

Governor's Office of Economic Development

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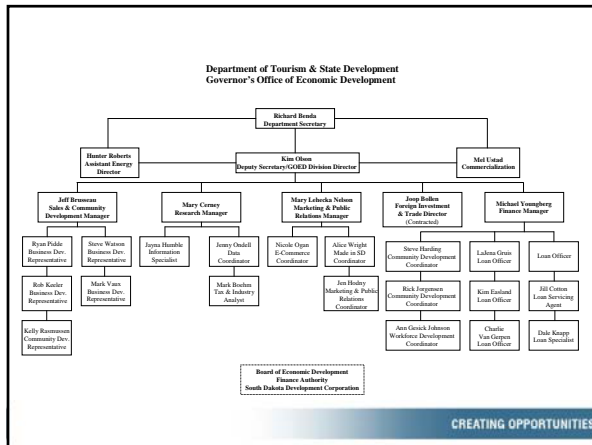


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CREATING OPPORTUNITIES



Board of Economic Development

<u>Name</u>	<u>Location</u>	<u>Position</u>
Jerry Prostrullo	Madison	Chairman
Dale Clement	Rapid City	Treasurer
Tony Klein	Pierre	Secretary
Tom Burchill	Sioux Falls	Member at Large
John Calvin	Watertown	Member at Large
Greg Heineman	Sioux Falls	Member at Large
Jacque Fuller	Lead	Member at Large
Sharon Casey	Chamberlain	Member at Large
Dave Bozied	Sioux Falls	Member at Large
Mark Amundson	Sioux Falls	Member at Large
Jeff Erickson	Sioux Falls	Member at Large
Keith Goodhope	Winner	Member at Large

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**Financing Timeline (REDI)**

- Financing partner's/Lender's meeting:
  - critical identification of best allocation of financing sources, including collateral and interim funding sources
- Application submission
  - typically done electronically (sreadytowork.com) under the financing/incentives tab
  - checklist on page 16 of application will identify all items required by the B.E.D. for loan application consideration
- Review of application by loan officer
  - follow up for any missing items/clarifications within first few days of application being received

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**Financing Timeline (REDI Cont.)**

- Development of loan presentation for Board of Economic Development:
  - Loan Presentation Summary Components:
    - loan request, project summary, sources and uses (including interest rates, terms and collateral), employment projections (including wages and benefits) and community impact statement.
  - Composite Credit Rating Components:
    - company history, management character and industry experience, financial analysis of historical (if applicable) and three years (minimum) projected financials and staff recommendation to board
  - Collateral Analysis Components:
    - loan to value (on discounted collateral)
    - typical for REDI to be included in pro-rata shared first when lead or equal lender

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**Financing Timeline (REDI Cont.)**

- Loan Committee
  - consists of all GOED loan officers
  - held 7-9 days before board meeting
- Board meeting held the 2<sup>nd</sup> Tuesday of each month
  - loan packet mailed to board members 5-7 days prior to meeting

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**Financing Timeline (REDI Cont.)**

- With board approval:
  - loan commitment letter is sent to applicant and all sources of funding
  - commitment will identify any/all items to be submitted or ordered prior to closing
  - commitment letter is valid for six months and requires extension request for additional time
  
- Closing process:
  - commences within 30-60 days of project completion
  - verification of total project costs required prior to closing and disbursement of permanent REDI financing
  - Loan servicing agent completes loan closing documents and services the active REDI loans

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**South Dakota Development Corporation**

<b>Executive Board</b>		
William Earley	Sioux Falls	Chairman
David Munson	Sioux Falls	Vice Chairman
Robert Miller	Pierre	Treasurer
Fred Romkema	Spearfish	Secretary
Doug Knust	Chamberlain	Member at Large
Russell Olson	Madison	Member at Large
Robert Fouberg	Aberdeen	Member at Large

CREATING OPPORTUNITIES

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**South Dakota Development Corporation**

<b>At Large Board</b>		
Michael Crew	Sioux Falls	Member at Large
James Borszich	Huron	Member at Large
Patrick Burchill	Rapid City	Member at Large
John Lillibridge	Burke	Member at Large
Merlin Jeitz	Watertown	Member at Large
Paul Ness	Aberdeen	Member at Large
Joel Rosenthal	Sioux Falls	Member at Large
Doug Sharp	Watertown	Member at Large
Bud Weisser	Brookings	Member at Large
Deb Kuhler	Huron	Member at Large
Jeff Johnson	Gregory	Member at Large
Sandy Weidreyer	Emery	Member at Large
Doug Estes	Rapid City	Member at Large
Allen Lewis	Sioux Falls	Member at Large
Everett Hoyt	Rapid City	Member at Large
Tina Van Camp	Pierre	Member at Large
Ben Kyte	Sioux Falls	Member at Large
Ken Karrels	Millbank	Member at Large

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### Financing Timeline (504)

- Prior to application submission:
  - GOED recommends applicant work with SBDC to develop business plan, including financial projections
  - identify a bank to partner with SDDC 504 loan
- Application submission
  - SDDC provides an application & checklist for applicant to follow
  - loan officer will assist applicant through entire process
- Review of application by loan officer
  - follow up for any missing items/clarifications within first few days of application being received

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### Financing Timeline (504 Cont.)

