BOARD OF DIRECTORS
MEETING
Thursday, June 11, 2020
3:30 p.m.

Zoom Meeting: https://us02web.zoom.us/j/88112818849
Call In: 1-312-626-6799
Meeting ID: 881-1281-8849

Pictured: Newly completed mural in Slayton
# AGENDA

<table>
<thead>
<tr>
<th>#</th>
<th>Time</th>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3:30 p.m.</td>
<td>Call to Order &amp; Pledge of Allegiance</td>
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<td>2</td>
<td>3:32 p.m.</td>
<td>Roll Call Introductions</td>
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<td>3</td>
<td>3:35 p.m.</td>
<td>Additions to and Approval of Agenda</td>
<td>4-9</td>
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<td><strong>Action Needed:</strong> Approve Agenda</td>
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<tr>
<td>4</td>
<td>3:37 p.m.</td>
<td>Consent Agenda Items</td>
<td>4-9</td>
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<tr>
<td></td>
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<td>• May Receipts &amp; Expenditures Report</td>
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<td><strong>Action Needed:</strong> Approval of Consent Agenda Items</td>
<td>4-9</td>
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<tr>
<td>5</td>
<td>3:40 p.m.</td>
<td>Finance Reports—Treasurer Gravley &amp; Finance Director Crowley</td>
<td>10</td>
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<tr>
<td></td>
<td></td>
<td>• Treasurer’s Report, including bank accounts and investments</td>
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<td><strong>Action Needed:</strong> Approval of Treasurer’s Report</td>
<td>11</td>
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<td>• Administrative Report through May, 2020</td>
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<td><strong>Action Needed:</strong> Approval of Administrative Report</td>
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<tr>
<td>6</td>
<td>3:45 p.m.</td>
<td>Project Reviews—Staff</td>
<td>12-13</td>
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<td></td>
<td></td>
<td>As of the mailing there is one Project Review for consideration.</td>
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<td><strong>Action Needed:</strong> Accept Project Reviews</td>
<td>12-13</td>
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## Committee & Staff Reports

| 7a | 3:50 p.m. | Revolving Loan Funds—RLF Committee Chair Byrnes & Economic Development Director Weis | 14   |
|    |          | • Commissioners will be updated on current RLF activities.          |      |
|    |          | • COVID-19 RLF One-Pager                                           | 15   |
|    |          | • RLF Plan                                                         | 16-36|
|    |          | • COVID-19 RLF Plan                                                | 37-58|
|    |          | **Action Needed:** Approve RLF and COVID-19 RLF Plans              | 59   |
|    |          | • Commissioners will be updated on the Property Assessed Clean Energy (PACE) loan fund program. |      |
| 7b | 4:00 p.m. | Budget & Personnel Committee Report—Committee Chair Gravley & Staff | 60-61|
|    |          | • Finance Director Job Description                                  |      |
|    |          | • Economic Recovery Specialist Job Description                      | 62-63|
|    |          | **Action Needed:** Approve Committee Recommendations               |      |
| 7c | 4:10 p.m. | Development Report—Staff                                           | 64-67|
| 7d | 4:20 p.m. | Communications Report—Communications Specialist Welu               | 68   |
7e  4:25 p.m.  Transportation Report—Staff

7f  4:35 p.m.  Executive Director’s Report—Executive Director Trusty

7g  4:45 p.m.  Chairman’s Report—Chairman Kuhle

8   4:55 p.m.  Unfinished Business

9   4:55 p.m.  New Business
   • COVID-19 updates from Commissioners: Share & discuss what is working well & current challenges across the region.

10  5:05 p.m.  Other Issues

   SRDC Annual Meeting
   • SRDC Annual Meeting date and location
   Action Needed: Approve Annual Meeting date and location
   • The SRDC Awards Committee (Commissioners Koets, Langseth, and Van Hee) will announce Project of the Year.
   • The Nominating Committee for Election of Officers (Commissioners Elbers, Grant, and Gravley) will need to meet for nominations for the Election of Officers. Election of Officers will occur at the Annual Meeting.

11   Announcements
   SRDC Commissioner vacancies exist from the following representation: Lyon County Municipalities, Redwood County Municipalities, Redwood County Townships, and Region 8 School Boards.
   • SRDC Summer Hours: SRDC Office closes at 2:30 p.m. on Fridays, Memorial Day through Labor Day.
   • SRDC Office will be closed on Friday, July 3rd in observation of Independence Day.
   • Commissioner Expense Sheets should be submitted to the Finance Department by June 19, 2020. Expense sheets can be found on the SRDC website (http://www.swrdc.org/administration/documents/).
   • Note: The SRDC Board of Directors does not meet in August 2020.
   • SRDC Full Commission Meeting: Thursday, September 10th at 3:30 p.m. (location to be determined).

12  5:15 p.m.  Adjournment
# Southwest Regional Development Commission
## Cash Receipts Report - By Month
### May, 2020

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<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Receipt Number</th>
<th>Deposit Number</th>
<th>Date</th>
<th>Source/Category</th>
<th>System</th>
<th>Payer</th>
<th>Amount</th>
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<tbody>
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<td>Received EFT</td>
<td>RLF Loan Borrowers: Payments</td>
<td>2796</td>
<td>187</td>
<td>5/1/2020</td>
<td>CR</td>
<td>RLF Loan Borrowers</td>
<td>$7,539.25</td>
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<th>Project ID</th>
<th>Account Description</th>
<th>Project Description</th>
<th>Debit Amount</th>
<th>Credit Amount</th>
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<tr>
<td>2399-911</td>
<td>381-00-00-00</td>
<td>Loan Clearing</td>
<td>EDA RLF Overall</td>
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| Check | Knott's Corner: PACE Principal Payment | 2797 | 75 | 5/8/2020 | CR | Knott's Corner (Redwood) | $1,000.00 |

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<th>Project Description</th>
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<tr>
<td>4411-181</td>
<td>222-84-10-00</td>
<td>Loan Principal Received</td>
<td>PACE RLF Pgm-Property A</td>
<td>$1,000.00</td>
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| Check | SWMHP: April Monthly Costs | 2798 | 961 | 5/11/2020 | CR | SWMHP | $1,573.92 |

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<th>Project Description</th>
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| Check | SWMHP: Financial/Secretarial - April 2020 | 2799 | 961 | 5/11/2020 | CR | SWMHP | $509.75 |

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| Check | SWMHP: May 2020 Lease Payment | 2800 | 961 | 5/11/2020 | CR | SWMHP | $2,749.98 |

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<tr>
<td>7314-001</td>
<td>994-00-22-00</td>
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<td>$468.00</td>
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<td>9212-001</td>
<td>000-00-00-20</td>
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<td>Unrestricted FY20</td>
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<td>000-00-00-00</td>
<td>Obligation-Capital Lease</td>
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<tr>
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| Check | University of MN: CERTS # 2801 | 2801 | 961 | 5/11/2020 | CR | University of MN | $1,496.58 |

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<td>Dept.Commerce Revenue.</td>
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| Check | University of MN: Green Step # 3 | 2802 | 961 | 5/11/2020 | CR | University of MN | $90.11 |

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<tr>
<td>4717-207</td>
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<td>1495-207</td>
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<td>CERT-Green Step FY20</td>
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| Check | A.C.E. of SW MN: April Copies/Postage | 2803 | 961 | 5/11/2020 | CR | A.C.E. of SW Minnesota | $109.70 |

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### Southwest Regional Development Commission

**Cash Receipts Report - By Month**

May, 2020

<table>
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<th>Type</th>
<th>Description</th>
<th>Receipt Number</th>
<th>Deposit Number</th>
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<td>Annette Fiedler: Health Insurance (Cobra) June 2020</td>
<td>2809</td>
<td>963</td>
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8
# Southwest Regional Development Commission

## Invoice Expense Allocation Report

May, 2020

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<td>Ctr Service</td>
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<td>The Computer Man, Inc.</td>
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<td>Annual Cloud Backup</td>
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<td></td>
<td>SoftwMaint/Purch</td>
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<td>Service: Purge Emails</td>
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<td>Verizon Wireless</td>
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<td>XCEL Energy</td>
<td>5/21/2020</td>
<td>Electricity: 04/04/20 - 05/21</td>
<td>7341-051</td>
<td>Paid</td>
<td>7341-001</td>
<td>Electricity</td>
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<td>05/21/2020</td>
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<td></td>
<td></td>
<td></td>
<td>$150.34</td>
<td>994-00-22-00</td>
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</table>
TREASURER’S REPORT
MONTH END May, 2020 - Bank Accounts as of 6/8/2020

Bank Account Information

INVESTMENTS -General Fund

<table>
<thead>
<tr>
<th>Bank</th>
<th>Amount at 5/31/2020</th>
<th>Due Date</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Prairie Bank - Jackson</td>
<td>156,493.78</td>
<td>08/06/20</td>
<td>2.30%</td>
</tr>
<tr>
<td>Currie State Bank-Currie</td>
<td>107,673.60</td>
<td>09/02/20</td>
<td>2.05%</td>
</tr>
<tr>
<td>First Independent Bank-Russell</td>
<td>101,048.85</td>
<td>02/05/21</td>
<td>2.12%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 365,216.23</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE: The security deposit for the office building in the amount of $50,000 is at the Slayton City Clerk's office at an investment rate of 2.30% on Oct.1, 2019. We currently have extra security at Minnwest Bank-Slayton and United Prairie Bank-Jackson to allow deposits above FDIC limits.

