

FEATURE 504:

Burhenn & Gruenig Brandon, SD



B & G Heating & Air Conditioning, Inc., dba Burhenn & Gruenig, located in Brandon, South Dakota, is one of First District Development Company's most recent clients to take advantage of a low, fixed interest rate with an SBA 504 loan. The 504 loan, in conjunction with a conventional loan offered by First Premier Bank in Sioux Falls, provided B & G Heating & Air Conditioning an attractive financing package featuring manageable debt repayment requirements, which in turn put an ease on their cash flow. Loan proceeds from the 504 and First Premier Bank were used to construct a new building in Brandon to house B & G Heating & Air Conditioning, Inc. B & G had growing pains, as they had recently outgrown their previously leased building. The newly constructed building has doubled their shop and will help to aid with future company growth.

Burhenn & Gruenig is owned and operated by Thomas Gruenig, who purchased the business from his father Daniel in 2011. Burhenn & Gruenig has been in the Sioux Falls, South Dakota, market for over 25 years when Thomas' father, Daniel Gruenig, and the late Tim Burhenn started the business in 1990. Burhenn & Gruenig have established many strong relationships since 1990 with numerous general contractors in the Sioux Falls and surrounding areas. The company provides heating and cooling systems for residential, multi-family properties and small commercial properties, with most of their work coming from new construction.

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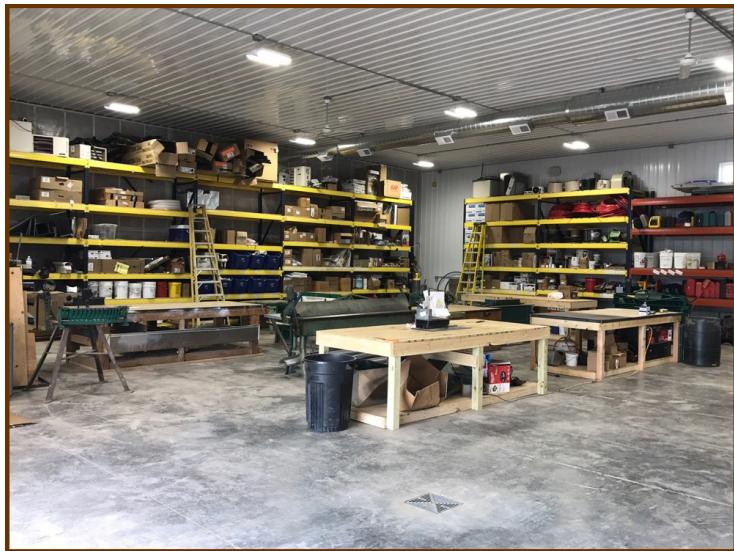
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Burhenn & Gruenig

Continued



In addition to providing new HVAC systems in homes and businesses, they provide annual service maintenance on their existing HVAC systems. Burhenn & Gruenig strive to meet their customer and contractor needs. They only use quality parts and employ some of the best in the construction industry. B & G Heating & Air Conditioning, Inc. provides unique duct work they are able to fabricate in their shop, which gives them a competitive edge. It also allows less air loss and more efficiency for their customers.

Pictured below: Tom and Dan Gruenig



Being a second generation family business, Burhenn & Gruenig is a true family affair. Since Tom took over the family business, the company has grown by two-fold. Tom is responsible for bidding jobs, coordination of project schedules and is the main point of contact working directly with the onsite foremen, field personnel, subcontractors and home/business owners. Tom's two sisters work in the office and you can still find Dan working around the office on a part-time basis. Currently, Burhenn & Gruenig employs nine full-time and three part-time employees.

First District Development Company wishes the Gruenigs many continued years of success and also, thanks them for allowing FDDC to be a part of their business expansion.

Typical SBA 504 Financing Structure

50% 40% 10%

- Lender
- FDDC/SBA 504
- Borrower Equity

It's as easy as 1 - 2 - 3...

1. A bank or other private lender typically finances 50% of the project cost and takes a first lien position on the assets financed. This lender provides a commercial loan at current market rates and fees for their share of the project. They also provide the construction or interim loan that is paid off from the proceeds of the SBA 504 loan.
 2. First District Development Company finances up to 40% of the project cost with the SBA 504 loan and takes a second lien position.
 3. The small business owner provides a down payment that can be as low as 10%*.
- *An additional 5% down payment is required for projects involving special purpose real estate or for new businesses/no experience. If the owner's equity is increased, the FDDC/SBA 504 loan is reduced.

