

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
WEDNESDAY, JANUARY 15, 2020, 10:00 A.M., CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
WEDNESDAY, JANUARY 15, 2020, 10:00 A.M., CT**

**Board
Members:**

Jeff Erickson

Matt Judson

*Sharon
Casey*

Mike Luken

Ted Husted

*Don
Kettering*

Tom Jones

Reed Kessler

Joy Nelson

Eric Yunag

Pat Burchill

*Kevin
Tetzlaff*

David Emery

Non-Voting

Lee Qualm

Erin Healy

*Craig
Kennedy*

Kris Langer

**Motion Sheet
(STAFF RECOMMENDATIONS)**

Agenda

Motion to approve the agenda as presented.

Motion made by _____ and seconded by _____.

Minutes

Motion to approve the minutes of the meetings held December 11, 2019 and January 6, 2020, as presented

Motion made by _____ and seconded by _____.

Conflicts of Interest Disclosures

Public Comments

Commissioners Comments

Authorization to commence rule-making

Motion to authorize staff and legal counsel to start the rule-making process.

Motion made by _____ and seconded by _____.

Executive Session

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 BED 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 _____.

New Business

Advanced Ag Products, LLC

Motion to approve a loan request from Advanced Ag Products, LLC in the amount of \$787,500. Secured by a shared first collateral position on real estate, shared first UCC on equipment and the personal guaranty of principals with 10% or more ownership.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion made by _____ and seconded by _____.

Reinvestment Payment Program
Crowned Ridge Wind, LLC

Motion to approve the Reinvestment Payment Program grant application to Crowned Ridge Wind, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$4,234,777 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for Crowned Ridge Wind, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by _____ and seconded by _____.

Dakota Range III, LLC

Motion to approve the Reinvestment Payment Program grant application to Dakota Range III, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$4,777,730 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for Dakota Range III, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by _____ and seconded by _____.

EnviroFarm SDI

Motion to approve the Reinvestment Payment Program grant application to EnviroFarm SDI as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$941,962 but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for EnviroFarm SD1. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by _____ and seconded by _____.

Sweetland Wind Farm, LLC

Motion to approve the Reinvestment Payment Program grant application to Sweetland Wind Farm, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$3,523,343 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for Sweetland Wind Farm, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by _____ and seconded by _____.

Wessington Springs Wind, LLC

Motion to approve the Reinvestment Payment Program grant application to Wessington Springs Wind, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$841,192 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for

Wessington Springs Wind, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

A

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
WEDNESDAY, JANUARY 15, 2020, 10:00 A.M. CT**

REGULAR SESSION AGENDA

- 10:00 A.M. Call to Order, Chairman Jeff Erickson
- 10:05 A.M. **Agenda**
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**
RECOMMENDED ACTION: Motion to approve the minutes of December 11, 2019 and January 6, 2020, as presented.
- Conflicts of Interest Disclosures**
- Public Comments**
- Monthly Financials**
RECOMMENDED ACTION: No action taken.
- Authorization to commence rule-making:**
RECOMMENDED ACTION: Motion to authorize staff and legal counsel to start the rule-making process.
- 10:10 A.M. **Commissioner's Comments**
- 10:15 A.M. **Executive Session**
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 10:45 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions**
 Advanced Ag Products, LLC
 Reinvestment Payment Program
 Crowned Ridge Wind, LLC
 Dakota Rage III, LLC
 EnviroFarm SDI
 Sweetland Wind Farm, LLC
 Wessington Springs Wind, LLC

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.

Participation in the meeting can be at GOED at 711 E Wells Ave, Pierre, South Dakota, or the GOED office at the Zeal Center for Entrepreneurship at 2329 N. Career Avenue, Sioux Falls, South Dakota.

B

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
WEDNESDAY, DECEMBER 11, 2019, 10:00 A.M. CT**

Members Present

Chairman Jeff Erickson, Matt Judson, Sharon Casey, Mike Luken, Ted Husted, Tom Jones, Joy Nelson, Pat Burchill, Kevin Tetzlaff, David Emery and Craig Kennedy

Staff Present

Commissioner Steve Westra, Deputy Commissioner Mary Lehecka Nelson, Joe Fiala, Ashley Moore, LaJena Gruis, Cassidy Kulesa, Terri LaBrie and Dale Knapp

Other Staff Present

Andrew Coppersmith and Mike Bietz - BankWest, Inc.

Others Present

Bob Mercer - Keloland

Call to Order

Chairman Erickson called the meeting to order at 10:01 a.m.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Pat Burchill and seconded by Ted Husted to approve the minutes of the meetings held November 13, 2019 and November 25, 2019, as presented.

