch Now](#)



SMALL BUSINESS:
Rustic Log Furniture

- Nearly 30 employees in Alamosa, CO
- Distributes to more than 40 states in the U.S. through a network of almost 200 retailers
- Named Top 50 Colorado Company to watch by Colorado Biz

The owners of Rustic Log Furniture met in college and together started a small business producing simple wooden porch swings out of a 12' X 12' shed. This passion progressed into the design and production of beautiful log furniture made from dead standing aspens found in the Rocky Mountains of Colorado. Fifteen years later, that husband and wife team has realized a high level of success with retailers across the nation carrying Rustic Log products.

Rustic Log employs almost 30 people in Alamosa, and is a large economic driver in the San Luis Valley region. From their Colorado facility, the company builds and distributes its products to more than 40 states in the U.S. through a network of almost 200 retailers.

Named a Top 50 Colorado Company to Watch by Colorado Biz, Rustic Log Furniture is an exemplary Colorado company known for its green and sustainable practices. From powering its warehouse with solar energy and recycled motor oil, to recycling saw dust for soil composition and only using wood from already dead trees, Rustic Log maintains a strong commitment to the regional environment.

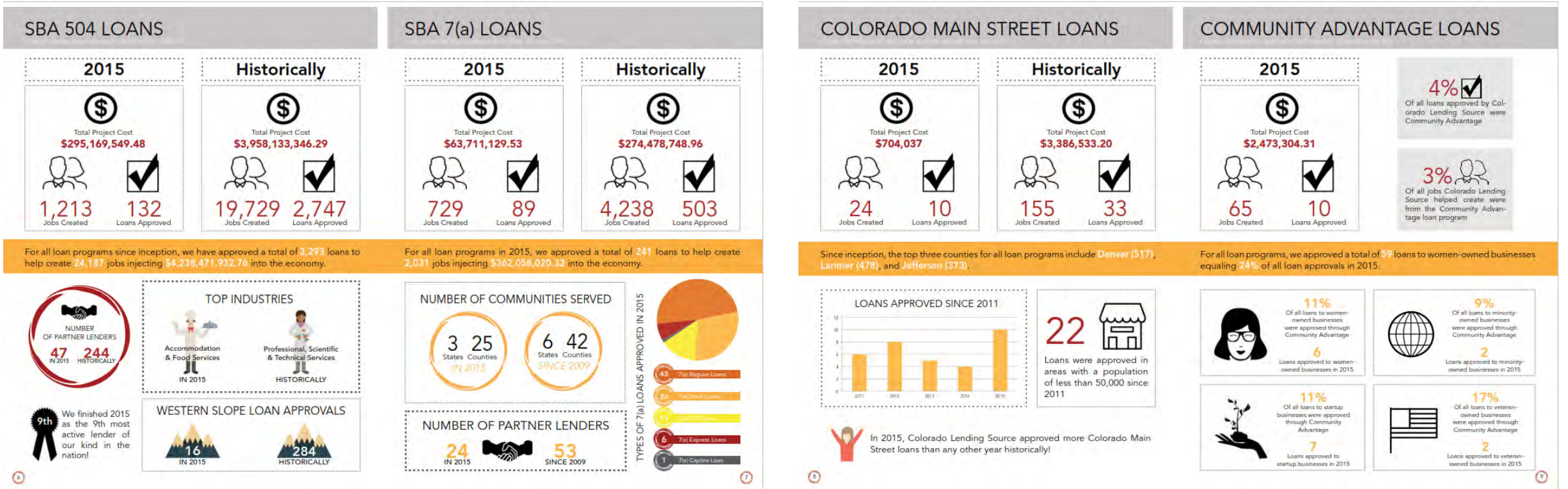
Since producing log furniture can be an irregular business, Rustic Log collaborated with suppliers and distribution networks to streamline and automate ordering. Not only does this ensure availability, but Rustic Log has been able to price products 10-20% below competitors.

