



FINANCE PROGRAMS

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT



FINANCE PROGRAMS

In South Dakota, we're fortunate to work cooperatively in a business climate that's second to none. Our people are dedicated, prepared and productive—and our financing programs are evidence of that. We understand the needs of growing businesses and progressive communities. Our programs are structured to meet your long-term and short-term financing needs. We also know time is of the essence, especially your time. Rest assured, as we walk you through the process, we'll do it quickly and efficiently and will represent you well to our boards that finalize our loan decisions.

Whether you're just laying the ground work or you've been around for a while, no matter your community or company's size, South Dakota's economic development team is ready to partner with you.

“ We’ve been in business for
MORE THAN 15 YEARS, and
our partnership with the State
of South Dakota has equated
to **MORE GROWTH** and
SUCCESS than we could’ve
imagined. Working with
the **GOVERNOR’S OFFICE OF
ECONOMIC DEVELOPMENT** means
an investment in our future and
I look forward to the next time
we can utilize their services.”

DOUG SANGL, CO-OWNER
RUFF LAND KENNELS/ROTO MOLD



BUSINESS



EDC



CITY/COUNTY/
TRIBAL GOV'T



FARMER/
RANCHER



LOAN



GRANT

REVOLVING ECONOMIC DEVELOPMENT & INITIATIVE (REDI) FUND*

- Provides permanent financing for land, buildings, machinery, and equipment
- Low, fixed interest rate
- 10- to 20-year amortization, based on useful life of assets financed
- 5-year balloon payment
- Take-out financing
- Minimum 10 percent equity contribution; REDI Fund loan amount may not exceed 45 percent of total project costs
- Job creation is a factor in determining loan amount – must meet program minimum wage and benefit requirements
- Low origination fee



VALUE ADDED AGRIBUSINESS RELENDING PROGRAM*

- Direct loan available up to \$250,000 or 75 percent of total project costs
- Maximum term of 10 years
- Low, fixed interest rate
- Amortized based on useful life of assets
- Low application fee and loan closing fee



ECONOMIC
DEVELOPMENT
FINANCE
AUTHORITY
(EDFA)*


- Designed for more capital-intensive projects; \$1 million minimum
- Lower interest rate to the borrower as a result of "AA" rating by Standard and Poors
- Long-term, fixed-rate financing
- Provides businesses access to the public bond market
- Bonds may be tax-exempt on projects that are less than \$20 million in total project costs
- Eligible for projects that operate an ag or industrial processing, distributing or manufacturing enterprise
- Permanent financing for land, buildings, machinery, equipment, and associated installation costs







VALUE ADDED
FINANCE
AUTHORITY
(VAFA)*

- Tax-exempt bonds available for qualifying beginning farmers, ag processing business or solid waste disposal expenses for livestock projects
- Tax-exempt bonds offer tax benefits to the bond purchaser and lower interest rates on the project
- Application fees and bond issuance fees apply







Agribusinesses

Ag Businesses involved in processing or manufacturing

Nutrient Management

Fixed assets associated with handling and/or processing of byproducts and livestock nutrients

Beginning Farmer

Assists qualified beginning farmers in acquiring ag property



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SOUTH DAKOTA WORKS

- Offers commercial loans to businesses that need working capital and interim construction financing
- Eligible uses include: working capital, interim construction needs on new buildings, and equipment needs
- Fixed terms and interest rate, typically 1 percent less than lead bank
- The WORKS loan may take a second position on collateral behind the participating bank



SOUTH DAKOTA MICROLOAN/ MICROLOAN EXPRESS

- Offers access to working capital for small enterprises; may also be used for fixed assets
- Up to 10-year term, depending on loan amount and use of funds
- Maximum loan amount of \$100,000; minimum \$1,000; total project costs cannot exceed \$750,000
- Application fee, due at the time of funding, is the greater of 1.5 percent of loan amount or \$50
- 3 percent interest rate
- 50 percent of total financing must be provided by a bank, credit union, or local regional revolving loan funds; balance from MicroLOAN and equity injection (if required by lender); MicroLOAN may subordinate to lender involved or may be in a shared first collateral position with MicroLOAN Express and local or regional revolving loan funds