ACCOUNTS-Dedicated and Undedicated Funds Program Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnwest Bank South-Slayton Checking</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Minnwest Bank South-Slayton Savings</td>
<td>$262,842.00</td>
</tr>
<tr>
<td>Minnwest Bank South-Slayton Savings-F &amp; H</td>
<td>$15,712.16</td>
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<tr>
<td>First Independent Bank-Russell Savings</td>
<td>$40,225.67</td>
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<tr>
<td>United Prairie Bank-Jackson Savings</td>
<td>$160,931.90</td>
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<tr>
<td>Jackson Federal S&amp;L-Jackson Savings</td>
<td>$157,569.81</td>
</tr>
<tr>
<td><strong>TOTAL ACCOUNTS</strong></td>
<td><strong>$578,260.03</strong></td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>$365,216.23</strong></td>
</tr>
</tbody>
</table>

Approximate Designated Funds-Projects

Murray Co. Early Childhood Coalition $ (2,159.59)
McKnight Succession (9,026.92)
Regional Cultural Diversity Coalition (1,904.27)

Committed to: Acquisition of Capital Assets-Equipment (88,230.74)
Committed to: Acquisition of Capital Assets-Building (251,214.88)
Committed to: Unemployment Claims (56,391.00)
Committed to: Employee Retirement Transition (33,479.87)
Compensated Absences Payable (57,920.25)

Subtotal Dedicated Funds in bank accounts (478,738.31)

Less: Estimated Nongrant Payables due after 6/8/2020 (11,820)
Funds for cashflow purposes-matching shares, committee meetings, Director and staff nongrant/contract work, upfront work prior to grant reimbursement $ 454,447

SPECIAL REVENUE ACCOUNTS-NonAdministrative

<table>
<thead>
<tr>
<th>Account</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDA Planning Funds</td>
<td>$50</td>
</tr>
<tr>
<td>EDA Revolving Loan Funds-(business loans only)</td>
<td>225,779</td>
</tr>
<tr>
<td>Currie State Bank RLF Savings-(business loans only)</td>
<td>2,565</td>
</tr>
<tr>
<td>Jackson Federal Savings and LoanRLF Savings-(business loans only)</td>
<td>31,652</td>
</tr>
<tr>
<td>PACE Funds-(loans only)</td>
<td>111,013</td>
</tr>
<tr>
<td>PACE Funds-SEP-(loans only) (Possible Admin.Considerations)</td>
<td>326,854</td>
</tr>
<tr>
<td>PACE Funds-(Electric Companies-funds to pay off loans &amp; admin)</td>
<td>30,452</td>
</tr>
<tr>
<td>PACE (County Funds used to pay down on REED loan)</td>
<td>88,704</td>
</tr>
<tr>
<td><strong>TOTAL SPECIAL FUNDS</strong></td>
<td><strong>$728,365</strong></td>
</tr>
</tbody>
</table>
## Southwest Regional Development Commission
### Fiscal Year 2020

#### YTD Comparison % of Budget

<table>
<thead>
<tr>
<th>YTD Comparison % of Budget</th>
<th>91.67</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiscal Year 2020</strong></td>
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</tr>
<tr>
<td><strong>Revenue</strong>:</td>
<td></td>
</tr>
<tr>
<td><strong>FY20 Budget</strong></td>
<td></td>
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<tr>
<td><strong>Revision</strong></td>
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<tr>
<td>July - September</td>
<td></td>
</tr>
<tr>
<td>October - December</td>
<td></td>
</tr>
<tr>
<td>January - March</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
</tr>
<tr>
<td>Pending</td>
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<tr>
<td><strong>Year to Date</strong></td>
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</tr>
<tr>
<td><strong>Under / Over Budget</strong></td>
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</tr>
<tr>
<td><strong>% of Overall Budget</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation/Comments</strong></td>
<td></td>
</tr>
</tbody>
</table>

| **Revenues**               |       |
| **Taxes**                  | 384,000 |
| **Contract for Services**  | 182,105 |
| **MnDOT**                  | 75,000  |
| **Economic Development Adm** | 70,000  |
| **CERTS**                  | 39,432  |
| **McKnight Funds**         | 55,645  |
| **PACE loan orig/int/misc**| 33,467  |
| **Interest & Miscellaneous** | 12,035 |
| **Total Revenues**         | 851,684 |

| **Expenditures**           |       |
| **Committee Expenses**     | 29,100 |
| **Salaries & Fringe**      | 733,240 |
| **Travel**                 | 48,933 |
| **Office Space Costs**     | 36,503 |
| **Postage**                | 5,166  |
| **Communications**         | 5,556  |
| **Printing/Publication**   | 5,166  |
| **Insurance**              | 3,169  |
| **Supplies**               | 4,950  |
| **Computer**               | 13,457 |
| **Professional Services**  | 9,850  |
| **Other**                  | 5,468  |
| **CERTS seed grant**       | 2,500  |
| **Equipment/Building Updates** | 10,331 |
| **PACE loan interest paid**| 513    |
| **Debt Service/Prin. & Int.** | 11,652 |
| **Building Lease Principal Pymt** | 17,586 |
| **Total Expenditures**     | 943,335 |

| **Revenues Over (Under) Expenditures** | -91,651 |
| **Incr/(Decr) in PACE Pgm**            | 12,766  |
| **Incr/(Decr) in SRDC Operations**     | -104,417 |

| **Comment**                     |       |
| **Taxes generally received in December and June - Prorated in pending** | |
| **Based on activity earned to date** |       |
| **Based on activity earned to date** |       |
| **Based on activity earned to date for all CERTs-related projects** |       |
| **Based on activity earned to date with match requirement change** |       |
| **Payroll through May 31st. 7-10 employees 1st half, now 9.** |       |
| **Travel reduction do to stay-at-home** |       |
| **Utility costs** |       |
| **Postage on hand** |       |
| **One month ipad data & internet** |       |
| **Copy paper on hand** |       |
| **Dividend received in November prorated in pending** |       |
| **Balance to pay in June** |       |
| **Equipment Reserve usage $10,331 & PACE reserve change of $-4,195 leaves operations with a decrease of $38,633, 37% of budget instead of 92%** |       |
| **The projected balance of expenditures exceeding revenues at 5-31-20 is $53,159 including PACE. Equipment Reserve usage $10,331 & PACE reserve change of $-4,195 leaves operations with a decrease of $38,633, 37% of budget instead of 92%** |       |
Southwest Regional Development Commission Project Reviews

June 2020

**USDA RURAL DEVELOPMENT**

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Woodstock</td>
<td>Purchase of a New Portable Generator</td>
<td>$25,000</td>
</tr>
</tbody>
</table>
Project Name: City of Woodstock USDA Rural Development application for a new Portable Generator

Project Description

The City of Woodstock has applied for $25,000 of funding through the USDA Rural Development program for the purchase of a new portable generator. Once purchased, the portable generator will be used to power various public works sites within the city during power outages. The application was submitted by the Mayor, Brian VandeVoort, on behalf of the City. Their Clerk/Treasurer, Terri Ryan, is listed as the contact person for questions on the application.

Staff Notes:

SRDC Staff supports this application for a portable generator.

Project Review Time: 1 hour

Income to the SRDC for this Review: $0

Reviewer: Robin Weis, Deputy Director
Revolving Loan Fund (RLF) Report— June 2020

A. RLF PLAN CHANGES FOR SRDC BOARD CONSIDERATION

EDA is providing certain flexibilities to recipients of EDA-funded Revolving Loan Fund (RLF) awards in light of the impact of COVID-19 on small businesses, the increasing demand for RLF loans, and the need for RLFs to provide credit quickly and efficiently to their communities. These flexibilities, discussed further below, include waiving for one year, from May 7, 2020 to May 6, 2021, the RLF regulations that:

- Establish a minimum interest rate for RLF loans (13 CFR 307.15(b)(1))
- Require RLF loans to leverage additional capital (13 CFR 307.15(c))
- Require evidence demonstrating credit is not otherwise available (13 CFR 307.11(a)(1)(ii)(H))

The following two plans are being presented for SRDC Board approval:

1. SRDC RLF Plan- Modified
2. COVID-19 RLF Plan- New Plan

B. FUNDS AVAILABLE

Funds are currently available in the approximate amount of $217,600.

The SRDC RLF Application (fillable) and Requirements Checklist is updated online and can be found at http://www.swrdc.org/economic-development/revolving-loan-funds/.

C. RECENT ACTIVITY

RLF Committee—The committee meets as needed. The committee last met on June 3.

COVID-19 Deferment Option— The RLF Committee did approve offering a 3-month principal and interest deferment option to all RLF loan clients for their April 1, May 1 and June 1 ACH payments. Interest will still accrue during the deferment time. About 2/3 of loan clients opted for deferment.

Servicing Issues—On-going loan servicing issues continue to be addressed. There is one business in Redwood County of particular concern. The SRDC received bankruptcy notice with the lender’s meeting on May 20 and the automatic stay on any collection efforts is lifted July 20.

New Applicants—Interest rates are as low as 4%. The SRDC RLF Application (fillable) and Requirements Checklist is updated online and can be found at http://www.swrdc.org/economic-development/revolving-loan-funds/.

Council of Development Finance Agency (CDFA)— Staff has been asked to present as part of CDFA’s Digital Training Institute in 2021. The topic will be “Marketing your RLF Program.” Taping will take place on June 15.

If you have questions about the RLF report, please contact Robin Weis, Economic Development Director, at 507-836-1638 or via e-mail at robin@swrdc.org.
COVID-19 REVOLVING LOAN FUND

A program for preventing, preparing for, & responding to the coronavirus in Southwest Minnesota

Committed to helping Southwest Minnesota respond and recover to the coronavirus pandemic, Southwest Regional Development Commission created a COVID-19 Revolving Loan Fund (RLF) program. This new program is designed to assist in alleviating sudden and severe economic dislocation caused by the pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic growth of Southwest Minnesota.

Eligible Applicants

For profit, non-profit and, under some circumstances, local units of government who have been negatively impacted by the coronavirus pandemic are eligible to apply. Businesses can be start-up, expansions or retention. Businesses must be located in Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, or Rock County.

Priority Projects

Priority projects will be those that assist with preventing, preparing for, and responding to the coronavirus pandemic. Projects could include, but are not limited to:

- the installation and/or implementation of CDC recommended safety measures
- working capital
- fixed assets and inventory
- real estate

Loan Parameters

Loans may range in size up to $100,000. The SRDC COVID-19 RLF can function as the sole lender for this loan fund or can be combined with an additional lender(s) to leverage funds.

Interest Rate: 0% interest rate for the first 12 months, with a fixed interest rate as low as 1% below prime for remaining years. Interest rate is secured at loan closing.

Example: Prime Rate as of 6/5/2020= 3.25%
SRDC COVID-19 RLF Rate= as low as 2.25% after the first year

Application Timeline

Applications accepted on a rolling basis, but are available for a limited time. The Revolving Loan Fund Committee meets as needed to consider requests. Application is available online at www.swrdc.org.

Contact: Robin Weis, SRDC Deputy Director | 507-836-1638 | robin@swrdc.org
Revolving Loan Fund Plan

Strategic Goals

&

Operational Procedures

SOUTHWEST REGIONAL DEVELOPMENT COMMISSION

U.S. Economic Development Administration

EDA AWARD #061961072

June 11, 2020
INTRODUCTION

The Southwest Regional Development Commission (SRDC) originally developed its Revolving Loan Fund (RLF) as a result of the 1993 floods which created immediate physical and long-term economic problems for individuals, businesses and local government. The RLF was established to assist businesses which had suffered economic damage during that period. Since then, the target of the SRDC RLF expanded from assisting flood impacted businesses to also a general RLF.

The SRDC serves the 9 county Region 8 counties of Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock, located in southwest Minnesota. This rural and small town area consists of 80 incorporated cities, only 2 of which have a population 10,000+, and 163 townships. Region 8 was home to 117,597 people in 2015, comprising just over 2 percent of the state’s total population.

PART I:

REVOLVING LOAN FUND STRATEGY

The use and goals of the RLF are part of the broader business development strategy developed to support achievement of the SMART goals and strategies established through the regional Comprehensive Economic Development Strategy (CEDS) process, specifically within the Economic Competitiveness cornerstone. The CEDS is the result of a locally-based, regionally-driven economic development planning process designed to enhance economic growth in the region. The CEDS builds capacity and is a guide to economic prosperity and resiliency.