However, growth and success bring their own set of challenges. Rustic Log needed to expand its capabilities and build an additional 66,000 square foot facility to serve its customers. CDFI banks are focused on creating and retaining jobs in areas where external investment is lacking, or where economic development may come with negative environmental impacts on communities. First Southwest Bank recognized Rustic Log Furniture was a winning company on both fronts, by keeping jobs in Alamosa, as well as maintaining a commitment to green and sustainable practices. First Southwest Bank worked with Rustic Log to create the right loan program to meet the needs of their growing company. First Southwest Bank will be there for Rustic Log's future plans.



Lender Buy In

Find local inspirational organization (Colorado Lending Source):



Lender Buy In

Show them how this benefits them:

- By collecting impact data, we are able to better tell our story.
- When we tell our story better, our application for X funding source is more competitive.
- If we receive money from X, we are able to offer better loan terms, which allows them to better serve their customer.



Immediate Expansion

- Identify the next natural avenue for expansion.
- Credit enhanced loans already require collecting info on job creation:
 - SBA: 7A Loans and Lines of Credit, 504 Loans
 - USDA: Business & Industry, Farm Service Agency
 - CHFA: Colorado Cash Reserve and Cash Collateral Support Loans
- Meet with Credit Enhancement Department periodically to collect and store all numbers in central location.



The advertisement for First SouthWest Bank's Small Business Week features a header with a family photo and the bank's logo. Below this, a banner reads "WE ARE CDFI" with the CDFI Fund logo. The main text announces "Small Business Week is May 1 -7, 2016." and includes an illustration of a town. It lists achievements: "Financed 14 Small Businesses", "Created 25 New Jobs", and "Retained 49 Jobs". Two call-to-action buttons are present: "LEARN MORE ABOUT SMALL BUSINESS WEEK" and "LEARN MORE ABOUT HOW FIRST SOUTHWEST BANK CAN HELP YOU". The footer contains a small text block about the bank's history and a FDIC logo.

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Small Business Week is May 1 -7, 2016.

To celebrate Small Business Week, First Southwest Bank has highlighted our work in 2016. Through Public - Private Partnerships, First Southwest Bank has:

- Financed **14** Small Businesses
- Created **25** New Jobs
- Retained **49** Jobs

Do you have an idea for a new business? Interested in expanding your existing business? Whatever it is, we can help you get there.

[LEARN MORE ABOUT SMALL BUSINESS WEEK](#)

[LEARN MORE ABOUT HOW FIRST SOUTHWEST BANK CAN HELP YOU](#)

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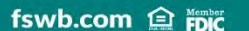
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Expansion

- (Future) Largest Loan Products: Small Business & Agricultural Products
 - Determine what we should be tracking
 - Determine how lenders will ask for info
 - Determine how and where info will be stored
- (Long Term) Education and Early Child Care, Affordable Housing, Sustainable Energy, Community Infrastructure, Financial Literacy



Part 2: Telling the Story



Telling the Story: Messaging

- Developed Talking Points
 - Internal Staff Member researched CDFIs and developed Talking Points.
 - Worked with an outside PR Consultant to refine Talking Points.
- PR Consultant held a training session for our C Suite.
 - Continued to tweak Talking Points.
 - Identified key stories to highlight.
 - Held mock interviews to accustom staff to staying on message.



Messaging Follow Up: Talking Points

- Presented Talking Points:
 - Lenders at Lender Training.
 - Teller Supervisor and Personal Banker at each branch.
 - Emailed Talking Points to all Staff
 - Re-email periodically, especially if we have hired recently!
- Few bulleted items to get staff comfortable, but always end with pointing the customer to our CDFI expert!



Messaging Follow Up: Flyers

- From our training we decide on four businesses to highlight:
 - Education: Animas High School
 - Environmental Business: Forest Health Company & Forest Health Timber Products
 - Rural Business: Colorado Mushroom Farm
 - Small Business: Rustic Log Furniture



Messaging Follow Up : Flyers (Cont.)

Story Side

- Staff used credit presentations to write a story.
- PR Consultant polished the language.
- Marketer created the flyers.
- Written permission from business to use.