**“ THE RURAL
DEVELOPMENT AG
LOAN PARTICIPATION**
program is an excellent tool
for financial institutions to
assist farmers—**ESPECIALLY
YOUNG FARMERS**—getting
started or continuing in
agriculture. This program
helps the lending institution
GO ABOVE AND BEYOND
what their normal loan
policy would allow for
lending limits to an
individual customer. ”

TIM ALLEY, SENIOR VICE PRESIDENT AND LOAN OFFICER
FARMERS STATE BANK



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LOAN



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RURAL DEVELOPMENT AG LOAN PARTICIPATION

- Participation loan up to 80 percent with a maximum of \$500,000, low fixed interest rate
- Maximum term of 10 years
- Facility and equipment
- Eligible borrower partners with their local bank
- Amortization depends on useful life of the assets



LIVESTOCK LOAN PARTICIPATION

- Participation loan up to 50 percent loan with a maximum of \$200,000, low fixed interest rate
- Maximum 7 years
- Livestock purchase only
- Eligible borrowers partner with their local bank
- Amortization depends on useful life of the assets



VALUE ADDED LIVESTOCK UNDERWRITING (VALU) GUARANTY

- 50 percent guarantee on a bank loan for feeder livestock
- Maximum guarantee of \$100,000
- Maximum term is 26 months



REINVESTMENT
PAYMENT
PROGRAM*

- Assists companies in offsetting the upfront costs associated with relocating or expanding operations and/or upgrading equipment
- Total project costs in excess of \$20 million or equipment upgrades with a total project cost in excess of \$2 million
- One key criteria considered by the board when reviewing an application is the likelihood the project would have occurred without the Reinvestment Payment Program
- Intended for projects that would not have occurred without the reinvestment payment

SOUTH
DAKOTA JOBS
PROGRAM*

- Assists companies in offsetting the upfront costs associated with relocating or expanding operations and/or upgrading equipment
- Total project costs less than \$20 million or equipment upgrades with a total project cost less than \$2 million
- One key factor considered by the board when approving or denying an application is the likelihood the project would have occurred without the South Dakota Jobs grant

VALUE ADDED
SUB FUND*

- Loan for feasibility or business studies relating to an innovative agricultural development technology
- Up to 45 percent of the cost of the study
- Zero percent interest



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LOAN



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PROOF OF CONCEPT FUND

- Provides up to \$25,000 investments to conduct research demonstrating the technical and economic feasibility of an innovation
- Eligible parties include: entrepreneurs, universities, existing South Dakota companies, or other entities committed to commercializing the results in South Dakota
- Requires a matching cash or in-kind investment of at least 10 percent of the total project cost
- Investment proceeds may be used to pay consultant contracts, materials and supplies, salaries for employees in South Dakota, and necessary services for technical feasibility or marketing studies