Motion passed by a roll call vote with David Emery abstaining.

Conflicts Disclosure

Chairman Erickson opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. Mike Luken declared a potential conflict with Watertown Development Company as he serves on the Watertown Municipal Utilities Board. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from board members and no objection to proceeding with the agenda.

Public Comments – none

Executive Session

A motion was made by Joy Nelson and seconded by Mike Luken to enter into executive session at 10:11 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 Report

The Chairman declared the board out of executive session at 10:55 a.m. The Chairman reported that the Board of Economic Development 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 Sharon Casey and seconded by Kevin Tetzlaff to approve the Chairman's report from executive session.
Motion passed by a roll call vote.

Grant Reviews

Reinvestment Payment Program (3M Aberdeen and Terex South Dakota, Inc.) and South Dakota Jobs Program (Forest Products Distributors, Inc.)

A motion was made by Matt Judson and seconded by Pat Burchill to approve the grant reviews as recommended by staff and Grant Committee.
Motion passed by a roll call vote.

Loan Reviews

PEDCO/Puris and Vermillion Area Chamber of Commerce and Development Company

A motion was made by Matt Judson and seconded by Joy Nelson to approve the loan reviews and recommendations as presented.
Motion passed by a roll call vote.

Old Business

Ag Processing, Inc.

A motion was made by Sharon Casey and seconded by Pat Burchill to approve extending the construction commencement date to September 30, 2020.
Motion passed by a roll call vote.

Lincoln Clean Energy, LLC

A motion was made by Mike Luken and seconded by Tom Jones to approve changing the project owner to Willow Creek Wind Power, LLC.
Motion passed by a roll call vote.

New Business

Local Infrastructure Improvement Program

Watertown Development Company

A motion was made by Kevin Tetzlaff and seconded by Pat Burchill to approve the Local Infrastructure Improvement Program grant application to Watertown Development Company as recommended by staff and Grant Committee.

Approve a Local Infrastructure Improvement grant award to Watertown Development Company in the amount of \$385,961 not to exceed 50% of total project, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.
Motion passed by a roll call vote with Mike Luken abstaining.

Reinvestment Payment Program

Riverview, LLP

A motion was made by Joy Nelson and seconded by David Emery to approve the Reinvestment Payment Program grant application to Riverview, LLP as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$1,302,278 but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for Riverview, LLP. The project as completed must be

substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Tatanka Ridge Wind, LLC

A motion was made by Pat Burchill and seconded by Ted Husted to approve the Reinvestment Payment Program grant application to Tatanka Ridge Wind, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$2,966,507 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for Tatanka Ridge Wind, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Triple H Wind Project, LLC

A motion was made by Kevin Tetzlaff and seconded by Mike Luken to approve the Reinvestment Payment Program grant application to Triple H Wind Project, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$4,828,058 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for Triple H Wind Project, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

South Dakota Jobs Program

Leaning Oak

A motion was made by Pat Burchill and seconded by Mike Luken to approve the South Dakota Jobs Grant application to Leaning Oak as recommended by staff.

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$217,926, but not to exceed the State Sales and Use Tax paid on eligible costs, is approved for

Leaning Oak. The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule.
Motion passed by a roll call vote.

Bills

A motion was made by Matt Judson and seconded by Joy Nelson to approve the bills payable to Department of Legislative Audit in the amount of \$7,344.75 for the REDI Audit and BMI/Portfol in the amount of \$8,325.00.
Motion passed by a roll call vote.

Adjourn

The Chairman adjourned the meeting at 11:05 a.m.

Matt Judson, Treasurer

**CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
MONDAY, JANUARY 6, 2020, 1:00 P.M. CT**

Members Present

Chairman Jeff Erickson, Don Kettering, Reed Kessler, Matt Judson and Pat Burchill

Staff Present

Ashley Moore, LaJena Gruis, Cassidy Kulesa and Terri LaBrie

Other Staff Present

Andrew Coppersmith - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:00 p.m.

Agenda

A motion was made by Matt Judson and seconded by Reed Kessler to approve the agenda as presented.

Motion passed by a roll call vote.

Conflicts Disclosure – Chairman Erickson opened the floor for committee members to identify potential conflicts under SDCL Chapter 3-23. There were none from committee members and no objection to proceeding with the agenda.

Public Comment Period – none

Executive Session

A motion was made by Don Kettering and seconded by Pat Burchill to enter into executive session at 1:02 p.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 Report

The Chairman declared the Credit Committee out of executive session at 1:17 p.m. The Chairman reported that the Board of Economic Development Credit Committee 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 Don Kettering and seconded by Pat Burchill to approve the chairman's report from executive session.