Economic development planning, as implemented through the CEDS, is not only a cornerstone of the U.S. Economic Development Administration’s (EDA) programs, but successfully serves as a means to engage community leaders, leverage the involvement of the private sector, and establish a strategic blueprint for regional collaboration. The CEDS provides the capacity-building foundation by which the public sector, working in conjunction with other economic partners (individuals, firms, industries, financial institutions), creates the environment for regional economic prosperity.

The SRDC is the organization that maintains the region’s CEDS and fulfills the requirements of the EDA district. As a result, the SRDC is the grant recipient of EDA funds used to capitalize the RLF. The RLF is a program of the SRDC. The RLF committee is made up of local elected officials, appointed individuals, CEDS and SRDC members. RLF administration and staffing is provided by the SRDC.

The Economic Development Vision Statement for this region, as identified in the CEDS, is “The southwest region conducts collaborative economic development efforts to be globally competitive, attracting new and diverse residents, businesses and investments. The region

REVOLVING LOAN FUND REUSE PLAN
cultivates and promotes a unique culture that includes a high quality of life, preservation of natural resources, an educated and skilled workforce, and strong civic engagement.”

The SRDC 2017-2021 Comprehensive Economic Development Strategy (CEDS) was submitted 12/31/16 and reflects the current economic conditions in the region.

A. ECONOMIC ADJUSTMENT OVERVIEW

1. Nature and scale of the economic adjustment problem(s) and economic distress to be addressed by the RLF: The RLF will assist in relieving economic adjustment problems and economic distress thru business lending. The RLF will be used as a business development financing tool. The RLF will be used primarily by for-profit business to assist with new or expanding business development with a focus on creating and/or retaining jobs. The RLF will also leverage private sector capital in creating an environment for growth and expansion. A CEDS strategy is to maintain a regional revolving loan fund for businesses. In case of a natural disaster, RLF funds can be used to mitigate damage to businesses in all industry sectors. After a natural disaster, the RLF can be used to increase economic resiliency for all types of local businesses.

Issues identified in the CEDS that impact development in the region include, but are not limited to: border issues, road quality, water quality/availability, telecommunications infrastructure and outdated water and wastewater treatment systems. Communities in our region struggle to find ways to continue to deliver essential services to our residents. With our heavy reliance on agriculture, our entire economic climate is impacted during agricultural economy struggles. Out-migration of the population has masked some of the economic troubles in the region. While income and unemployment rates show relatively little stress, the relative lack of opportunity is forcing many to leave. Economic development activities, including business lending, therefore, is critical to bringing opportunity into the region.

The Region: The federally designated MN Economic Development District 8, or Region 8, is comprised of an area that covers 9 counties in southwest Minnesota. These counties include Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock. The physical location of the SRDC is located in Slayton, which is central to the region geographically. Slayton is located approximately 200 miles southwest of the Minneapolis/St. Paul metropolitan area and 90 miles from Sioux Falls, South Dakota. SRDC’s western border is South Dakota and its southern border is Iowa. The area is characterized by flat, windy prairie. Region 8 has long been experiencing population declines, with most of the counties in the region peaking in 1960. Only Nobles and Lyon counties are currently seeing population increases. The region suffered severe population loss during the farm crisis.

REVERVING LOAN FUND REUSE PLAN
crisis in the 1980s. Our 65+ population comprises 18.5%, or 27% higher than in Minnesota. Out-migration has led to much of the steady decline. This population decline creates further employment challenges as there simply are not enough people to fill job vacancies.

Regional economy: Region 8 has a mix of industries, from tourism to manufacturing.

With 10,245 jobs at 173 firms, manufacturing is the largest employing industry in Region 8, accounting for 18.8% of total jobs in the region, which is over 7% higher than the state’s concentration of employment in manufacturing. Manufacturing was also the fastest growing industry, gaining 564 jobs since 2000, a 5.8% increase. At $45,916 in 2015, average annual wages were over $8,000 higher in manufacturing than the total of all industries.

Health care and social assistance was the next largest industry with 9,118 jobs at 313 firms. Due to the region’s older population, the largest sector within was nursing and residential care facilities, followed by ambulatory health care services, hospitals, and social assistance.

Retail trade is the third largest industry with 6,044 jobs at 514 establishments. Wages are relatively low in retail trade. The region has seen job declines in this area, despite economic grown in the past 5 years.

The fastest growing industries in the region were agriculture, administrative support and waste management services.

Other important industries in Region 8 include educational services, accommodation and food services, public administration, wholesale trade, finance and insurance, construction, and transportation and warehousing. Interestingly, only 8 of the 20 main industries in the region added jobs since 2010, with gains spread across manufacturing, agriculture, health care, administrative support and waste management services, finance and insurance, construction, and professional and technical services.

The vast majority of businesses (56.8%) have 1-4 employees. Another 32.2% of businesses have between 5-19 employees. Only 8.7% of businesses in the region have 20-99 employees while only 2% have 100-499 employees. Just 9 businesses in the region have more than 500 employees, which is the Small Business Administration’s official cut off for a “small business.” Small businesses are vital to the regional economy.

Region 8 has 10.2% of the state’s farms, and 16.1% of the state’s total market value, led by Redwood, Nobles, Lyon, and Rock County, which were all among the top 17 counties in the state for the market value of products sold.
2. Plans and strategies to deal with the economic adjustment problems an economic street, and the CEDS: The Business Development Strategy and Financing Strategy contained in this RLF plan outline the scope of work to be followed to deal with economic adjustments in our region. Our region is known for its natural amenities, lakes and farm land. What is not commonly known is that there are unique and amazing partnerships that collaborate together with talent, knowledge and skills toward common goals, identifying problems and promoting/sharing business development within the 9 county region. The CEDS puts forth our regional strategy for increasing labor, expanding educational opportunities, broadening access to capital and investing in value-added agricultural products as well as supportive services such as daycares, succession planning, housing and transportation to name a few.

3. How the RLF will be used to support economic adjustment activities identified in the CEDS: This RLF plan outlines goals, objectives and process for delivering business and loan assistance to the region. It provides a clear path and vision that will enable projects to get done. The CEDS identifies the areas targeted and the Plan provides the fiscal capabilities to invest in the region. By uniting with local and regional gap lenders and leveraging resources of other partner agencies, projects of regional importance are achieved and efforts are not duplicated, thus maximizing the return on investment for our region. The RLF is a key component of the regional strategy.

B. BUSINESS DEVELOPMENT STRATEGIES

SRDC developed a business development strategy for targeting RLF resources in pursuit of its economic adjustment goals and objectives that are identified in the CEDS. The business development strategy outlines how financial institutions, revolving loan funds, and other financing programs, as well as technical assistance will be targeted to particular businesses or economic sectors. The strategy is based on knowledge of the staff at the SRDC, as well as through discussions with economic development professionals and organizations, lenders, business owners, community leaders, and elected officials. The strategy is not intended to limit investments in other businesses or activities, which would further diversify the regional economy.

1. Objectives:
   a. Create or retain permanent employment
   b. Encourage growth of the region’s existing business and industry
   c. Encourage the creation of jobs that create a living wage and improve income levels
   d. Stimulate increased tax base
   e. Leverage other public and private sector investment
f. Support new and emerging businesses and industries that add value to existing local businesses including but not limited to renewable energy or value added agriculture activities
g. Encourage entrepreneurship
h. Increase minority enterprise development in the region
i. Encourage the development of vacant land and the rehabilitation of dilapidated or vacant buildings
j. Develop a diversified base of businesses and industries to insulate the region’s economy from changing markets and business cycles
k. Assist in loan packaging and business planning

The region has an existing manufacturing base that the RLF will attempt to build on. Renewable energy and value-added agriculture industries are potential growth industries the RLF will also attempt to encourage growth in. Supporting successors for retention purposes will be necessary. Commercial, retail and non-profit activities will also be encouraged that provide an essential service or help to diversify the local economy.

Furthermore, a primary objective of the Fund is to participate in projects which attract private capital and that create livable wage employment opportunities. It is not the intent of the Fund to replace private sector financing or merely refinance debt.

2. Targeted Sectors- Historically most businesses in the region employ 19 or fewer employees. It is realistic to expect applications to continue this trend. Targeted businesses can be either start-up or expansion, with no more weight given to either application for funding. Following are targeted industry clusters:
   a. Manufacturing, including food processing
   b. Value-added agriculture
   c. Healthcare, including pharmaceuticals, medical devices, biotechnology and healthcare services.
   d. Environmental, including environmental technology and environmental services
   e. Alternative and renewable energy companies
   f. Technology based companies and ventures
   g. Distribution businesses
   h. Commercial/service/essential retail

3. Sector Needs: Because the RLF cannot fill the capital needs for all of the economic development projects in the region, it is necessary to put a priority on applications that meets CEDS objectives. The primary focus will be to achieve the RLF objectives and to advance the goals and strategies of the CEDS. Therefore, the RLF will focus on the following sector needs:
   a. Creating jobs for the unemployed
b. Financing women and minorities

c. Increasing income levels

d. Diversifying regional economy

e. Improving the tax base

f. Stimulating private investment

g. Advancing innovation

h. Working capital loans - Up to 50% of the RLF portfolio may finance working capital

i. Promoting economic self-sufficiency by providing the resources for building safe, healthy and attractive communities; and minimizing poverty.

4. Other programs and activities:

a. Leverage other resources: Staff will seek out additional sources of financing and coordinate with state, federal, local and other financing programs.

b. Mentors: SRDC has business relationships with a number of private and public sector organizations that support business development, retention and expansion. Examples include: Small Business Development Center, Southwest Minnesota Private Industry Council, Prairieland Economic Corporation, Minnesota Department of Employment and Economic Development, Southwest Initiative Foundation, area colleges and universities, and county and city economic development entities.

C. Financing Strategy

The counties eligible to receive lending from the SRDC RLF are Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock counties in southwest Minnesota.

1. Financing Needs: Both existing businesses and entrepreneurs have traditionally had a difficult time obtaining sufficient financing from local financial institutions in the region. Many of our financial institutions are small with limited assets. Agriculture lending has historically been the focus of the region’s financial institutions because of the area’s large agriculture base. As a result, business lending has been and continues to be a small part of the portfolios for the region’s financial institutions. The borrower must demonstrate a need for gap financing. As a resource for gap financing, the RLF is intended to augment, not supplant and/or compete with existing sources of local and private capital.

