



Community Developments

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First Citizens' Investments Create New Jobs in Charles City, Iowa

In 1995, First Citizens National Bank of Charles City, Iowa, identified the need to help its small, rural community revitalize the employment market after the departure of a major business, displacing 400 employees. The Bank's concept was to form a partnership, with other local businesses, to take advantage of local government programs designed to attract new industries and jobs. The OCC's community development investment authority helped the Bank make this effort successful and the goal achievable because the ability part 24 provides to national banks to make investments that promote public welfare.

First Citizens, a \$700 million asset Iowa bank, did its research. The Bank partnered with the state economic development agency to determine options for attracting businesses. Because of state and local tax benefit programs, the most plausible option was to develop a speculative commercial building within an emerging industrial park site. This project had three advantages. The tax benefits of locating within the industrial park would provide an attractive incentive to a company looking to expand or relocate. The "spec" building would reduce the time and costs required starting a business venture. Finally, an existing labor pool was readily available to fill jobs, and a local community college agreed to provide job training.

First Citizens helped form the Floyd County Progressive Growth Limited Partnership, led the capitalization effort, and then encouraged other local companies, public utilities, and financial institutions to invest in this partnership to finance the commercial development.

The tax incentives, plus an established relationship with the town of Charles City, attracted Winnebago Industries and created 130 permanent jobs, including jobs for low- and moderate-income persons. The partnership piggybacked on the success of its first project by constructing another building on an adjacent site in the industrial park. Winnebago took the second building, which brought additional jobs to town, retained 23 existing jobs, and expanded Winnebago's presence in the community.

The Bank's limited partnership investment in the project was permissible under part 24 because it was targeted to an area that was designated for redevelopment by Charles City and the state of Iowa. The industrial park site was located within a state enterprise zone and was also designated as a tax increment financing (TIF) district by the city and county. In addition,

the bank's investment was for the purpose of retaining and increasing jobs, including jobs for low- and moderate-income people.

After less than five years, the partnership has developed plans for its third speculative commercial building in the industrial park. The Partnership's activities to date have returned almost half of the jobs that had been lost in this rural community. In addition, the bank, as a limited partner, has received cash dividends from the sale of the first two properties. The bank's investment, made through part 24, has helped create a working partnership between the investors and the local governments that are returning a small midwestern town back to economic health.