Motion passed by a roll call vote.

New Business

Advanced Ag Products, LLC

Credit Committee recommends to the Board to approve the application as presented.

A motion was made by Matt Judson and seconded by Reed Kessler.

Motion passed by a roll call vote.

Adjourn

The Chairman declared the meeting adjourned at 1:19 p.m.

Matt Judson, Treasurer

C

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
FINANCIAL REPORT
(Compiled)
November 30, 2019**

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Clausen & Rice, LLP

Certified Public Accountants and Business Consultants

John E. Clausen, CPA

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Accountant's Compilation Report

To the Board of Directors
South Dakota Revolving Economic Development and Initiative Fund
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Revolving Economic Development and Initiative Fund (an Enterprise Fund of the State of South Dakota) as of November 30, 2019, and the related statements of revenues, expenses and changes in net assets and cash flows for the five months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to South Dakota Revolving Economic Development and Initiative Fund.

Clausen & Rice, LLP

Pierre, South Dakota
December 20, 2019

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF NET ASSETS

November 30, 2019

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$56,413,816
Cash and Investments-Designated for Approved REDI Loans	19,799,098
Cash-SD Jobs	<u>1,947,827</u>
Total Cash and Investments	\$78,160,741
Accounts Receivable-Bankwest	305,204
Loans Receivable - REDI, net of allowance of \$826,063	38,894,889
Loan Interest Receivable	63,499
Net Pension Asset	342
Due From Other Funds	0
Investment Income Receivable	<u>780,333</u>
TOTAL ASSETS	<u><u>\$118,205,008</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	<u>118,690</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>118,690</u></u>

LIABILITIES

Accounts Payable	\$11,787
Wages and Benefits Payable	\$21,851
Accrued Leave Payable	\$25,290
Net Pension Liability	\$0
Due To Other Funds	<u>\$6,594</u>
TOTAL LIABILITIES	<u><u>\$65,522</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	<u>25,928</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>25,928</u></u>

NET POSITION

Investment in Capital Assets	0
Unrestricted	<u>118,232,248</u>
TOTAL NET POSITION	<u><u>\$118,232,248</u></u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$118,323,698</u></u>
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SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending November 30, 2019

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$37,680	\$358,174
Ethanol Income - REDI	0	0
Other Income - REDI	27,500	27,500
Building South Dakota Income	0	0
LESS OPERATING EXPENSES		
Administrative Expenses	100,799	312,206
Bad Debt Expense	40,952	16,518
Other Expenses	566	3,396
Building South Dakota Grants	<u>29,385</u>	<u>29,385</u>
NET INCOME (LOSS) FROM OPERATIONS	(\$106,522)	\$24,169
NONOPERATING REVENUE		
Investment Income	<u>164,135</u>	<u>819,739</u>
CHANGE IN NET POSITION	\$57,613	\$843,908
NET POSITION, BEGINNING	118,174,635	117,388,340
Prior period Adjustment	<u>0</u>	<u>0</u>
NET POSITION, ENDING	<u><u>\$118,232,248</u></u>	<u><u>\$118,232,248</u></u>

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
STATEMENT OF CASH FLOWS**

For the Month Ending November 30, 2019

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$57,613	\$843,908
Adjustments to Reconcile Net Income to Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Accounts Receivable - Bankwest	0	0
(Increase) Decrease in Loans Receivable - REDI	(2,509,610)	704,938
(Increase) Decrease in Loan Interest Receivable	14,922	(26,140)
(Increase) Decrease in Loans Receivable - LIIP	0	0
(Increase) Decrease in Equipment	0	0
(Increase) Decrease in VASF Fuel Tax Revenues Receivable	0	0
(Increase) Decrease in Investment Income Receivable	(164,135)	756,395
(Increase) Decrease in Due From Other Funds	0	0
(Increase) Decrease in Other Assets	0	0
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Wages Payable	0	0
Increase (Decrease) in Accrued Leave Payable	0	0
Increase (Decrease) in Grants Payable	0	0
Increase (Decrease) in Due To Other Funds	0	0
	(\$2,601,210)	\$2,279,101
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	(\$2,601,210)	\$2,279,101
NET INCREASE IN CASH AND INVESTMENTS	(\$2,601,210)	\$2,279,101
CASH AND INVESTMENTS - BEGINNING	80,761,951	75,881,640
CASH AND INVESTMENTS - ENDING	\$78,160,741	\$78,160,741

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - REDI
For the Month Ending November 30, 2019
See Accountant's Compilation Report**