CDFI Side

- Staff used talking points as well as outside research to draft.
- PR Consultant polished the language.
- Marketer created the flyers.



Telling the Story: Videos

- Videos that are 1 -2 minutes on our site.

In This Section

- Branch Locations
- We Are A CDFI
- Recent CDFI News
- Community Involvement
- Careers
- Our People
- Video Gallery**
- Press Releases

Welcome to our Video Gallery

This gallery includes customer testimonials and videos of our community involvement. We are seriously dedicated to helping the communities we serve thrive and will always try to capture the moment. See what our customers have to say about how we do business. We hope you enjoy!

Durango Ground Breaking Ceremony, December 2015



First Southwest Bank begins construction of our new building at the corner of East 2nd Avenue and College Drive. According to Durango officials, this project serves as the catalyst for the long-range city plans to redevelop the College Drive business corridor.

[Watch Now](#)

NFL TV Commercial

At First Southwest Bank we often find ourselves out in the field. Our customers are setting goals, adding team members and developing their game plan. And we are right there with them, cheering them on and developing their financial plays.

[Watch Now](#)



- Videos that are 30 seconds, closed captioned, and play at branches.





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The Treasury awards CDFI certification to financial institutions that work in underserved areas. In order to become CDFI certified, an institution must:

- **Have a primary mission of community development,**
- **Provide developmental services,**
- **Remain accountable to its community, and**
- **Have 60% of its loan portfolio in low to moderate income census tracts.**

CDFIs leverage private and public funds to finance projects that enhance the communities they serve. In 2014 alone, CDFIs made over 28,000 loans and investments totaling nearly \$3 billion. These loans and investments financed:

- **More than 12,000 small businesses,**
- **Over 25,000 affordable housing units, and**
- **More than 35,000 jobs.***

First Southwest Bank works to provide financial solutions for a range of individuals and businesses, from those just emerging to profitable ones looking to expand. Because of our CDFI designation, we have access to additional resources that allow us to better serve our customers and the community. First Southwest Bank partners with various nonprofits, businesses and organizations to assemble the funding necessary to bring important community projects to life, such as Animas High School.

First Southwest Bank welcomes a conversation about your funding needs. To learn more, please visit our website fswb.com, or contact our **Director of Community Partnerships, Roxanne DeMarco** at 970.731.6952.

*Source: Community Development Bankers Association, March 2015



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EDUCATION: Animas High School



- Charter School established in 2009
- Rigorous, personalized college preparatory curriculum
- Learning through relevant, real-world experiences



Animas High School is a charter school started in 2009 by a group of parents in Durango, Colorado, who wanted to create a learning experience underscored by a culture of high expectations in which their children would thrive. The school offers a project-oriented educational environment unique to the region. Modeled after High Tech High, a very successful school in California, Animas features learning in real-world environments and prepares students to be successful in the 21st century where career options are changing rapidly. In addition to their standard studies, the school's students are often out in the community doing internships, conducting research with local experts, and presenting findings and original projects.

When it first opened, Animas High School was in a strip mall and had to make do within the existing space for several years. However, it became clear that the structure prevented the school from keeping up with increasing student demand. Additionally, the location posed numerous logistical issues especially in terms of parking and access.

Animas High School collaborated with a local development organization to secure a 2.9 acre site that would meet all of its expansion needs. Since Animas is a Colorado Public School authorized through the state's Charter School Institute, there are restrictions that limited its ability to obtain long-term financing for the proposed move. Because of these restrictions, Animas administrators found that traditional banks would not consider their project.

As a mission-driven CDFI bank, First Southwest Bank recognized the important niche Animas served in our community. While traditional banks are unable or unwilling to provide charter school financing, First Southwest Bank was able to work with Animas, as well as the local development agency, to finance the project. Today Animas High School has the ability to grow its enrollment from 250 to 325 students and is ready for another expansion. Because of First Southwest Bank, the Animas High School community has a partner that will continue to support their future plans and dreams.



