

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
FRIDAY, APRIL 24, 2020, 11:00 A.M. CT**

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Notice is further given to persons with disabilities that this meeting is being held in a physical accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements.

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
FRIDAY, APRIL 24, 2020, 11:00 A.M. CT**

Motion Sheet

Board
Members

Jeff Erickson

Don
Kettering

Sharon
Casey

Tom Jones

Mike Luken

Jim Schmidt

Matt Judson

EDFA Meeting: Please note times:

Call To Order: _____

Executive Session: _____

Regular Session: _____

Adjournment: _____

Agenda

Motion to approve the Agenda as presented.

Motion made by _____ and seconded by _____

Minutes

Motion to approve the minutes of December 19, 2019 meeting, as presented.

Motion made by _____ and seconded by _____.

Public Comments

Commissioners Comments

Donation of Funds

Motion to grant \$1,500,000 from the agricultural processing and export (APEX) fund to Governor Noem's Small Business Relief Fund created by SB 192. The Commissioner of GOED is hereby authorized to take all steps reasonably necessary to transfer the grant funds.

Motion made by _____ and seconded by _____.

Executive Session (if necessary)

Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion made by _____ and seconded by _____.

Chairman: Declare board out of executive session. [a.m.]. Chairman: The EDFA entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

Motion to approve the chairman's report from executive session.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

A

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED LARGE CONF. ROOM, 711 E WLLS AVE, PIERRE, SD
FRIDAY, APRIL 24, 2020, 11:00 A.M. CT**

*The public may participate by teleconference during state office closure.
Call in Number - 866-410-8397 Code - 6579820148*

REGULAR SESSION AGENDA

- 11:00 A.M. Call To Order, Chairman, Jeff Erickson
- 11:05 A.M. **Approve Agenda**
RECOMMENDED ACTION: Motion to approve Agenda as provided or amended.
- Approve Minutes**
RECOMMENDED ACTION: Motion to approve Minutes as provided or amended.
- Public Comments**
- 11:10 A.M. **Commissioner's Comments**
- Donation of Funds**
RECOMMENDED ACTION: Motion to grant \$1,500,000 from the agricultural processing and export (APEX) fund to Governor Noem's Small Business Relief Fund created by SB 192. The Commissioner of GOED is hereby authorized to take all steps reasonably necessary to transfer the grant funds.
- 11:20 A.M. **Executive Session** (if necessary)
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 11:25 A.M. **Report from Executive Session** (if necessary)
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.

Notice is further given to persons with disabilities that this meeting is being held in a physically accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements. Please call (605) 773-4633 for assistance or access to the building during state office closures.

B

**Economic Development Finance Authority
GOED Conference Room, 711 E Wells Ave, Pierre, SD
Monday, December 30, 2019, 10:00 a.m. CT**

Members Present

Chairman Jeff Erickson, Don Kettering, Tom Jones, Mike Luken, Jim Schmidt and Matt Judson

Staff Present

Deputy Commissioner Mary Lehecka Nelson, Travis Dovre, Ashley Moore, Terri LaBrie and Cassidy Kulesa

Call to Order

Chairman Erickson called the meeting to order at 10:00 a.m.

Agenda

A motion was made by Tom Jones and seconded by Mike Luken to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Jim Schmidt and seconded by Mike Luken to approve the minutes of November 4, 2019 as presented.

Motion passed by a roll call vote.

APEX Servicing

A motion was made by Mike Luken and seconded by Don Kettering to approve allowing GOED to service the remaining APEX loans, transfer of APEX funds from First National Bank Sioux Falls to BankWest, Inc., and approve Matt Judson, Cassie Stoesser, and Travis Dovre as signatories on the new account.

Motion passed by a roll call vote.

Public Comment Period - none

Executive Session

A motion was made by Matt Judson and seconded by Jim Schmidt to enter into executive session at 10:07 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session

The Chairman declared the board out of executive session at 10:23 a.m. The Economic Development Finance Authority entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Tom Jones and seconded by Mike Luken to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Bills

A motion was made by Mike Luken and seconded by Jim Schmidt to approve the bills payable to First National Wealth Management in the amount of \$2,528.00 and Department of Legislative Audit in the amount of \$5,722.75.