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
JMo Holdings, Inc.	9/12/2017	\$ 3,600,000
Fiedler Holding, LLC	10/24/2017	\$ 1,152,338
K&M Tire, Inc.	8/14/2018	\$ 786,300
Terex South Dakota, Inc.	9/13/2018	\$ 10,000,000
Watertown Development Company/Dakota Tube	12/11/2018	\$ 931,900
R & R Holdings, LLC	2/12/2019	\$ 1,278,000
Watertown Development Company/Comprehensive Logisti	7/9/2019	\$ 2,050,560
Total		<u>\$ 19,799,098</u>

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING	November	Advanced Date	Loan Amount
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
JMo Holdings, LLC		11/5/2019	\$2,750,000

REDI LOANS PAID OFF, DURING	November	Pay-off Date	Original Loan Amount
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
None			

REDI LOANS WROTE OFF, DURING	November	Wrote-off Date	Amount Wrote-off
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
None			

REDI LOANS WITHDRAWN, DURING	November	Withdrawal Date	Withdrawn Amount
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
None			

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - SDJP
For the Month Ending November 30, 2019
See Accountant's Compilation Report**

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	10/31/2019	\$1,977,212
Plus: Investment Council Interest		0
South Dakota Jobs		0
Less:		
VRC Metal Systems, LLC		(29,385)
Dedicated SDJP Fund Cash and Investments Balance	11/30/2019	<u>\$1,947,827</u>

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
VRC Metal Systems, LLC	9/12/2017	0	\$45,000 Authorized
* Returned remaining balance of \$15,614.63.			\$29,385 Disbursed
Century Custom Molding, Inc.	10/24/2017	76,500	\$76,500 Authorized
			\$0 Disbursed
True North Steel, Inc.	4/10/2018	26,257	\$26,257 Authorized
			\$0 Disbursed
MNY Group, LLC dba Life Floor	8/14/2018	17,674	\$17,674 Authorized
			\$0 Disbursed
Forest Products Distributors, Inc.	9/13/2018	21,937	\$21,937 Authorized
			\$0 Disbursed
Benaiah Management Company, Inc.	12/11/2018	100,000	\$100,000 Authorized
			\$0 Disbursed
Sonstegard Foods Company	8/13/2019	350,450	\$350,450 Authorized
			\$0 Disbursed
Joel Rempfer	8/13/2019	11,970	\$11,970 Authorized
			\$0 Disbursed
J & A Hog Company, LLC	9/10/2019	49,207	\$49,207 Authorized
			\$0 Disbursed
Shannon Klumb and Ben Klumb	9/10/2019	28,496	\$28,496 Authorized
			\$0 Disbursed
Diamond Five Feeders, LLC	10/24/2019	61,055	\$61,055 Authorized
			\$0 Disbursed
J and K Feeders, LLC	10/24/2019	87,123	\$87,123 Authorized
			\$0 Disbursed
Firesteel Finishers, LLC	11/13/2019	46,277	\$46,277 Authorized
			\$0 Disbursed
		<u>\$876,946</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,947,827
Less Cash and Investments-Restricted for Approved Loans/Grants	\$876,946
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,070,881</u>

CHAPTER 68:02:01

REDI LOANS

Section

68:02:01:01 to 68:02:01:32	Repealed.
68:02:01:33	Definitions.
68:02:01:34	Eligibility requirements.
68:02:01:35	Application requirements -- Screening.
68:02:01:36	Loan amounts.
68:02:01:37	Equity contribution.
68:02:01:38	Use of loan proceeds.
68:02:01:39	REDI loan as take-out financing.
68:02:01:40	Factors for board action.
68:02:01:41	Board action on applications.
68:02:01:42	Acceptance and time restrictions of applicant.
68:02:01:43	Review of financial status.
68:02:01:44	Loan agreement -- Employment agreement -- Security.
68:02:01:45	Borrower reporting requirements.
68:02:01:46	Inspection by the board and retention of records.
68:02:01:47	Additional notification requirements.
68:02:01:48	Maturity and interest rate.
68:02:01:49	Default.
68:02:01:50	Delegation of administrative functions.
68:02:01:51	Official forms.
68:02:01:52	Conflicts of interest.
68:02:01:53	Confidentiality.
68:02:01:54	Pre-existing loans.
68:02:01:55	Banking Commission examination.
68:02:01:56	Credit committee -- Other committees.