2. Local Capital Market: Due to limiting factors for accessing private financing, public financing is a vital tool for business development in the region. RLF financing will be used to fill financing gaps and be accessed when credit is otherwise not available. The RLF will try to partner with other public sources of funds whenever possible to fill financing gaps. Other gap financing sources that may be accessible include, but are not limited to:

   a. Public and Private funding sources
b. Prairieland EDC (SBA Lender)
c. MN Department of Employment and Economic Development (public funding)
d. USDA Rural Development (federal funding)
e. County and City RLFs (public funding)

3. RLF financing niche: The RLF financing niche will be to provide gap financing to businesses that fulfill one or more objectives of the RLF’s business development strategy. To fulfill the RLF’s goals and objectives stated herein the RLF may take guidance from the following financing impact factors:
   a. Market based- capitalize on the region’s unique assets and strengths and build comparative advantages for future business investment.
   b. Proactive in nature and scope- support and advance innovation and increased productivity when possible. The RLF should attempt to enhance the region’s success in achieving a high and rising standard of living.
   c. Looks beyond the immediate economic horizon, anticipates economic changes and diversifies the local and regional economy- The RLF investments should attempt to be part of an overarching, long-term regional strategy that includes expanding existing industry and developing emerging, new industry and create conditions for sustained productivity.
   d. Maximize attraction of private sector investments that would not otherwise come to fruition absent RLF investment.
   e. Focus on projects with a high probability of success
   f. Contribute to an environment where higher skill, higher wage jobs are created

D. Financing Policies

RLF loans may be made to qualifying businesses for fixed assets & inventory, real estate and working capital. It is the SRDC RLF policy to weigh start-up and expansion funding requests on an equal basis. The only factor that limits the number of loans that can be made is the availability of funds. The RLF committee shall take guidance from the following points in its implementation of the RLF:

1. Eligible Lending Area: SRDC (also known as Region 8) consists of Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock counties. Other eligible lending areas may be added in the future with EDA’s prior written approval.
2. Allowable borrowers:
   a. For profit, non-profit and under some circumstances local units of government are eligible to apply. Businesses can be start-up, expansions or retention however preference is given to those sectors identified in the CEDS.
3. Allowable lending activities:
i. Working capital
ii. Fixed Assets & Inventory
iii. Working Capital

4. Prohibited lending activities:

- General - RLF capital shall be used for the purpose of making RLF loans that are consistent with the RLF plan or such other purposes approved by the Federal EDA. To ensure that RLF funds are used as intended, each loan agreement must state the purpose of each loan.

- RLF Capital shall not be used to:
  - Acquire an equity position in a private business
  - Subsidize interest payments on an existing RLF loan
  - Provide for borrowers’ required equity contributions under other Federal Agencies’ loan programs
  - Loan guarantees
  - Enable borrowers to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. The potential economic benefits must be clearly consistent with the strategic objectives of the RLF.
  - Provide RLF loans to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit or any investment unrelated to the RLF.
  - Refinance existing debt, unless:

    (i) The RLF Recipient sufficiently demonstrates in the loan documentation a "sound economic justification" for the refinancing (e.g., the refinancing will support additional capital investment intended to increase business activities). For this purpose, reducing the risk of loss to an existing lender(s) or lowering the cost of financing to a borrower shall not, without other indicia, constitute a sound economic justification; or

    (ii) RLF Cash Available for Lending will finance the purchase of the rights of a prior lien holder during a foreclosure action which is necessary to preclude a significant loss on an RLF loan. RLF funds may be used for this purpose only if there is a high probability of receiving compensation from the sale of assets sufficient to cover an RLF’s costs plus a reasonable
portion of the outstanding RLF loan within a reasonable timeframe approved by EDA following the date of refinancing.

5. Loan Size: The Fund will consider loans between $5,000 and $250,000. At no time shall a single loan be more than 25% of the portfolio’s capital base.

6. Interest rates

The RLF may make loans to eligible borrowers at interest rates and under conditions determined by the RLF to be appropriate in achieving the goals of the RLF. The minimum interest rate an RLF may charge is four percentage points below the lesser of the current money center prime interest rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four percent or 75 percent of the prime interest rate listed in the Wall Street Journal. However should the prime interest rate listed in the Wall Street Journal exceed 14 percent, the minimum RLF interest rate is not required to be raised above 10 percent if doing so compromises the ability of the RLF to implement its financing strategy.

Within the parameters outlined above, the RLF will operate with fixed interest rate schedules which shall be negotiated between the RLF Committee and the borrower after taking into account interest rates prevailing in the local commercial market, the term of the loan request, collateral and the financial projections for the project. Interest rates will generally be below local financial institutions’ rates, but no less than 4%.

7. Repayment Terms. The term selected will take into consideration the value and depreciable life of the assets to be financed. The RLF committee has the discretion regarding terms and balloon payments. When a balloon payment comes due, the borrower shall pay the remaining principal and interest balance in full or may request the RLF committee to consider extension of the loan thru the full amortization period. Prepayments are accepted at any time without penalty. A general guide for repayment:
   a. Fixed assets & inventory- 7-15 year term
   b. Real estate- up to 20 year term
   c. Working capital- 5-7 year term

8. Fees: The borrower will pay 1.5% of proceeds at closing. Borrower will also pay all closing fees, legal costs, filing fees, etc.

9. Equity & Collateral:
   a) Equity- The strongest possible equity commitment from borrowers shall be sought as determined by the RLF Committee through an analysis of the borrower’s net worth and financial condition. As a general guide, a minimum
borrower equity contribution of ten (10) percent of the total project cost will be sought when possible. In-kind equity will be allowed to permit greater flexibility.

b) Collateral- The RLF Committee shall make no unsecured loans. The RLF may take a security interest in real estate, equipment, fixtures, accounts receivable and all other business assets. Equity may be in the form of a business asset that is not leveraged to provide greater flexibility. Personal guarantees, corporate guarantees, assignment of life insurance, assignment of leases and rents, subordinate positions to other financing, etc. may be required.

10. Moratoria:

   a) General Policies for Restructuring or Modifying Terms of the Loan: The RLF Committee may extend the terms of the loan through a moratorium on principal payments up to 6 months, and upon review for another moratorium, upon borrower request if circumstances warrant such actions. Terms may also be restructured with a loan extension agreement approved by the RLF Committee if circumstances warrant such action. The borrower must provide personal and business information as requested by the RLF Committee, of which this information will be used by the RLF Committee to evaluate the need for a moratorium or extension on payments. During an emergency declaration, the RLF Committee will have the ability to expedite special financing mitigation with borrowers.

11. Start-ups: Loans for start-ups (new businesses) versus loans for retention or expansion of an established business are weighted equally and the policies remain the same.

12. Working Capital: Loans are limited to no more than fifty percent (50%) of the RLF portfolio.

13. Credit Not Otherwise Available: The RLF cannot be used to substitute for otherwise available private capital. Any potential borrower must demonstrate that credit is not otherwise available.

E. Portfolio Standards and Targets

1. Target Percentages: No more than 50% of the total RLF will go towards working capital; otherwise there are no targeted percentages for RLF investments based on the categories of land use (industrial, commercial, service commercial, etc.), business status (start-up, expansion, retention) or loan type (fixed asset loans vs. working capital loans). The loans awarded depend on the quality of the loan application and the degree to which they create or retain jobs within the targeted sectors.
2. Private Sector Leverage: The portfolio as a whole will have a minimum ratio of $2 in private sector investment for every $1 dollar of RLF dollars committed.

3. Job Cost Ratio: A goal of 1 job created or retained /$20,000 in RLF loan proceeds, for the loan portfolio overall, when possible.

F. RLF Loan Selection Criteria

1. RLF Plan Consistency: All loans will be in compliance and will be consistent with the RLF Plan. Loans that capitalize on existing regional assets and sectors targeted in the CEDS will have preference. Loan applications that are a part of an existing industry cluster, support and advance innovation and/or increase productivity in a particular industry or emerging sector of the economy will also have preference. Minority and women businesses will be encouraged. Loans will be vetted to ensure that the project leverages the maximum private investment. All loans should have the emphasis of creating and/or retaining higher-skill, higher wage employment opportunities for workers.

G. Performance Assessment Process

Performance of the RLF will be assessed based on:

- Number of jobs created and/or retained
- Amount of private sector dollars leveraged
- Cost per job

The Loan Review Committee will report to the SRDC Board of Directors and the Region's local government units on the progress of the Program.

Information learned from performance assessments will be integrated into the RLF Plan, as appropriate. The RLF plan will be reviewed annually, at a minimum, and will be updated at least every five years.
Part II:
Revolving Loan Fund Operational Procedures

This section serves as our internal operating manual and will inform staff of the approved set of administrative procedures for operating the RLF. All operating procedures will conform to the most current “Prudent Lending Practices,” as defined in 13 CFR 307.8. In administering the RLF, the SRDC adopted these procedures to comply with and ensure that potential borrowers comply with the applicable Federal, State and local laws and regulations including, but not limited to, 13 CFR Part 307.

A. ORGANIZATIONAL STRUCTURE

1. The Southwest Regional Development Commission is the grant recipient and entity responsible for RLF Funds.

2. Functions critical to the RLF’s lending activities

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<th>Responsible Party</th>
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3. RLF Committee

The Loan Review Committee is a sub-committee of the SRDC Board of Directors. There are four appointed members from the SRDC plus two members that are solicited and appointed from commercial lending institutions within the Region. The SRDC Chair appoints committee members. A quorum will be two-thirds of the Loan Review Committee. Members are appointed by the SRDC Chair. Committee terms are at the discretion of the SRDC Chair.

4. Conflicts of Interest.

REVOLVING LOAN FUND REUSE PLAN
a) It is SRDC’s policy to maintain the highest standards of conduct to prevent conflicts of interest in connection with RLF Funds. The SRDC utilizes a conflict of interest policy for RLF committee members. Signed copies of the statement are maintained. An annual review of the policy is provided. See attachment A.

B. LOAN PROCESSING PROCEDURES

1. Standard Loan Application Requirements

The following is a list of items that may be required for RLF applicants. Not all items will apply for each loan applicant and certain situations may require additional items not on the list.

- Loan Application
- Credit Report(s)
- Past tax returns and/or financial statements
- Pro-forma financial statements
- Personal Financial Statements
- Resumes
- Appraisal Reports
- Projections
- Schedule of Debts
- Certificate of Incorporations and Corporate Resolution
- Lease
- Business Plan

2) Credit and Financial Analysis

The RLF Committee is provided with an analysis of tax statements, financial statements, credit reports, available collateral (i.e. personal guarantees, mortgages, life insurance), available equity, appraisal reports and whether credit is not otherwise available.

Collateral requirements and Equity Requirements will be dealt with on a case by case basis, as all applications have unique circumstances.

3) Environmental Reviews:

The SRDC will ensure compliance with applicable environmental laws and regulations, including but not limited to 13 CFR Parts 302 and 314, the National Environmental Policy Act of 1969 and other Federal environmental mandates. The Economic Development Director will be responsible for ensuring compliance. These procedures will be followed regarding environmental review of loan applications for construction projects:

SRDC staff will determine if the project will result in a significant adverse environmental impact. The applicant may be asked to submit additional information as necessary to make the determination. No activity shall be financed which would result in a significant adverse environmental impact unless that impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.
SRDC staff shall determine whether the project involves new above-ground development within a floodplain map based on a review of the proposed development against FEMA Flood Insurance Rate Maps. No activity will be financed which would result in a new above-ground development in a 100-year floodplain, per E.O. 11988. This determination will be made by reviewing the proposed development against FEMA Flood Insurance Rate Maps.

