

ECONOMIC DEVELOPMENT  
**FINANCE PROGRAMS**



**SOUTH DAKOTA**

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

## FINANCE PROGRAMS

In South Dakota, we're ready to work. Our people are dedicated, prepared and productive. Our business climate is second to none. And our financing programs are structured with you in mind.

That's because in South Dakota, we understand the needs of growing businesses. We've tailored our financing programs to fit you and your business. And our programs are structured to meet your long-term and short-term financing needs.

We also understand how important your time is. That's why to us, response time is a priority. Our team of professionals will help walk you through the process and will represent you well to our boards that make our loan decisions.

Whether you're just getting started, or are an established business, South Dakota's economic development team is ready to work for you.

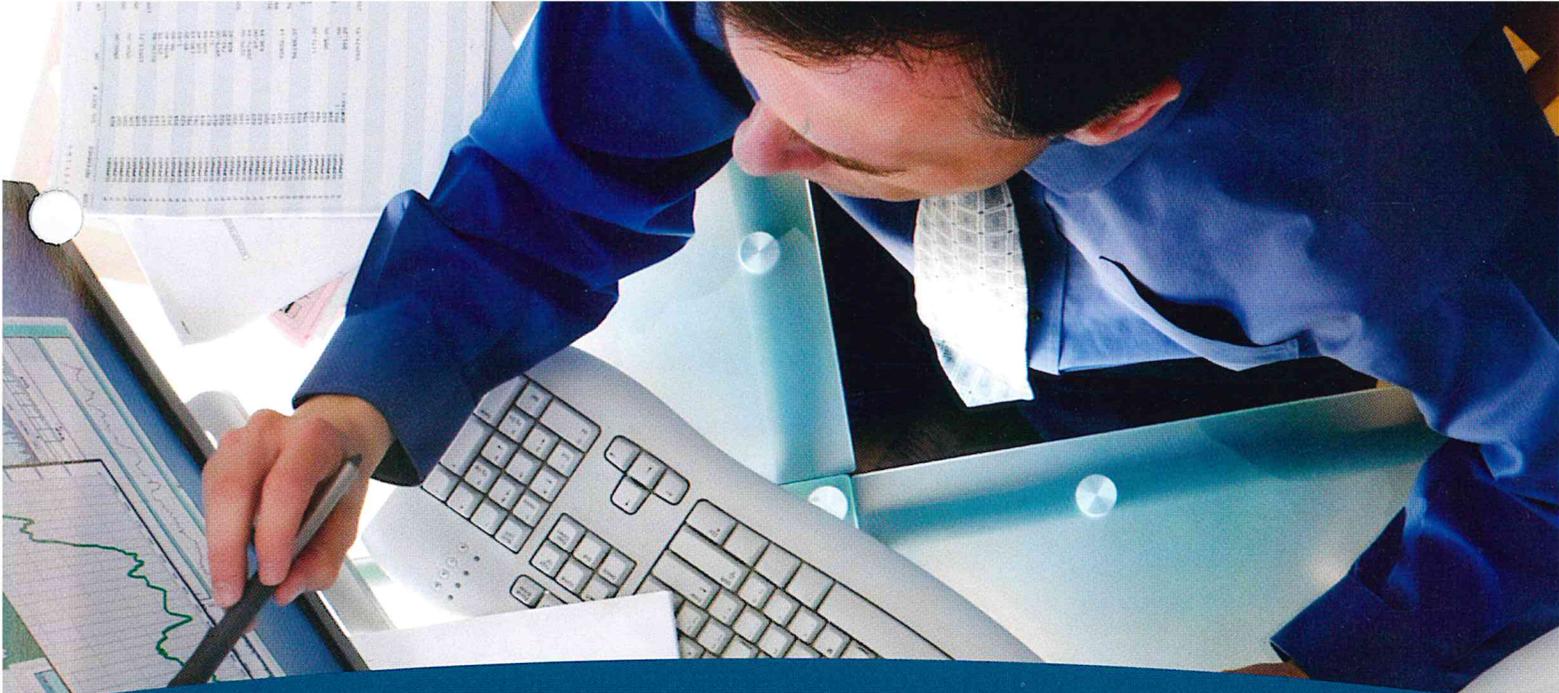
### AT A GLANCE

#### **REDI** (Revolving Economic Development & Initiative) **Fund** \*\*

- Provides permanent financing for land, building, machinery and equipment
- 2 percent fixed rate available to start-ups or expansions
- 10- to 20-year amortization, based on useful life of assets financed
- Five-year balloon
- Minimum 10 percent equity contribution; total 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
- 1.5 percent origination fee
- Take-out financing

#### **EDFA** (Economic Development Finance Authority) \*\*

- Designed for more capital-intensive projects, \$1 million minimum
- Lower interest rate to the borrower as a result of "A+" rating by Standard and Poors
- Long-term, fixed-rate financing
- Provides small 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 processing or manufacturing enterprise
- Permanent financing for land, building, machinery, equipment and associated installation costs



## **BUILDING SOUTH DAKOTA FUND**

### **ECONOMIC DEVELOPMENT PARTNERSHIP PROGRAM**

- Provides matching grants to assist in funding equipment and training needs, new staff, or to elevate existing part-time staff, for purpose of developing or expanding local and community development programs
- May be used to commence or replenish local revolving loan funds
- Eligible for any nonprofit development corporation or any municipality, county or other political subdivision of this state
- Awarded on a matching basis as determined by the board