68:02:01:01. Definitions. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:02. Eligibility requirements. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 25 SDR 59, effective October 28, 1998; 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:03. Preapplication conference. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:04. Application requirements. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:05. Loan amounts. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:06. Equity contribution. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:07. Permissible uses of loan proceeds. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:08. Impermissible uses of loan proceeds. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:09. Interim financing. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:10. Factors for board action. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:11. Board action on applications. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:12. Acceptance and time restrictions of applicant. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:13. Lender agreement. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:14. Regulated lender reporting requirements. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:15. Loan agreement. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:16. Borrower reporting requirements. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:17. Inspection of the business by the board and retention of records. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:18. Additional notification requirements. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:19. Maturity and interest rate. Repealed.

Source: 14 SDR 24, effective August 19, 1987; 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:20. Review of financial status. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:21. Default on loan agreement. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:22. Enterprise zones. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:23. Delegation of administrative functions. Repealed.

Source: 14 SDR 24, effective August 19, 1987; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:24. Banking commission audit. Repealed.

Source: 21 SDR 44, effective July 4, 1994; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:25. Loans to RRLFs. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:26. RRLF application requirements. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:27. RRLF loan amount. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:28. RRLF loan maturity and interest rate. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:29. RRLF loan collateral. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:30. Impermissible uses of RRLF loan proceeds. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:31. RRLF borrower reporting requirements. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:32. Application of other rules to RRLF loans. Repealed.

Source: 30 SDR 99, effective December 15, 2003; repealed, 34 SDR 68, effective September 13, 2007.

68:02:01:33. Definitions. Terms used in this chapter mean:

(1) "Applicant," any natural person, for-profit entity, or non-profit entity that has completed a REDI fund loan application;

(2) "Board," the Board of Economic Development;

(3) "Borrower," an applicant who has been awarded a REDI fund loan;

(4) "Credit committee," a committee made up of members of the board appointed by the chair of the board with the powers described in § 68:02:01:56;

(5) "Equity," capital that has no guaranteed or mandatory return which must be invested in the project in any event and which has no definite timetable for repayment to the equity holder;

(6) "GOED," the Governor's Office of Economic Development;

(7) "Multifamily housing," housing containing two or more dwelling units, including in an apartment building, duplex, triplex, quadriplex, or townhomes. The term includes housing intended for lease or purchase by the occupant.

~~(78)~~ "Preliminary design stage," that portion of the project associated with market research studies identifying the project scope and need, compilation of the business plan, written initial cost estimates, written site options and description, and obtaining the commitments of the lenders;

~~(89)~~ "Primary jobs," jobs derived from businesses that bring new income into an area, stimulate other local businesses, or assist a community to diversity and stabilize its economy;

~~(910)~~ "Project," except when the term is used in conjunction with multifamily housing, the new business; retention, relocation or expansion of an existing business; or other endeavor which will create or retain primary jobs. When the term is used in conjunction with multifamily housing, new multifamily housing or the acquisition and refurbishment of existing multifamily housing;

~~(1011)~~ "REDI fund," the revolving economic development and initiative fund;

~~(1112)~~ "Total project costs," the direct costs associated with the purchase of land, necessary site development and improvements, construction or acquisition and remodeling of buildings and works necessary to the operation and protection of the project, purchase and installation of machinery and equipment, purchase or development of intellectual property rights, fees for services, approved in-kind contributions, adequate working capital financing, and any other cost approved by the board.

Source: 34 SDR 68, effective September 13, 2007; 39 SDR 16, effective August 6, 2012.

General Authority: SDCL 1-16G-5, 1-16G-8, 1-16G-28.

Law Implemented: SDCL 1-16G-5, 1-16G-8.

68:02:01:34. Eligibility requirements. Any natural person or entity whose project will create or retain primary jobs is eligible to apply for a loan from the REDI fund.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(6).

Law Implemented: SDCL 1-16G-5, 1-16G-8(6).

68:02:01:35. Application requirements -- Screening. Application forms shall be provided by GOED and shall be completed and signed before an application is presented to the board. GOED shall screen all applications for completeness and eligibility upon receipt. No incomplete or ineligible applications may be presented to the board. Applications shall include the following information:

- (1) Applicant's name and address;
- (2) Names, addresses, résumés, and references of owners, investors, and management of the business;
- (3) Articles of incorporation and bylaws or other agreements that describe the legal operation or structure of the business;
- (4) Name and address of the owner or operator of the business during the term of the loan;
- (5) A business plan which contains, as applicable, information regarding the housing, products, or services to be offered by the applicant; job descriptions with attendant salary or wage information by job category; employee benefit package; educational requirements by job category; and methods of accounting, financing, marketing, sales, merchandising, and other disciplines proposed to be used for business growth and expansion;
- (6) Letters of commitment from all funding sources;
- (7) Up to three years of historical balance sheets, cash flow statements, and income statements or federal tax returns;
- (8) Pro forma balance sheets, cash flow statements, and income statements for the greater of three years or the term of the loan;
- (9) A statement of licensing requirements;
- (10) A statement that addresses the effect of the business on the tax base of the area of the project and other positive and negative effects of the project on the area;
- (11) Assurance of compliance with local zoning laws and building codes and that the necessary public utilities are available or will be available when needed by the project;
- (12) Approximate construction date, construction completion date, and the date by which the project will be fully operational;
- (13) Documentation that the preliminary design stage has been completed; and
- (14) Any other information as requested by the board in order to make a sound loan decision.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(7).