FDDC Client Receives Award...**2017 Small Business Person of the Year...****Beth Hanna, Building Blocks Childcare and Learning Center, LLC**

At the South Dakota SBA Small Business Week celebration in May, Beth Hanna of Building Blocks Childcare and Learning Center, LLC, was honored as the 2017 South Dakota Small Business Person of the Year. Building Blocks Childcare & Learning Center, LLC, in Brandon, South Dakota, is owned and operated by Beth Hanna.

Owning and operating her own childcare center had been a lifelong dream of Beth Hanna's. Before opening the doors to Building Blocks Childcare and Learning Center in June, 2011, Beth was previously an in-home daycare provider and had worked in all capacities in various childcare centers. With assistance from the SBA 7(a) guarantee program on two different occasions, Beth leased space and Building Blocks opened with 50 children in June, 2011. By year end, the center was at maximum capacity and had a waiting list for every age group. After turning away three to five families a week, Beth realized the need to expand. In 2013, Beth received her first SBA 504 loan to purchase the facility they were currently utilizing. With another SBA 504 loan in 2014, a new building was constructed and the Building Blocks School Age Center opened in August, 2014. The "original" building continues to be certified for 150 children from the ages of four weeks to five years old. The "school age" building is licensed for 105 children ranging from ages five to twelve years old, and includes a regulation-sized basketball court and outside age-appropriate playground equipment. Between the two buildings, there is a total of 26,600 square feet of space serving 255 children in Building Block's care, provided by 45 employees.

Building Blocks Childcare and Learning Center is a one stop childcare center for children ages four weeks to twelve years old. The mission statement of Building Blocks – "To provide exceptional care, nurture, and age appropriate learning opportunities in a safe, loving, environment through the dedicated efforts of qualified owners, management and staff, whose concern is for the welfare of the children entrusted in their care" – is a direct correlation to Beth's entrepreneurial spirit. Beth Hanna and Building Blocks is meeting a need not being met in most South Dakota communities; lack of availability for infant care and before and after school care for children over five years old. In addition to providing a safe and loving environment for the children in their care, Beth has many educational goals for the Center. It is a goal of the Center's to have certified teachers in every classroom and those teachers have lesson plans on a daily basis. Building Blocks provides a lot of "extras" that other childcare facilities do not offer, such as field trips and swimming lessons. The Center also transports the school age children to and from school with their own busses, as Beth and a few of her employees have their commercial driver's licenses.

First District Development Company was honored to nominate Beth Hanna of Building Blocks Childcare and Learning Center for the Small Business Person of the Year and assist Beth on two SBA 504 loans.



Pictured above: Luke Tibbets, First Premier Bank; Katie DeBoer, First District Development Company; Beth Hanna, Jakob Hanna, Abbigale Hanna, and Dan Hanna, all of Building Blocks Childcare and Learning Center, LLC

504 Funding Summary

July 2016 — July 2017

10-Year Debentures

Jul	2016	4.115
Sep	2016	4.290
Nov	2016	4.669
Jan	2017	4.598
Mar	2017	4.817
May	2017	4.514
Jul	2017	4.497

For July 2017, a total of \$305,239,000 twenty-year debentures (or 401 loans) and \$13,552,000 ten-year debentures (or 34 loans) were funded through the sale of certificates guaranteed by SBA.

Rates shown are full term effective rates, which include all monthly service fees. 10-Year Debentures are sold every other month and generally the proceeds are used for equipment purchases. 20-Year Debentures are sold monthly and the proceeds are used for real estate acquisition and/or construction.

20-Year Debentures

Jul	2016	4.091
Aug	2016	4.093
Sep	2016	4.082
Oct	2016	4.261
Nov	2016	4.623
Dec	2016	4.596
Jan	2017	4.585
Feb	2017	4.607
Mar	2017	4.827
Apr	2017	4.625
May	2017	4.668
Jun	2017	4.596
Jul	2017	4.766

Be FIRST to get it FIXED!