### **LOCAL INFRASTRUCTURE IMPROVEMENT PROGRAM**

- Provides grants to assist in funding the construction or reconstruction of infrastructure for the purpose of economic development
- Eligible for any local development corporation or political subdivision of this state
- Board shall consult with appropriate state agencies to evaluate the feasibility and merits of the proposed infrastructure improvements
- Board shall consider the economic impact of the economic development project to be served by the proposed infrastructure improvements
- Board shall consider the funding available to and utilized by the applicant

## 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 approving or denying an application is the likelihood the project would have occurred without the reinvestment payment
- Intended for projects that would not have occurred without the 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 criteria considered by the board when approving or denying an application is the likelihood the project would have occurred without the South Dakota Jobs grant
- Intended for projects that would not have occurred without the payment

\* PROGRAMS ADMINISTERED BY THE BOARD OF ECONOMIC DEVELOPMENT

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[www.sdreadytowork.com/finance](http://www.sdreadytowork.com/finance).



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[www.sdreadytowork.com](http://www.sdreadytowork.com)

## **SBA 504 \*\***

- Long-term, fixed-rate financing
- Fixed asset purchases are eligible
- Available to all for-profit businesses, including retail operations
- As a Certified Development Corporation (CDC), the GOED offers 504 loans statewide
- Loan amounts: \$2 million, up to \$5 million under public policy; or, \$5.5 million for manufacturing or energy-related borrowers
- Subordinate lien position to bank

## **APEX (Agricultural Processing & Exporting) Fund \*\***

- Assist companies that add value to ag products through processing
- Assist companies exporting product out-of-state
- 3 percent interest rate available to start-ups or expansions
- 10- to 20-year amortization, based on useful life of assets financed
- Six-year balloon
- May provide up to 75 percent of total project costs, up to a maximum of \$250,000
- Uses include land and building acquisition or new construction, machinery and equipment, fees, services and other costs associated with construction
- Must employ low-income persons, farm families or displaced farm families, if possible
- Encourage job growth in rural areas with a population of 25,000 or less

## **SOUTH DAKOTA MicroLOAN/ MicroLOAN Express \*\***

- Offers access to working capital for small enterprises; may also be used for fixed assets
- 3 percent interest
- Up to 10-year term, depending on loan amount
- Maximum loan amount of \$100,000; minimum \$1,000; total project costs cannot exceed \$500,000
- 50 percent of total project cost must be provided by a bank, credit union, or local or regional revolving loan funds; balance from MicroLOAN and equity injection (if required by lender); MicroLOAN subordinates to lender involved or may be in a shared first collateral position with MicroLOAN Express and the local or regional revolving loan funds.
- Application fee is the greater of 1.5 percent of loan amount or \$50

## **SOUTH DAKOTA WORKS**

- Offers business/commercial loans to businesses needing working capital
- Eligible uses include working capital, interim construction needs on new buildings, and equipment needs
- Eligible borrowers for South Dakota WORKS loans include businesses seeking new financing and certified development financial institutions (CDFIs)
- Must meet US Treasury guidelines
- A company may have only one WORKS loan at a time
- Term: 1-5 years
- Maximum loan amount: \$1 million; minimum loan amount \$20,000
- Fixed interest rate, typically 1 percent less than lead bank
- Structure: Bank, 80 percent, WORKS loan, 20 percent
- The WORKS loan takes second position on collateral behind the participating bank

**\*\* PROGRAM REQUIRES INTERIM/CONSTRUCTION FINANCING.**

## WORKFORCE DEVELOPMENT PROGRAM

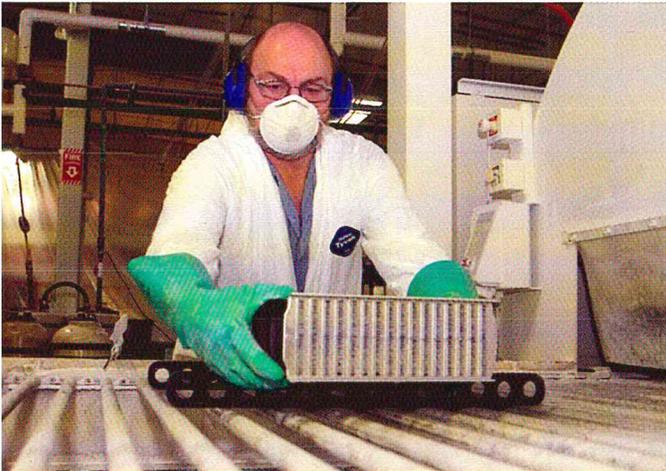
- Provides matching grants to assist companies with up to 50 percent of eligible training expenses
- Assists with new and current employee training
- Jobs must meet minimum wage and benefit requirements
- Training must focus on the technical aspects of the job
- Funding is released on a reimbursement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

## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

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

*"The APEX program has been instrumental to the growth we experienced over the years here at Enclose Manufacturing. The low, fixed interest rates were unmatched saving us in many ways. Our latest involvement with the APEX program was instrumental for expanding our operation to further enhance our customer base and to better serve our existing customers."*

*Bill Wegleitner, President, Enclose Manufacturing*



*"The REDI Fund has been pivotal to our growth as a company in South Dakota. Without it, it would have been very difficult for South Dakota to play on a level playing field with competing states."*

*Mike Adams, CEO  
Adams Thermal*

For additional information on our financing programs go to [www.sdreadytowork.com/finance](http://www.sdreadytowork.com/finance)

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