SRDC staff will determine whether the proposed project will be located within or adjacent to any wetland area. The applicant may be required to provide wetland delineation information as necessary. No activity shall be financed which would result in alteration of any wetland or in any wetland or have any adverse impact on any wetland without consultation with the U.S. Department of the Interior/Fish and Wildlife Service and, if applicable, a Section 404 Permit with the Army Corp of Engineers shall be obtained.

SRDC shall notify the State Historic Preservation office of each loan application that involves significant new construction or expansion and request and receive comments on the effect of the proposed activity on historic and archaeological resources prior to closing the loan. In cases where SHPO has recommended actions or has determined an adverse impact, the recipient and loan applicant must work with the SHPO and EDA to address any issues identified before the loan is closed.

All loan applicants may be required to provide information regarding whether or not there are hazardous material such as EPA listed hazardous substances (see 40CFR 300), leaking underground storage tanks, asbestos polychlorinated bi-phenols (PCB), or any other hazardous materials present on or adjacent to the affected property that have been improperly handled and have the potential of endangering public health. If deemed necessary, the loan applicant may be required to perform or provide evidence of performance of a Phase I Site Assessment to identify possible sources of contamination, a PHASE II Site Assessment to test soil and/or groundwater samples, and a Phase III Site Remediation involving mitigation of applicable contaminants. No activity shall be financed which involves unresolved site contamination issues. The Loan Applicant shall be responsible for working with the appropriate state environmental agency office to resolve any outstanding issues before any loan can be approved for the affected site.

4 Loan Write-up

A project summary will be provided to the RLF Committee and may summarize the key aspects of the loan, including history, management, market conditions, project financing, collateral, repayment ability, etc. The summary may also contain consistency with the RLF financing policy and whether there are environmental issues.

5 Procedures for Loan Approvals

The loan applications will be presented to the RLF Committee in package format with all required submittals. The RLF Committee will provide due diligence and financial analysis of the application. The RLF Committee will vote on the application either approving the loan or denying it.

The RLF Committee shall review and approve loans in accordance with the approved financing policies, targeting criteria and loan selection criteria of the RLF Plan.

Approval will be based on a majority vote. A quorum must be present at the meeting.
C. LOAN CLOSING AND DISBURSEMENT PROCEDURES

1) Loan closing Documents:

The following documents will be required for the types of loans made under the RLF:

- Loan Application
- Authorization Agreement
- Loan Agreement
- Board meeting minutes
- Promissory Note
- Security Agreement(s)
- Mortgage/Financing Statement (as applicable)
- Correspondence from primary lender stating the need for gap financing

2) Loan Agreement Provisions

The loan agreement will state the purpose of the loan and ensure that the RLF funds are used as intended.

All RLF loan documents and procedures will protect and hold the Federal government harmless from and against all liabilities that the Federal government incur as a result of providing an RLF Grant to assist directly or indirectly in site preparation or construction, as well as the direct or indirect renovation or repair of any facility or site.

SRDC staff will ensure that prospective borrowers, consultants, or contractors are aware of and comply with the Federal statutory and regulatory requirements that apply to activities carried out with RLF loans. The closing documents include a loan call stipulation for instances of non-compliance.

3) Loan Disbursement

After all compliance issues and closing requirements have been assessed and met, documentation will be provided to the SRDC Finance department to have a check cut. Legal Counsel will review all draft loan closing documents. The loan closing will be scheduled, most often at the same time as other lenders involved. A check will be the disbursement vehicle. All necessary procedures will be performed to protect RLF assets. These may include, but are not limited to invoices, purchase orders or receipts.

D. LOAN SERVICING PROCEDURES

1) Repayment

Collections of loan repayments will be done through ACH preferably, or check payments. Loans will be repaid monthly unless there are special circumstances. Once the check is received it will be safeguarded and a timely deposit will be made either that same business day or at the very most the next business day.

2) Monitoring
Loans will be monitored for all approved loan conditions including annual financial statements, annual insurance renewals, UCC refiling, balloon payments and borrower site visiting. Borrowers will be asked about job creation and retention at annual site visits. A tickler file is maintained to ensure compliance.

3) Loan Files

Loan files are maintained in a secure file cabinet. Loan file contents include but are not limited to:

- Financial statements
- Insurance documentation
- Annual site visit reports
- Copies of Loan closing documents
- General correspondences
- EDA required forms
- UCC filings/Extensions
- Title cards/lien information

Original loan closing documents are kept in a bank fireproof safe deposit box for safe-keeping.

4) Job Creation

The borrower is asked how many jobs will be created and retained at the time of application. Borrowers are asked how many jobs are created and retained during annual site visits.

5) Defaulted Loans:

Loans over 90 days in arrears will be handled in a firm yet flexible manner with provisions for modifying or restructuring consistent with program objectives and proper management of the Fund. Any terms or conditions for the loan that are modified must be requested through a Servicing Request Form by the borrower and approved by the RLF Committee.

If a default occurs under a Note and is not cured within ten (10) days after written notice to the loan client, or if default occurs under the Loan Agreement and other loan documents and is not cured within any applicable grace period, then the SRDC may, as its right and option, declare immediately due and payable the principal balance of the Note and interest accrued thereon.

The loan client shall pay a late charge of five percent (5%) of the payment due of principal or interest if payment for any of the installments are not received within fifteen (15) calendar days following the due date. The late charge shall be considered unpaid if not received within thirty (30) calendar days of the missed due date for which it was imposed. Any unpaid late charge shall be added to principal and bear interest at the same rate as noted for the principal. Acceptance of a late charge by SRDC does not constitute a waiver of default.

5. Write-offs

The standard procedure for a loan write-off will be a determination that the loan is not collectible. SRDC staff, legal counsel, auditor and member(s) of the RLF Committee will determine the best way of handling the work-out. All necessary collection practices shall be used including sale of secured
property, equipment, inventory and the like. After liquidation, having no further alternative, the loan is written off.

E. ADMINISTRATIVE PROCEDURES

1) Accounting

Management of the RLF capital includes tracking RLF program and administrative funds separately within the commission general ledger for the RLF so that repayments and interest income are clearly identifiable and auditable. The EDA RLF portfolio and cash are clearly distinguishable from any other Recipient loan program. Additionally, a software is utilized to track loans by loan client. The recipient will ensure that the RLF is operating in accordance with Generally Accepted Accounting Principles (GAAP).

2) Administrative Costs

SRDC intends to use RLF income to cover administrative costs with funding for these services to be provided by the RLF income received, not to exceed 100% of the RLF income received in the given year. Staff time, training, and all associated expenses will be accounted for using generally accepted accounting principles as prescribed in SRDC’s Accounting Policies and Procedures Manual. SRDC acknowledges that if administrative fees exceed 100% of the annual RLF income, the overage will be paid by the SRDC general fund. Funds not used to offset administration of the RLF shall be returned to the RLF Capital Base.

The SRDC will maintain adequate accounting and source documentation to substantiate the amount and percent of RLF income expended to the RLF.

The SRDC acknowledges that it will generally be allowed a reasonable period of time to lend excess funds and achieve the capital utilization standard. However, if the SRDC fails to achieve the capital utilization standard after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination. The SRDC also realizes that a chronic retention of excess cash will be considered a performance issue.

3) EDA Reporting

SRDC acknowledges that EDA requires submission of an ED 209 report.

4) Audits

SRDC acknowledges that the EDA RLF funds are subject to an annual audit requirement and the RLF must be shown every year in the Recipients Schedule of Expenditures of Federal Awards (“SEFA”). SRDC acknowledges that if the dollar amount of the RLF qualifies the RLF as a major federal program, SRDC will ensure that the auditor performs the required federal audit procedures.
ATTACHMENT A
Southwest Regional Development Commission
Revolving Loan Fund
Conflict of Interest Policy- SRDC RLF Committee Members

The Southwest Regional Development Commission is a special purpose unit of government whose Board members, Revolving Loan Fund committee members and professional staff are chosen to provide public benefit. These persons have a duty to conduct the affairs of the Organization in a manner consistent with the mission of the Organization and not to advance their personal interests. This conflict of interest policy is intended to permit the Revolving Loan Fund committee members and SRDC professional staff to identify, evaluate and address any real, potential or apparent conflict of interest that might, in fact or in appearance, call into question their duty to put the interests of the Organization ahead of their personal interests.

This policy applies to the Revolving Loan Fund committee members and professional staff. Each Covered Person shall be required to acknowledge that they have read and are in compliance with this policy.

This policy applies to transactions between the Organization and a Covered Person, or between the Organization and another party with which the Covered Person has a significant relationship. A Covered Person is considered to have a significant relationship with another party if: a) the other party is a family member, including a spouse (or domestic partner or significant other), parent, sibling, child, stepchild, grandparent, and grandchild. This does not include distant relatives, such as cousins, unless the distant relative lives in the same household as the person. b) The other party is an entity in which the Covered Person has a material financial interest or c) The Covered Person is an officer, director, trustee, partner, consultant or employee of the other party.

A Covered Transaction also includes any other transaction in which there may be an actual or perceived conflict of interest, including any transaction in which the interests of the Covered Person may be seen as competing or at odds with the interests of the Organization.

When a Covered Person becomes aware of a Covered Transaction; the individual has a duty to take the following actions: a) Immediately disclose the existence and circumstances of such Covered Transaction to the Economic Development Director or Executive Director of the Organization. b) Refrain from using their personal influence to encourage the Organization to enter into the Covered Transaction; and c) Physically excuse themselves from any discussions regarding the Covered Transaction except to answer questions. Note that the SRDC Board relinquished their right to decision making for all RLF purposes to the RLF Committee.

The Organization may enter into a Covered Transaction where: a) such Transaction does not constitute an act of self-dealing and b) the RLF Committee determines, acting without the participation or influence of the Covered Person and based on comparable market data, that such transaction is fair and reasonable to the Organization. The RLF Committee shall document the basis for this determination in the minutes of the meeting at which the Covered Transaction is considered, and shall consult with the
Organization’s legal advisor as necessary to ensure that the Transaction does not constitute an act of self-dealing.

No personal or private loans may be approved by the RLF Committee.

Date

Printed or Typed Name

Signature
EDA has provided certain flexibilities to recipients of EDA-funded RLF awards in light of the impact of COVID-19 on small businesses, the increasing demand for RLF loans, and the need for RLFs to provide credit quickly and efficiently to their communities.

These flexibilities include waiving for one year, from May 7, 2020 to May 6, 2021, the following regulations that:

- Establish a minimum interest rate for RLF loans (13 CFR 307.15(b)(1))
- Require RLF loans to leverage additional capital (13 CFR 307.15(c))
- Require evidence demonstrating credit is not otherwise available (13 CFR 307.11(a)(1)(ii)(H))

At the discretion and approval of the RLF Committee the following flexibilities may be implemented through May 6, 2021:

- The minimum interest rate as specified under Interest Rates under Financing Policies in the Business Development Strategies section on page 10 of 20, and the interest rate may be set at the discretion of RLF Committee.
- The requirement to leverage capital as specified under Private Sector Lending under Portfolio Standards and Targets in Business Development Strategies section on page 12 of 20 of the Plan may be waived or reduced;
- The requirement to demonstrate that credit is not otherwise available as specified under Credit Not Otherwise Available under Financing Policies in the Business Development Strategies section on page 11 of 20 may be waived.