- Development of loan presentation for South Dakota Development Corporation:
  - Loan Presentation Summary Components:
    - loan request, project summary, sources and uses (including interest rates, terms and collateral), employment information (including wages and benefits)
  - Composite Credit Rating Components:
    - company history, management character and industry experience, financial analysis of historical (if applicable) and two years (minimum) projected financials and staff recommendation to board
  - Collateral Analysis Components:
    - loan to value (on discounted collateral)
    - bank takes a 1<sup>st</sup> position, SDDC takes a 2<sup>nd</sup> position

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### Financing Timeline (504 Cont.)

- Loan Committee
  - consists of all GOED loan officers
  - held 7-9 days before board meeting
- Board meeting held the 4th Thursday of each month
  - loan packet mailed to board members 5-7 days prior to meeting

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**Financing Timeline (504 Cont.)**

- Presentation of loan package to SDDC
- Packaging and Submission to SBA
- SBA authorization obtained
  - Banker/Borrower Notified
- 4506 T signed and mailed to IRS
- Pre-closing meeting:
  - borrower's attorney must participate

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**Financing Timeline (504 Cont.)**

- Environmental and Appraisal ordered
- Survey determination
- Closing
- Funding
- Follow up reporting and servicing

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**Economic Development Finance Authority**

<u>Name</u>	<u>Location</u>	<u>Position</u>
Terry Nelson	Rapid City	Chairman
Garret Juffer	Wagner	Vice Chairman
G. Mark Mickelson	Sioux Falls	Secretary
George Cook	Clear Lake	Member at Large
George Lund	Sioux Falls	Member at Large

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### Financing Timeline (Pooled-Loan Bonds)

- Bond Sizing:
  - estimation of total project costs, total bond financing available, tax-exempt or taxable issuance, coupon rate, cost to issue bonds, and all-in rate.
  - Dougherty & Co. (Underwriter)
- Financing partner's/Lender's meeting:
  - critical identification of best allocation of financing sources, including collateral and interim funding sources
- Application submission
  - typically done electronically (sdreadytowork.com) under the financing/incentives tab
  - checklist on page 16 of application will identify all items required by the E.D.F.A. for bond application consideration

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### Financing Timeline (Pooled-Loan Bonds)

- Review of application by loan officer
  - follow up for any missing items/clarifications within first few days of application being received
  - discussion of application with Dougherty & Co. and Dorsey and Whitney (Bond Counsel)
- Inducement Resolution
  - preliminary board approval
  - requires Finance to develop a full loan presentation
  - LPS, CCR CA
- Loan Committee
  - consists of all GOED loan officers
  - held 7-9 days before board meeting

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### Financing Timeline (Pooled-Loan Bonds)

- Board meeting held the 3rd Thursday of each month
  - loan packet mailed to board members 5-7 days prior to meeting
- With board approval:
  - public TEFRA hearing to be schedule
  - borrower may start incurring costs to be covered by bond issuance
  - not a final commitment by EDFA, but a positive indication project will be approved barring any material changes uncovered during additional due diligence

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### Financing Timeline (Pooled-Loan Bonds)

- TEFRA hearing
  - public notice (published in 3 papers, held no sooner than 14 days and no later than 30 days from the date of publication)
  - an objection in the public hearing could delay timeline, but an objection is not typical
  - borrower responsible for costs of publications
- Allocation Request/Notification
  - required for any potential tax-exempt issuances, but not taxable issuances
  - approximately \$250mm in tax-exempt allocation available for entire State of SD each year

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### Financing Timeline (Pooled-Loan Bonds)

- Official Statement
  - drafted by Perkins Coie (Underwriter's Counsel)
  - must be reviewed (probably multiple drafts before final version) by all parties including: EDFA, FNB SF (trustee), Underwriter (Dougherty & Co.), EDFAs Counsel (Dorsey and Whitney), the Borrower and their Counsel, AGs Office, and the interim construction lender.
  - will include covenant requirements (case by case)
  - must re-rate Pooled-Loan Bond Program (S&P is the rating agency)

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### Financing Timeline (Pooled-Loan Bonds)

- Final Resolution
  - presented to EDFA for final approval of the project
- With EDFA final approval
  - bonds can be sold prior to project completion and held in escrow until project is completed (maximum time in escrow)
- FNB SF acts as EDFAs Trustee
  - responsible for collecting monthly P&I payments from borrower and paying the investors (bond holders) semi-annual payments
- GOED handles any other servicing issues

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