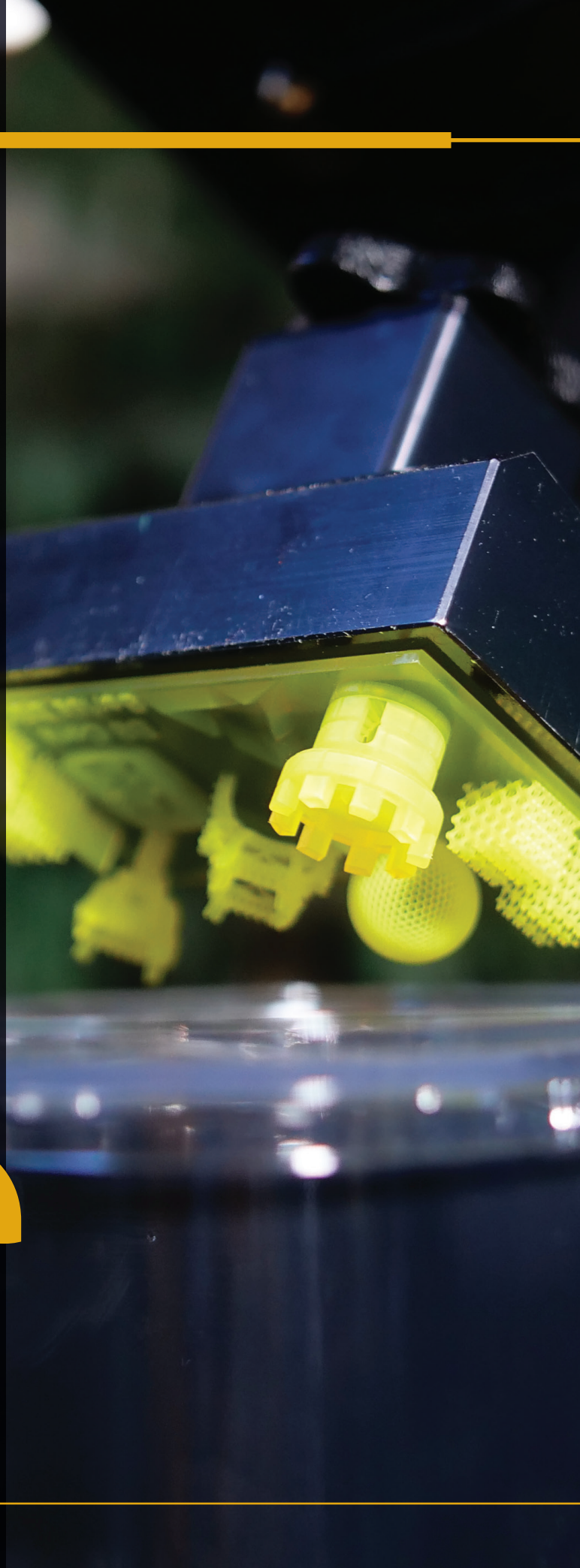
WORKFORCE DEVELOPMENT PROGRAM

- Provides matching grants to assist companies with up to 50 percent of eligible training expenses
- Funding is released on a reimbursement basis upon the completion of the training
- Assists with new and current employee training
- Jobs must meet minimum wage and benefit requirements
- Training must focus on the technical aspects of the job



“ As we were looking for ways to **FINANCE EXPANSION** of our business to accommodate our current needs and future growth, the **REDI FUND LOAN** program proved a great fit to help us acquire our new building. The **JOB GROWTH** that this new facility enables for us will provide a great return to our employees, customers, community and state. ”

SHON ANDERSON, CEO
B9CREATIONS





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DAKOTA SEEDS


- Designed to help employers establish a pipeline for future skilled employees
- Internship must provide a meaningful work experience for the student that will help them further their career pathway
- Internships are open to both high school and post-secondary students
- Positions must have a link to science, technology (computer science), engineering, mathematics, accounting or manufacturing
- The internships cannot be filled by family members of the business ownership group
- Students must be paid a minimum wage of \$10 per hour



LOCAL INFRASTRUCTURE IMPROVEMENT PROGRAM*



- Provides grants to assist in funding the construction or reconstruction of infrastructure for the purpose of economic development projects
- Eligible applicants: any political subdivision of this state, tribal government, or local development corporation from the fund to construct or reconstruct infrastructure for the purpose of serving an economic development project
- Board considers the economic impact of the project to be served by the proposed infrastructure improvements
- Board considers the funding available to and utilized by the applicant






ECONOMIC DEVELOPMENT PARTNERSHIP PROGRAM*

- Eligible uses of funds include developing or expanding local and community development programs by:
 - Funding equipment and training needs;
 - Hiring new staff, or elevating existing part-time staff;
 - Commencing or replenishing local revolving loan funds
- Requires matching funds
- Eligible applicants: any nonprofit development corporation, tribal government, municipality, county, or other political subdivision of the state
- May be used to support work with other entities for community planning and development

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

- Provides matching grants to local governments (incorporated municipalities/counties)
- Primarily benefits low- and moderate income persons
- Projects must meet federal requirements
- Environmental review must be completed
- Local Planning Districts administers CDBG awards
- Can be utilized for workforce development training and community infrastructure needs





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LOAN



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SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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