At the discretion and approval of the RLF Committee the following flexibilities may also be implemented:

- RLF Committee may grant deferrals of payments for both principal and interest for a 3 month through the disbursement phase. At no time may principal or interest be forgiven.

Other lending policies and procedures that the RLF Committee may temporarily modify in this RLF plan include:

- Simplified underwriting and loan approval procedures
- Reduced or eliminated loan application and/or origination fees
- Reduced or eliminated borrower equity and collateral requirements
- Changed maximum or minimum loan amounts
Southwest Regional Development Commission
EDA CARES ACT RECOVERY ASSISTANCE
(COVID-19 RLF)
Revolving Loan Fund Plan

Strategic Goals
&
Operational Procedures

SOUTHWEST REGIONAL DEVELOPMENT COMMISSION
U.S. Economic Development Administration
EDA AWARD #

June 11, 2020

Commented [CC(1)]: This Addendum is intended to identify temporary amended terms of your RLF.
INTRODUCTION

The Southwest Regional Development Commission (SRDC) originally developed its Revolving Loan Fund (RLF) as a result of the 1993 floods which created immediate physical and long-term economic problems for individuals, businesses and local government. The RLF was established to assist businesses which had suffered economic damage during that period. Since then, the target of the SRDC RLF expanded from assisting flood impacted businesses to also a general RLF.

The SRDC serves the 9 county Region 8 counties of Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock, located in southwest Minnesota. This rural and small town area consists of 80 incorporated cities, only 2 of which have a population 10,000+, and 163 townships. Region 8 was home to 117,597 people in 2015, comprising just over 2 percent of the state’s total population.

PART I:

REVOLVING LOAN FUND STRATEGY

The use and goals of the RLF are part of the broader business development strategy developed to support achievement of the SMART goals and strategies established through the regional Comprehensive Economic Development Strategy (CEDS) process, specifically within the Economic Competitiveness cornerstone. The CEDS is the result of a locally-based, regionally-driven economic development planning process designed to enhance economic growth in the region. The CEDS builds capacity and is a guide to economic prosperity and resiliency. Economic development planning, as implemented through the CEDS, is not only a cornerstone of the U.S. Economic Development Administration’s (EDA) programs, but successfully serves as a means to engage community leaders, leverage the involvement of the private sector, and establish a strategic blueprint for regional collaboration. The CEDS provides the capacity-building foundation by which the public sector, working in conjunction with other economic partners (individuals, firms, industries, financial institutions), creates the environment for regional economic prosperity.

The SRDC is the organization that maintains the region’s CEDS and fulfills the requirements of the EDA district. As a result, the SRDC is the grant recipient of EDA funds used to capitalize the RLF. The RLF is a program of the SRDC. The RLF committee is made up of local elected officials, appointed individuals, CEDS and SRDC members. RLF administration and staffing is provided by the SRDC.

The Economic Development Vision Statement for this region, as identified in the CEDS, is “The southwest region conducts collaborative economic development efforts to be globally competitive, attracting new and diverse residents, businesses and investments. The region
cultivates and promotes a unique culture that includes a high quality of life, preservation of natural resources, an educated and skilled workforce, and strong civic engagement.”

The SRDC 2017-2021 Comprehensive Economic Development Strategy (CEDS) was submitted 12/31/16 and reflects the current economic conditions in the region.

A. ECONOMIC ADJUSTMENT OVERVIEW

1. Nature and scale of the economic adjustment problem(s) and economic distress to be addressed by the RLF: The RLF will assist in relieving economic adjustment problems and economic distress through business lending. The RLF will be used as a business development financing tool. The RLF will be used primarily by for-profit business to assist with new or expanding business development with a focus on creating and/or retaining jobs. The RLF will also leverage private sector capital in creating an environment for growth and expansion. A CEDS strategy is to maintain a regional revolving loan fund for businesses. In case of a natural disaster, RLF funds can be used to mitigate damage to businesses in all industry sectors. After a natural disaster, the RLF can be used to increase economic resiliency for all types of local businesses.

Issues identified in the CEDS that impact development in the region include, but are not limited to: border issues, road quality, water quality/availability, telecommunications infrastructure and outdated water and wastewater treatment systems. Communities in our region struggle to find ways to continue to deliver essential services to our residents. With our heavy reliance on agriculture, our entire economic climate is impacted during agricultural economy struggles. Out-migration of the population has masked some of the economic troubles in the region. While income and unemployment rates show relatively little stress, the relative lack of opportunity is forcing many to leave. Economic development activities, including business lending, therefore, is critical to bringing opportunity into the region.

The Region: The federally designated MN Economic Development District 8, or Region 8, is comprised of an area that covers 9 counties in southwest Minnesota. These counties include Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock. The physical location of the SRDC is located in Slayton, which is central to the region geographically. Slayton is located approximately 200 miles southwest of the Minneapolis/St. Paul metropolitan area and 90 miles from Sioux Falls, South Dakota. SRDC’s western border is South Dakota and its southern border is Iowa. The area is characterized by flat, windy prairie. Region 8 has long been experiencing population declines, with most of the counties in the region peaking in 1960. Only Nobles and Lyon counties are currently seeing population increases. The region suffered severe population loss during the farm...
crisis in the 1980s. Our 65+ population comprises 18.5%, or 27% higher than in Minnesota. Out-migration has led to much of the steady decline. This population decline creates further employment challenges as there simply are not enough people to fill job vacancies.

Regional economy: Region 8 has a mix of industries, from tourism to manufacturing.

With 10,245 jobs at 173 firms, manufacturing is the largest employing industry in Region 8, accounting for 18.8% of total jobs in the region, which is over 7% higher than the state’s concentration of employment in manufacturing. Manufacturing was also the fastest growing industry, gaining 564 jobs since 2000, a 5.8% increase. At $45,916 in 2015, average annual wages were over $8,000 higher in manufacturing than the total of all industries.

Health care and social assistance was the next largest industry with 9,118 jobs at 313 firms. Due to the region’s older population, the largest sector within was nursing and residential care facilities, followed by ambulatory health care services, hospitals, and social assistance.

Retail trade is the third largest industry with 6,044 jobs at 514 establishments. Wages are relatively low in retail trade. The region has seen job declines in this area, despite economic growth in the past 5 years.

The fastest growing industries in the region were agriculture, administrative support and waste management services.

Other important industries in Region 8 include educational services, accommodation and food services, public administration, wholesale trade, finance and insurance, construction, and transportation and warehousing. Interestingly, only 8 of the 20 main industries in the region added jobs since 2010, with gains spread across manufacturing, agriculture, health care, administrative support and waste management services, finance and insurance, construction, and professional and technical services.

The vast majority of businesses (56.8%) have 1-4 employees. Another 32.2% of businesses have between 5-19 employees. Only 8.7% of businesses in the region have 20-99 employees while only 2% have 100-499 employees. Just 9 businesses in the region have more than 500 employees, which is the Small Business Administration’s official cut off for a “small business.” Small businesses are vital to the regional economy.

Region 8 has 10.2% of the state’s farms, and 16.1% of the state’s total market value, led by Redwood, Nobles, Lyon, and Rock County, which were all among the top 17 counties in the state for the market value of products sold.
2. Plans and strategies to deal with the economic adjustment problems an economic street, and the CEDS: The Business Development Strategy and Financing Strategy contained in this RLF plan outline the scope of work to be followed to deal with economic adjustments in our region. Our region is known for its natural amenities, lakes and farm land. What is not commonly known is that there are unique and amazing partnerships that collaborate together with talent, knowledge and skills toward common goals, identifying problems and promoting/sharing business development within the 9 county region. The CEDS puts forth our regional strategy for increasing labor, expanding educational opportunities, broadening access to capital and investing in value-added agricultural products as well as supportive services such as daycares, succession planning, housing and transportation to name a few.

3. How the RLF will be used to support economic adjustment activities identified in the CEDS: This RLF plan outlines goals, objectives and process for delivering business and loan assistance to the region. It provides a clear path and vision that will enable projects to get done. The CEDS identifies the areas targeted and the Plan provides the fiscal capabilities to invest in the region. By uniting with local and regional gap lenders and leveraging resources of other partner agencies, projects of regional importance are achieved and efforts are not duplicated, thus maximizing the return on investment for our region. The RLF is a key component of the regional strategy.

B. BUSINESS DEVELOPMENT STRATEGIES

SRDC developed a business development strategy for targeting RLF resources in pursuit of its economic adjustment goals and objectives that are identified in the CEDS. The business development strategy outlines how financial institutions, revolving loan funds, and other financing programs, as well as technical assistance will be targeted to particular businesses or economic sectors. The strategy is based on knowledge of the staff at the SRDC, as well as through discussions with economic development professionals and organizations, lenders, business owners, community leaders, and elected officials. The strategy is not intended to limit investments in other businesses or activities, which would further diversify the regional economy.

1. Objectives:
   a. Create or retain permanent employment
   b. Encourage growth of the region’s existing business and industry
   c. Encourage the creation of jobs that create a living wage and improve income levels
   d. Stimulate increased tax base
   e. Leverage other public and private sector investment
f. Support new and emerging businesses and industries that add value to existing local businesses including but not limited to renewable energy or value added agriculture activities
g. Encourage entrepreneurship
h. Increase minority enterprise development in the region
i. Encourage the development of vacant land and the rehabilitation of dilapidated or vacant buildings
j. Develop a diversified base of businesses and industries to insulate the region’s economy from changing markets and business cycles
k. Assist in loan packaging and business planning

The region has an existing manufacturing base that the RLF will attempt to build on. Renewable energy and value-added agriculture industries are potential growth industries the RLF will also attempt to encourage growth in. Supporting successors for retention purposes will be necessary. Commercial, retail and non-profit activities will also be encouraged that provide an essential service or help to diversify the local economy.

Furthermore, a primary objective of the Fund is to participate in projects which attract private capital and that create livable wage employment opportunities. It is not the intent of the Fund to replace private sector financing or merely refinance debt.

2. Targeted Sectors: Historically most businesses in the region employ 19 or fewer employees. It is realistic to expect applications to continue this trend. Targeted businesses can be either start-up or expansion, with no more weight given to either application for funding. Following are targeted industry clusters:
   a. Manufacturing, including food processing
   b. Value-added agriculture
   c. Healthcare, including pharmaceuticals, medical devices, biotechnology and healthcare services.
   d. Environmental, including environmental technology and environmental services
   e. Alternative and renewable energy companies
   f. Technology based companies and ventures
   g. Distribution businesses
   h. Commercial/service/essential retail

3. Sector Needs: Because the RLF cannot fill the capital needs for all of the economic development projects in the region, it is necessary to put a priority on applications that meets CEDS objectives. The primary focus will be to achieve the RLF objectives and to advance the goals and strategies of the CEDS. Therefore, the RLF will focus on the following sector needs:
   a. Creating jobs for the unemployed
b. Financing women and minorities  

c. Increasing income levels  

d. Diversifying regional economy  

e. Improving the tax base  

f. Stimulating private investment  

g. Advancing innovation  

h. Working capital loans- Up to 50% of the RLF portfolio may finance working capital  

i. Promoting economic self-sufficiency by providing the resources for building safe, healthy and attractive communities; and minimizing poverty.