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J.R. Ford

- Create a fire buffer for Pagosa Springs, CO
- Reuse removed forest materials to create green wood products and biochar
- Protecting the area in a sustainable way



ENVIRONMENTAL BUSINESS: Forest Health Company & Forest Health Timber Products

Fire has always been a present danger in the American West, especially as the boundaries between wild and inhabited places have become more fluid. People in Southwestern Colorado want to both enjoy and respect the abundance of nature found right outside their doors. Pagosa Springs entrepreneur J.R. Ford is working to mitigate the destructive potential of forest fires, create a fire buffer for the town, and reuse the removed forest materials. First Southwest Bank is on board to help his company in the work it does to protect the area in a sustainable way.

In 2012, the United States Forest Service granted a ten-year forest thinning contract to Forest Health Company in Pagosa Springs, Colorado. The materials removed are from wildland urban interface, including underbrush, bark and branches. These materials were considered unusable and were typically disposed of after removal. However, Forest Health Company discovered a great opportunity to reuse some of the materials it removed. Seeing a shortage of a particular product called green wood, Forest Health Company developed a second entity, Forest Health Timber Products, to meet this need by providing green wood.

Forest Health Timber Products runs extracted trees ten inches or greater through its saw mill, producing softwood lumber – or green wood – which can be sold by the board or board foot. This is a highly technical and complex process. As a result, there are only four major mills in the Rocky Mountains that are presently providing green wood products. As a start-up business without a proven history in a very specialized field, most financial institutions would be unable to provide the needed funding for equipment without a significant down payment. As owner of the company, Ford wanted a bank that would go above and beyond to help him grow his company. That is why he turned to First Southwest Bank, a bank he has used for three decades.

First Southwest Bank worked with Forest Health Company and the Small Business Administration to offer a lower down payment with longer terms than traditional commercial lenders. As a Community Development Financial Institution, First Southwest Bank has access to tools to help our customers, their businesses and the communities we serve grow and thrive. First Southwest Bank will work with Forest Health Company / Forest Health Timber Products to replicate his business model and serve other mountain communities that exist in forested areas.



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RURAL BUSINESS: Colorado Mushroom Farm



Baljit Nanda

- High quality mushrooms with extended shelf life
- Expected \$10 million annual revenue in the San Luis Valley
- Projected growth to over 270 employees in the next few years



Thanks to a unique collaboration involving private, government and bank financing, Southern Colorado is growing mushrooms again. The collaboration, which was lauded during a visit by Colorado Governor John Hickenlooper, brought together multiple financing agencies to facilitate the deal. The Governor's economic team estimated that this business will stimulate \$10 million of revenue annually in the San Luis Valley through direct employment and secondary supply and distribution networks.

Baljit Nanda, owner of the Colorado Mushroom Farm, managed a mushroom farm at the same location from 1985 – 2009. When Nanda left, the farm functioned under different management and was unable to stay operational. Upon his return, Nanda had a vision for the farm to provide high quality mushrooms with an extended shelf life to customers throughout the Rocky Mountain region. In order to achieve this, Nanda assembled an experienced growing team of pickers, packers and mechanical engineers from the San Luis Valley.

Nanda was able to raise roughly one-third of the estimated cost for reopening the shuttered farm through private funding. However, the funding was still significantly short of what was needed. As a CDFI bank, First Southwest Bank recognized the far-reaching impact these agricultural jobs would have for the community. First Southwest Bank brought the San Luis Valley Development Resources Group, Colorado Office of Economic Development and Trade, the USDA, and the Colorado Housing and Finance Authority to the table to structure a deal.

Through this collaboration, the Colorado Mushroom Farm has opened its doors and is now selling mushrooms to various grocery stores. The farm has high hopes for growth, aiming to employ over 270 workers within the next few years, making it a leading economic driver in rural Colorado. First Southwest Bank will also be there to support agricultural workers in the San Luis Valley, to encourage self-sufficiency and financial literacy. The collaborative model of funding and ongoing support used in this project will serve as a model for other important projects in rural communities.



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