Law Implemented: SDCL 1-16G-5, 1-16G-8(7).

68:02:01:36. Loan amounts. Unless waived by the affirmative vote of two-thirds of the members of the board present and voting, a loan made pursuant to this chapter may not exceed the original principal amount of \$1,000,000. Unless waived by the affirmative vote of two-thirds of the members of the board present and voting, a loan made pursuant to this chapter may not exceed 45 percent of the total project cost.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(10).

68:02:01:37. Equity contribution. The applicant shall provide an equity contribution of a minimum of 10 percent of the total project costs as determined by the board. The requirement may be waived by the affirmative vote of two-thirds vote of the members of the board present and voting if the equity contribution is not necessary to secure the interests of the board. In-kind contributions and completed work may be applied toward the equity contribution and total project costs if, in the judgment of the board, such in-kind contributions and completed work contribute substantially to the project. Costs associated with the preliminary design stage may not be considered as equity contribution except for board-approved intellectual property and innovative technology research and development expenses. The applicant shall provide proof of the existence or availability of the equity contribution.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(10).

68:02:01:38. Use of loan proceeds. Loan proceeds may be used for any portion of the total project costs. Except as otherwise provided in this chapter, loan proceeds may not be used for costs associated with the preliminary design stage. Loan proceeds may not be used to finance or refinance the cost of the preliminary design stage. Except for the refinancing of third party interim loans incurred for the project, loan proceeds may not be used to pay existing debt.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(9).

Law Implemented: SDCL 1-16G-5, 1-16G-8(9).

68:02:01:39. REDI loan as take-out financing. Unless otherwise specifically provided in the resolution or motion approving the loan, the applicant shall use the loan to pay off interim financing incurred for the project.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(9).

Law Implemented: SDCL 1-16G-5, 1-16G-8(9).

68:02:01:40. Factors for board action. When making a decision on an application, the board may, in addition to other factors necessary to make a prudent loan decision, consider the following:

(1) Project impact factors;

- (a) Economic impact of primary jobs created or retained;
- (b) Net economic effect of increasing or stabilizing the economy on the community, area, and state;
- (c) Competitive effect on existing businesses;
- (d) Support of the public entities of the community and area;
- (e) The amount of the owner's equity contributed to the project;
- (f) The effect of the project on the environment, health, and safety of the people in the community, area, and state;
- (g) Compatibility with economic development plans of the area and state;
- (h) Type of business;
- (i) Payroll, pay structure, and employee benefit structure; ~~and~~
- (j) Number of jobs created or retained; and
- (k) In the case of multifamily housing, the impact of the project on the availability of workforce within the project area.

(2) Business feasibility factors:

- (a) The potential success of the business and the potential for creating quality jobs and the growth of those jobs;
- (b) The character, experience, management record, and background of the applicant;
- (c) The capacity of the applicant to repay the loan. In determining the capacity of the applicant, the board shall consider the following:
 - (i) The amount of the loan;
 - (ii) The economic feasibility of the project;
 - (iii) The ability of the applicant to service the debt from cash flow of operations, capital, or collateral;
 - (iv) The financial status of the project, business plan, and applicant;
 - (v) The satisfaction of engineering, legal, and environmental regulations; and
 - (vi) The availability of necessary public utilities;
- (d) The total capitalization of the project, which includes all capitalization subordinated to the REDI fund;
- (e) The amount, terms, and conditions of the loan and their compatibility with the needs of the business and the REDI fund; and
- (f) The availability of sufficient collateral to secure the interests of the REDI fund.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(8).

Law Implemented: SDCL 1-16G-5, 1-16G-8(8).

68:02:01:41. Board action on applications. Within 30 days after GOED receives a complete application, the board shall either approve the application as requested, disapprove the application for modification, approve the application contingent on the realization of certain defined conditions, or disapprove the application. If the application is disapproved or disapproved for modification, the reasons shall be transmitted to the applicant in writing. The applicant whose application has been

disapproved may submit another application that addresses the reason for disapproval. The board may extend the time for consideration of an application for up to 50 additional days by advising the applicant of the extension in writing.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(7).