4. Other programs and activities:  

a. Leverage other resources: Staff will seek out additional sources of financing and coordinate with state, federal, local and other financing programs.  

b. Mentors: SRDC has business relationships with a number of private and public sector organizations that support business development, retention and expansion. Examples include: Small Business Development Center, Southwest Minnesota Private Industry Council, Prairieland Economic Corporation, Minnesota Department of Employment and Economic Development, Southwest Initiative Foundation, area colleges and universities, and county and city economic development entities.

C. Financing Strategy  

The counties eligible to receive lending from the SRDC RLF are Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock counties in southwest Minnesota.  

1. Financing Needs: Both existing businesses and entrepreneurs have traditionally had a difficult time obtaining sufficient financing from local financial institutions in the region. Many of our financial institutions are small with limited assets. Agriculture lending has historically been the focus of the region’s financial institutions because of the area’s large agriculture base. As a result, business lending has been and continues to be a small part of the portfolios for the region’s financial institutions. The borrower must demonstrate a need for gap financing. As a resource for gap financing, the RLF is intended to augment, not supplant and/or compete with existing sources of local and private capital.  

2. Local Capital Market: Due to limiting factors for accessing private financing, public financing is a vital tool for business development in the region. RLF financing will be used to fill financing gaps and be accessed when credit is otherwise not available. The RLF will try to partner with other public sources of funds whenever possible to fill financing gaps. Other gap financing sources that may be accessible include, but are not limited to:  

a. Public and Private funding sources
b. Prairieland EDC (SBA Lender)
c. MN Department of Employment and Economic Development (public funding)
d. USDA Rural Development (federal funding)
e. County and City RLFs (public funding)

3. RLF financing niche: The RLF financing niche will be to provide gap financing to businesses that fulfil one or more objectives of the RLF’s business development strategy. To fulfil the RLF’s goals and objectives stated herein the RLF may take guidance from the following financing impact factors:
   a. Market based- capitalize on the region’s unique assets and strengths and build comparative advantages for future business investment.
   b. Proactive in nature and scope- support and advance innovation and increased productivity when possible. The RLF should attempt to enhance the region’s success in achieving a high and rising standard of living.
   c. Looks beyond the immediate economic horizon, anticipates economic changes and diversifies the local and regional economy- The RLF investments should attempt to be part of an overarching, long-term regional strategy that includes expanding existing industry and developing emerging, new industry and create conditions for sustained productivity.
   d. Maximize attraction of private sector investments that would not otherwise come to fruition absent RLF investment.
   e. Focus on projects with a high probability of success
   f. Contribute to an environment where higher skill, higher wage jobs are created

D. Financing Policies
RLF loans may be made to qualifying businesses for fixed assets & inventory, real estate and working capital. It is the SRDC RLF policy to weigh start-up and expansion funding requests on an equal basis. The only factor that limits the number of loans that can be made is the availability of funds. The RLF committee shall take guidance from the following points in its implementation of the RLF:

1. Eligible Lending Area: SRDC (also known as Region 8) consists of Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock counties. Other eligible lending areas may be added in the future with EDA’s prior written approval.

2. Allowable borrowers:
   a. For profit, non-profit and under some circumstances local units of government are eligible to apply. Businesses can be start-up, expansions or retention however preference is given to those sectors identified in the CEDS.

3. Allowable lending activities:
   i. Working capital
ii. Fixed Assets & Inventory

iii. Real Estate

4. Prohibited lending activities:

- General- RLF capital shall be used for the purpose of making RLF loans that are consistent with the RLF plan or such other purposes approved by the Federal EDA. To ensure that RLF funds are used as intended, each loan agreement must state the purpose of each loan.

- RLF Capital shall not be used to:
  - Acquire an equity position in a private business
  - Subsidize interest payments on an existing RLF loan
  - Provide for borrowers’ required equity contributions under other Federal Agencies’ loan programs
  - Loan guarantees
  - Enable borrowers to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. The potential economic benefits must be clearly consistent with the strategic objectives of the RLF.
  - Provide RLF loans to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit or any investment unrelated to the RLF.
  - Refinance existing debt, unless:
    (i) The RLF Recipient sufficiently demonstrates in the loan documentation a “sound economic justification” for the refinancing (e.g., the refinancing will support additional capital investment intended to increase business activities). For this purpose, reducing the risk of loss to an existing lender(s) or lowering the cost of financing to a borrower shall not, without other indicia, constitute a sound economic justification; or
    (ii) RLF Cash Available for Lending will finance the purchase of the rights of a prior lien holder during a foreclosure action which is necessary to preclude a significant loss on an RLF loan. RLF funds may be used for this purpose only if there is a high probability of receiving compensation from the sale of assets sufficient to cover an RLF’s costs plus a reasonable
portion of the outstanding RLF loan within a reasonable time frame approved by EDA following the date of refinancing.

5. Loan Size: The Fund will consider loans between $5,000 and $250,000. At no time shall a single loan be more than 25% of the portfolio’s capital base.

6. Interest rates

The RLF may make loans to eligible borrowers at interest rates and under conditions determined by the RLF to be appropriate in achieving the goals of the RLF. The minimum interest rate an RLF may charge is four percentage points below the lesser of the current money center prime interest rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four percent or 75 percent of the prime interest rate listed in the Wall Street Journal. However should the prime interest rate listed in the Wall Street Journal exceed 14 percent, the minimum RLF interest rate is not required to be raised above 10 percent if doing so compromises the ability of the RLF to implement its financing strategy.

Within the parameters outlined above, the RLF will operate with fixed interest rate schedules which shall be negotiated between the RLF Committee and the borrower after taking into account interest rates prevailing in the local commercial market, the term of the loan request, collateral and the financial projections for the project. Interest rates will generally be below local financial institutions’ rates, but no less than 4%.

7. Repayment Terms. The term selected will take into consideration the value and depreciable life of the assets to be financed. The RLF committee has the discretion regarding terms and balloon payments. When a balloon payment comes due, the borrower shall pay the remaining principal and interest balance in full or may request the RLF committee to consider extension of the loan through the full amortization period. Prepayments are accepted at any time without penalty. A general guide for repayment:
   a. Fixed assets & inventory- 7-15 year term
   b. Real estate- up to 20 year term
   c. Working capital- 5-7 year term

8. Fees: The borrower will pay 1.5% of proceeds at closing. Borrower will also pay all closing fees, legal costs, filing fees, etc.

9. Equity & Collateral:
   a. Equity- The strongest possible equity commitment from borrowers shall be sought as determined by the RLF Committee through an analysis of the borrower’s net worth and financial condition. As a general guide, a minimum borrower equity contribution of ten (10) percent of the total project cost will be sought when possible. In-kind equity will be allowed to permit greater flexibility.
b. Collateral: The RLF Committee shall make no unsecured loans. The RLF may take a security interest in real estate, equipment, fixtures, accounts receivable and all other business assets. Equity may be in the form of a business asset that is not leveraged to provide greater flexibility. Personal guarantees, corporate guarantees, assignment of life insurance, assignment of leases and rents, subordinate positions to other financing, etc. may be required.

10. Moratoria:
   a. General Policies for Restructuring or Modifying Terms of the Loan: The RLF Committee may extend the terms of the loan through a moratorium on principal payments up to 6 months, and upon review for another moratorium, upon borrower request if circumstances warrant such actions. Terms may also be restructured with a loan extension agreement approved by the RLF Committee if circumstances warrant such action. The borrower must provide personal and business information as requested by the RLF Committee, of which this information will be used by the RLF Committee to evaluate the need for a moratorium or extension on payments. During an emergency declaration, the RLF Committee will have the ability to expedite special financing mitigation with borrowers.

11. Start-ups: Loans for start-ups (new businesses) versus loans for retention or expansion of an established business are weighted equally and the policies remain the same.

12. Working Capital: Loans are limited to no more than fifty percent (50%) of the RLF portfolio.

13. Credit Not Otherwise Available: The RLF cannot be used to substitute for otherwise available private capital. Any potential borrower must demonstrate that credit is not otherwise available.

E. Portfolio Standards and Targets

1. Target Percentages: No more than 50% of the total RLF will go towards working capital; otherwise there are no targeted percentages for RLF investments based on the categories of land use (industrial, commercial, service commercial, etc.), business status (start-up, expansion, retention) or loan type (fixed asset loans vs. working capital loans). The loans awarded depend on the quality of the loan application and the degree to which they create or retain jobs within the targeted sectors.

2. Private Sector Leverage: The portfolio as a whole will have a minimum ratio of $2 in private sector investment for every $1 dollar of RLF dollars committed.

3. Job Cost Ratio: A goal of 1 job created or retained /$20,000 in RLF loan proceeds, for the loan portfolio overall, when possible.
F. RLF Loan Selection Criteria

1. RLF Plan Consistency: All loans will be in compliance and will be consistent with the RLF Plan. Loans that capitalize on existing regional assets and sectors targeted in the CEDS will have preference. Loan applications that are a part of an existing industry cluster, support and advance innovation and/or increase productivity in a particular industry or emerging sector of the economy will also have preference. Minority and women businesses will be encouraged. Loans will be vetted to ensure that the project leverages the maximum private investment. All loans should have the emphasis of creating and/or retaining higher-skill, higher wage employment opportunities for workers.

G. Performance Assessment Process

Performance of the RLF will be assessed based on:

- Number of jobs created and/or retained
- Amount of private sector dollars leveraged
- Cost per job

The Loan Review Committee will report to the SRDC Board of Directors and the Region’s local government units on the progress of the Program.

Information learned from performance assessments will be integrated into the RLF Plan, as appropriate. The RLF plan will be reviewed annually, at a minimum, and will be updated at least every five years.
Part II:  
Revolving Loan Fund Operational Procedures  

This section serves as our internal operating manual and will inform staff of the approved set of administrative procedures for operating the RLF. All operating procedures will conform to the most current “Prudent Lending Practices,” as defined in 13 CFR 307.8. In administering the RLF, the SRDC adopted these procedures to comply with and ensure that potential borrowers comply with the applicable Federal, State and local laws and regulations including, but not limited to, 13 CFR Part 307.