Motion passed by a roll call vote.

Adjourn

The Chairman declared the meeting adjourned at 10:13 a.m.

Motion passed by a roll call vote.

Matt Judson, Secretary/Treasurer

C

Memorandum

Date: April 24, 2020
To: Economic Development Finance Authority
From: GOED
Re: APEX Loan Funds

Over the past two months, GOED staff has been in constant contact with business owners across the state. They have been working diligently with businesses to address their needs in order to cope with the economic consequences of the COVID-19 pandemic. It became abundantly clear that businesses in all sorts of industries, from tourism to retail to manufacturing, have been and will be affected by COVID-19.

Because of this, GOED sought out to create a loan fund tailored to these businesses during the final day of the 2020 legislative session. Senate bill 192 created a loan fund, known as Governor Noem's Small Business Relief Fund, for businesses affected negatively by COVID-19. Details of the fund are attached.

Senate Bill 192 (2020 Legislative Session) authorizes the Economic Development Finance Authority (EDFA) to make a grant or gift to the new loan fund from the agricultural processing and export (APEX) fund. This fund originally used state dollars and matched them with federal funds to create the program. Those federal funds have been paid back, and the program has seen no approvals since 2014. There are three loans remaining in the APEX portfolio. Under this proposal, the three loans remaining in the APEX portfolio will be retained as assets of EDFA.

Because there are no new loans being approved under the APEX program and no plans to use the funds, staff is requesting that the EDFA make a grant of \$1,500,000 to the new loan fund created by SB192.

Recommendation

Staff recommends the Board adopt the following motion: Motion to grant \$1,500,000 from the agricultural processing and export (APEX) fund to Governor Noem's Small Business Relief Fund created by SB 192. The Commissioner of GOED is hereby authorized to take all steps reasonably necessary to transfer the grant funds.



SOUTH DAKOTA
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Governor Noem's Small Business Relief Fund

Appropriate Eligibility Requirements:

1. Be a small for-profit or non-profit business as defined by SBA, but with less than 250 employees
2. Physical presence in South Dakota
3. Established prior to March 2020
4. Provide a written acknowledgement from a South Dakota bank and/or certified public accountant that the applicant has made statements or otherwise provided information or evidence that supports applicant's claim that applicant's business has suffered a material negative impact from the COVID-19 pandemic.
5. Have a personal credit with a minimum score of 650; lower requires a special exception
6. Demonstrate 1:1 debt coverage ratio with the new debt factored under normal circumstances

Loan Details:

- A. Amount:
 - i. Min: \$5,000
 - ii. Max: \$75,000
- B. Terms:
 - i. Interest rate: 0%
 - ii. Fees: none
- C. Amortization:
 - i. No payments for initial 6 months
 - ii. Maximum term of 60 months (prefer shorter term for smaller loans)
 - iii. Automatic Payment Required
 - iv. No pre-payment penalty
- D. Security:
 - i. Personal guaranties for any owner with at least a 20% share of the business
 - ii. A blanket security agreement
 - iii. Loan over \$25,000 may require additional collateral (mortgage, etc)
 - iv. Loans will be made directly to small businesses

Loan Agreement Terms:

- Proceeds from the loan must be held in a separate bank account at a bank in South Dakota.
- Applicant must provide regular expenditure reports to GOED documenting that the use of proceeds were used for normal recurring operating expenses.
- Proceeds may not be used for any distributions or dividends to owners.
- GOED makes no assurances as to how approval or denial of this application will impact the applicant's ability to pursue other financing from the SBA or any other source.

- As a subfund of REDI, these loans will be subject to annual audit by Department of Legislative Audit
- Board of Economic Development will review Eligibility Requirements and Loan Terms; a public monthly report will be provided to them on loan activity.
- Loans will be approved by the Commissioner of the Governor’s Office of Economic Development*
- All application materials are confidential. Name of all loan recipients will be a public record.

GOED expects high demand for these loans, and applications will be evaluated on a “first come, first served” basis.

**after consultation with the Credit Review Committee
April 3, 2020 draft*

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