Law Implemented: SDCL 1-16G-5, 1-16G-8(7).

68:02:01:42. Acceptance and time restrictions of applicant. The applicant must comply with any conditions required by the board before the application is approved. Within six months after the official loan approval by the board, the applicant must accept the approval in writing or the approval is void. Within six months after written acceptance, the applicant must commence the project. All loan proceeds must be disbursed within one year after approval by the board. The board or credit committee may extend the time for completion of the project and the final disbursement of loan proceeds if mitigating circumstances prevent completion of the project and the applicant has made a diligent effort so to do. The applicant shall submit any request for extension by the monthly loan application deadline prior to the expiration of the six-month period for completion of the project. The board or credit committee may establish the length of the extension period based on the mitigating circumstances.

Source: 34 SDR 68, effective September 13, 2007; 39 SDR 16, effective August 6, 2012.

General Authority: SDCL 1-16G-5, 1-16G-8(7)(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(7)(10).

68:02:01:43. Review of financial status. After the loan is approved but before the loan is closed, the board or GOED may conduct an overall review of the applicant's financial status. The review may include an analysis of all assets and liabilities and an analysis of the applicant's ability to repay the loan and comply with the loan covenants. The board may withdraw the commitment at any time if a material adverse change occurs.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(7)(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(7)(10).

68:02:01:44. Loan agreement -- Employment agreement -- Security. After the application for a loan is approved, the board and the borrower shall execute a loan agreement, employment agreement, and any other loan documents required by the board. The loan agreement shall contain the rights and responsibilities of the parties and the terms and conditions of the loan. The requirements to secure the loan shall be included in the loan agreement. The employment agreement shall establish the number of primary jobs to be created or retained and the damages payable by the borrower if those jobs are not created or retained. No employment agreement is required for a project consisting solely of multifamily housing.

A loan may be secured or unsecured. A secured loan may be secured by a lien on the interest of the borrower in real and personal property, whether tangible or intangible, as deemed necessary by the board to adequately collateralize the loan.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(10).

68:02:01:45. Borrower reporting requirements. The borrower shall submit to the board annually the following information:

- (1) Employment report;
 - (2) Federal tax returns or periodic financial statements, or both, as requested by the board;
- and
- (3) Other information which the board or GOED deems necessary to determine the financial condition of the borrower and conformance to loan covenants.

The board may require that the financial statements be compiled, reviewed, or audited by an independent accountant at the borrower's expense.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(5).

Law Implemented: SDCL 1-16G-5, 1-16G-8(5).

68:02:01:46. Inspection by the board and retention of records. During the term of the loan, the board or GOED may inspect construction; inspect the borrower's operations, books, and records; and request the borrower to provide accounting records, payments, and invoices to ensure compliance with the terms of the loan agreement and the borrower's ongoing ability to repay the loan. The borrower shall retain accounting and tax records for the term of the loan or for a period of three years, whichever is longer.

The board may contract for project monitoring and servicing during the planning, construction, and operation of the project and the borrower's business.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(5).

Law Implemented: SDCL 1-16G-5, 1-16G-8(5).

68:02:01:47. Additional notification requirements. The borrower shall provide the board with written notice within 10 business days of any changes in top level management of the borrower's business or of any plans for sale, public offering, or lease of the business. Any sale, public offering, or lease of the business requires the prior written approval of the board. If the notification and prior approval requirements of this section are not satisfied, the board may call the loan immediately due and payable.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(5).

Law Implemented: SDCL 1-16G-5, 1-16G-8(5).

68:02:01:48. Maturity and interest rate. Except in the case of a project consisting solely of multifamily housing. The the maturity of the loan may not be more than five years from the date of loan closing, with payments amortized over not more than 20 years. Upon the affirmative vote of two-thirds of the members of the board present and voting, the board may at the time the loan is approved establish a longer maturity for the loan, but in no event may the original maturity date be more than 10 years from the date of loan closing. In the case of a project consisting solely of

multifamily housing, the maturity of the loan may not be more than 30 years from the date of loan closing, with payments amortized over not more than 30 years.

The standard interest rate for REDI loans shall be established by the board from time-to-time and published on the GOED website. The board may deviate from the standard interest rate based on the economic impact of the project, nature and extent of collateral, risk, the amortization period of the loan, and other prudent lending criteria.

The board shall consider the following when establishing the standard interest rate:

- (1) State and national market interest rates;
- (2) State and national economic conditions;
- (3) The solvency and balance of the REDI fund; and
- (4) Other economic or business information necessary to fulfill the board mission to promote economic development in South Dakota.

The borrower is responsible for arranging other financing when the loan is due. If the borrower is unable to obtain financing, the borrower may apply before the loan due date for extension of the loan by the board at an interest rate and time period established by the board. The borrower shall submit any application for extension by the monthly loan application deadline prior to the loan maturity date.

Source: 34 SDR 68, effective September 13, 2007; 39 SDR 16, effective August 6, 2012.

General Authority: SDCL 1-16G-5, 1-16G-8(7)(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(7)(10).

68:02:01:49. Default. If the borrower violates any of the terms of the loan agreement, the other loan documents, this chapter, or other applicable law, the board may declare the loan in default. Upon default, the board may do one or more of the following:

- (1) Declare the entire principal amount then outstanding and interest accrued thereon immediately due and payable
- (2) Increase the interest rate to the default rate established in the loan documents;
- (3) Take possession of the collateral;
- (4) Repair, maintain, and operate the collateral, or sell, lease, or otherwise dispose of the collateral to another person or entity; or
- (5) Take any other action considered appropriate by the board to protect the interest of the board and the REDI fund.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(10).

Law Implemented: SDCL 1-16G-1.1(6), 1-16G-5, 1-16G-8(10).

68:02:01:50. Delegation of administrative functions. The GOED shall perform the administrative functions of the creation, processing, and review of loan applications; the preparation

and negotiation of loan agreements; the review of the financial status of an applicant; loan servicing; and other functions necessary to expedite and assist it in the performance of its duties. Notwithstanding any assurance, guarantee, communication, or representation made to the contrary, there is no commitment of the REDI fund without specific authorization by the board. Only the board may make an award from the REDI fund to an applicant.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(5)(7).

Law Implemented: SDCL 1-16G-5, 1-52-3.2, 1-52-3.3, 1-52-5.

68:02:01:51. Official forms. The board may from time-to-time establish official forms of loan documents, including a loan agreement, promissory note, mortgage, security agreement, employment agreement, and such other documents, certifications, and agreements as the board deems necessary and appropriate. GOED may consent on behalf of the board on a case-by-case basis to any non-substantive modification or to any modification necessary to conform the official forms to the terms of the loan as established by the board.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(10).

68:02:01:52. Conflicts of interest. No member of the board or GOED staff may participate in or vote upon a decision of the board relating to an application or loan servicing action relating to a borrower in which that individual has a direct personal or financial interest.

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(7).

Law Implemented: SDCL 1-16G-5, 1-16G-8(7).

68:02:01:53. Confidentiality. The board, any committee of the board, and the GOED shall, to the extent it constitutes or contains trade secrets or commercial or financial information relating to the operation of an applicant or borrower, maintain as confidential any document, materials, information, or data received or generated by the board, any committee of the board, or the GOED in connection with a proposed or pending application for a REDI loan or an existing REDI loan. If requested by the applicant, the fact that an application has been proposed or is pending shall be maintained as confidential until such time as the application is considered by the board for approval. Any meeting of the credit committee shall be conducted in accordance with SDCL chapter 1-25 and SDCL 1-16G-11.

Source: 34 SDR 68, effective September 13, 2007; 39 SDR 16, effective August 6, 2012.

General Authority: SDCL 1-16G-5, 1-16G-8(7).

Law Implemented: SDCL 1-16G-5, 1-16G-11.

68:02:01:54. Pre-existing loans. ~~Any loan made prior to September 13, 2007, shall be administered based upon the law in effect at the time the loan was approved by the board.~~

Source: 34 SDR 68, effective September 13, 2007.

General Authority: SDCL 1-16G-5, 1-16G-8(10).

Law Implemented: SDCL 1-16G-5, 1-16G-8(10).

68:02:01:55. Banking Commission examination. The board shall request the South Dakota Banking Commission to make an annual examination of the board's lending policies and procedures and the documentation and classification of loans in the REDI fund loan portfolio, including loans made under chapter 68:02:02 of this article.

Source: 34 SDR 68, effective September 13, 2007; 39 SDR 16, effective August 6, 2012.

General Authority: SDCL 1-16G-5.

Law Implemented: SDCL 1-16G-5.

68:02:01:56. Credit committee -- Other committees. The chair shall appoint and may remove the members of the credit committee. The credit committee has the powers and duties described in this chapter and such other powers and duties as the board may delegate to it.

The board may establish other standing or ad hoc committees as the board deems appropriate. The chair shall appoint and may remove the members of committees established by the board.

Source: 39 SDR 16, effective August 6, 2012.

General Authority: SDCL 1-16G-5, 1-16G-8(7).

Law Implemented: SDCL 1-16G-5.