A. ORGANIZATIONAL STRUCTURE

1. The Southwest Regional Development Commission is the grant recipient and entity responsible for RLF Funds.

2. Functions critical to the RLF’s lending activities

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3. RLF Committee

The Loan Review Committee is a sub-committee of the SRDC Board of Directors. There are four appointed members from the SRDC plus two members that are solicited and appointed from commercial lending institutions within the Region. The SRDC Chair appoints committee members. A quorum will be two-thirds of the Loan Review Committee. Members are appointed by the SRDC Chair. Committee terms are at the discretion of the SRDC Chair.

4. Conflicts of Interest
a) It is SRDC’s policy to maintain the highest standards of conduct to prevent conflicts of interest in connection with RLF Funds. The SRDC utilizes a conflict of interest policy for RLF committee members. Signed copies of the statement are maintained. An annual review of the policy is provided. See attachment A.

B. LOAN PROCESSING PROCEDURES

1. Standard Loan Application Requirements

The following is a list of items that may be required for RLF applicants. Not all items will apply for each loan applicant and certain situations may require additional items not on the list.

- Loan Application
- Credit Report(s)
- Past tax returns and/or financial statements
- Pro-forma financial statements
- Personal Financial Statements
- Resumes
- Appraisal Reports
- Projections
- Schedule of Debts
- Certificate of Incorporations and Corporate Resolution
- Lease
- Business Plan

2. Credit and Financial Analysis

The RLF Committee is provided with an analysis of tax statements, financial statements, credit reports, available collateral (i.e. personal guarantees, mortgages, life insurance), available equity, appraisal reports and whether credit is not otherwise available.

Collateral requirements and Equity Requirements will be dealt with on a case by case basis, as all applications have unique circumstances.

3. Environmental Reviews:

The SRDC will ensure compliance with applicable environmental laws and regulations, including but not limited to 13 CFR Parts 302 and 314, the National Environmental Policy Act of 1969 and other Federal environmental mandates. The Economic Development Director will be responsible for ensuring compliance. These procedures will be followed regarding environmental review of loan applications for construction projects:

SRDC staff will determine if the project will result in a significant adverse environmental impact. The applicant may be asked to submit additional information as necessary to make the determination. No activity shall be financed which would result in a significant adverse environmental impact unless that impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.
SRDC staff shall determine whether the project involves new above-ground development within a floodplain map based on a review of the proposed development against FEMA Flood Insurance Rate Maps. No activity will be financed which would result in a new above-ground development in a 100-year floodplain, per E.O. 11988. This determination will be made by reviewing the proposed development against FEMA Flood Insurance Rate Maps.

SRDC staff will determine whether the proposed project will be located within or adjacent to any wetland area. The applicant may be required to provide wetland delineation information as necessary. No activity shall be financed which would result in alteration of any wetland or have any adverse impact on any wetland without consultation with the U.S. Department of the Interior/Fish and Wildlife Service and, if applicable, a Section 404 Permit with the Army Corp of Engineers shall be obtained.

SRDC shall notify the State Historic Preservation office of each loan application that involves significant new construction or expansion and request and receive comments on the effect of the proposed activity on historic and archaeological resources prior to closing the loan. In cases where SHPO has recommended actions or has determined an adverse impact, the recipient and loan applicant must work with the SHPO and EDA to address any issues identified before the loan is closed.

All loan applicants may be required to provide information regarding whether or not there are hazardous material such as EPA listed hazardous substances (see 40CFR 300), leaking underground storage tanks, asbestos polychlorinated bi-phenols (PCB), or any other hazardous materials present on or adjacent to the affected property that have been improperly handled and have the potential of endangering public health. If deemed necessary, the loan applicant may be required to perform or provide evidence of performance of a Phase1 Site Assessment to identify possible sources of contamination, a PHASE 11 Site Assessment to test soil and/or groundwater samples, and a Phase 111 Site Remediation involving mitigation of applicable contamimates. No activity shall be financed which involves unresolved site contamination issues. The Loan Applicant shall be responsible for working with the appropriate state environmental agency office to resolve any outstanding issues before any loan can be approved for the affected site.

4. Loan Write-up

A project summary will be provided to the RLF Committee and may summarize the key aspects of the loan, including history, management, market conditions, project financing, collateral, repayment ability, etc. The summary may also contain consistency with the RLF financing policy and whether there are environmental issues.

5. Procedures for Loan Approvals

The loan applications will be presented to the RLF Committee in package format with all required submittals. The RLF Committee will provide due diligence and financial analysis of the application. The RLF Committee will vote on the application either approving the loan or denying it.
The RLF Committee shall review and approve loans in accordance with the approved financing policies, targeting criteria and loan selection criteria of the RLF Plan.

Approval will be based on a majority vote. A quorum must be present at the meeting.

RLF Committee minutes will be placed in the loan folder.

C. **LOAN CLOSING AND DISBURSEMENT PROCEDURES**
   1. **Loan closing Documents:**

      The following documents will be required for the types of loans made under the RLF:

      - Loan Application
      - Authorization Agreement
      - Loan Agreement
      - Board meeting minutes
      - Promissory Note
      - Security Agreement(s)
      - Mortgage/Financing Statement (as applicable)
      - Correspondence from primary lender stating the need for gap financing

   2. **Loan Agreement Provisions**

      The loan agreement will state the purpose of the loan and ensure that the RLF funds are used as intended.

      All RLF loan documents and procedures will protect and hold the Federal government harmless from and against all liabilities that the Federal government incur as a result of providing an RLF Grant to assist directly or indirectly in site preparation or construction, as well as the direct or indirect renovation or repair of any facility or site.

      SRDC staff will ensure that prospective borrowers, consultants, or contractors are aware of and comply with the Federal statutory and regulatory requirements that apply to activities carried out with RLF loans. The closing documents include a loan call stipulation for instances of non-compliance.

   3. **Loan Disbursement**

      After all compliance issues and closing requirements have been assessed and met, documentation will be provided to the SRDC Finance department to have a check cut. Legal Counsel will review all draft loan closing documents. The loan closing will be scheduled, most often at the same time as other lenders involved. A check will be the disbursement vehicle. All necessary procedures will be performed to protect RLF assets. These may include, but are not limited to invoices, purchase orders or receipts.

D. **LOAN SERVICING PROCEDURES**
   1. **Repayment**
Collections of loan repayments will be done through ACH preferably, or check payments. Loans will be repaid monthly unless there are special circumstances. Once the check is received it will be safeguarded and a timely deposit will be made either that same business day or at the very most the next business day.

2. Monitoring

Loans will be monitored for all approved loan conditions including annual financial statements, annual insurance renewals, UCC refiling, balloon payments and borrower site visiting. Borrowers will be asked about job creation and retention at annual site visits. A tickler file is maintained to ensure compliance.

3. Loan Files

Loan files are maintained in a secure file cabinet. Loan file contents include but are not limited to:

- Financial statements
- Insurance documentation
- Annual site visit reports
- Copies of Loan closing documents
- General correspondences
- EDA required forms
- UCC filings/Extensions
- Title cards/ lien information

Original loan closing documents are kept in a bank fireproof safe deposit box for safe-keeping.

4. Job Creation

The borrower is asked how many jobs will be created and retained at the time of application. Borrowers are asked how many jobs are created and retained during annual site visits.

5. Defaulted Loans:

Loans over 90 days in arrears will be handled in a firm yet flexible manner with provisions for modifying or restructuring consistent with program objectives and proper management of the Fund. Any terms or conditions for the loan that are modified must be requested through a Servicing Request Form by the borrower and approved by the RLF Committee.

If a default occurs under a Note and is not cured within ten (10) days after written notice to the loan client, or if default occurs under the Loan Agreement and other loan documents and is not cured within any applicable grace period, then the SRDC may, as its right and option, declare immediately due and payable the principal balance of the Note and interest accrued thereon.

The loan client shall pay a late charge of five percent (5%) of the payment due of principal or interest if payment for any of the installments are not received within fifteen (15) calendar days following the due date. The late charge shall be considered unpaid if not received within thirty (30) calendar days of the missed due date for which it was imposed. Any unpaid late charge shall be added to principal.
and bear interest at the same rate as noted for the principal. Acceptance of a late charge by SRDC does not constitute a waiver of default.

5. Write-offs

The standard procedure for a loan write-off will be a determination that the loan is not collectible. SRDC staff, legal counsel, auditor and member(s) of the RLF Committee will determine the best way of handling the work-out. All necessary collection practices shall be used including sale of secured property, equipment, inventory and the like. After liquidation, having no further alternative, the loan is written off.

E. ADMINISTRATIVE PROCEDURES

1. Accounting

Management of the RLF capital includes tracking RLF program and administrative funds separately within the commission general ledger for the RLF so that repayments and interest income are clearly identifiable and auditable. The EDA RLF portfolio and cash are clearly distinguishable from any other Recipient loan program. Additionally, a software is utilized to track loans by loan client. The recipient will ensure that the RLF is operating in accordance with Generally Accepted Accounting Principles (GAAP).

2. Administrative Costs

SRDC intends to use RLF income to cover administrative costs with funding for these services to be provided by the RLF income received, not to exceed 100% of the RLF income received in the given year. Staff time, training, and all associated expenses will be accounted for using generally accepted accounting principles as prescribed in SRDC’s Accounting Policies and Procedures Manual. SRDC acknowledges that if administrative fees exceed 100% of the annual RLF income, the overage will be paid by the SRDC general fund. Funds not used to offset administration of the RLF shall be returned to the RLF Capital Base.

The SRDC will maintain adequate accounting and source documentation to substantiate the amount and percent of RLF income expended to the RLF.

The SRDC acknowledges that it will generally be allowed a reasonable period of time to lend excess funds and achieve the capital utilization standard. However, if the SRDC fails to achieve the capital utilization standard after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination. The SRDC also realizes that a chronic retention of excess cash will be considered a performance issue.

3. EDA Reporting

SRDC acknowledges that EDA requires submission of an ED 209 report.

4. Audits

SRDC acknowledges that the EDA RLF funds are subject to an annual audit requirement and the RLF must be shown every year in the Recipients Schedule of Expenditures of Federal Awards (“SEFA”). SRDC acknowledges that if the dollar amount of the RLF qualifies the RLF as a major...
federal program, SRDC will ensure that the auditor performs the required federal audit procedures.
ATTACHMENT A

Southwest Regional Development Commission

Revolving Loan Fund

Conflict of Interest Policy- SRDC RLF Committee Members

The Southwest Regional Development Commission is a special purpose unit of government whose Board members, Revolving Loan Fund committee members and professional staff are chosen to provide public benefit. These persons have a duty to conduct the affairs of the Organization in a manner consistent with the mission of the Organization and not to advance their personal interests. This conflict of interest policy is intended to permit the Revolving Loan Fund committee members and SRDC professional staff to identify, evaluate and address any real, potential or apparent conflict of interest that might, in fact or in appearance, call into question their duty to put the interests of the Organization ahead of their personal interests.

This policy applies to the Revolving Loan Fund committee members and professional staff. Each Covered Person shall be required to acknowledge that they have read and are in compliance with this policy.

This policy applies to transactions between the Organization and a Covered Person, or between the Organization and another party with which the Covered Person has a significant relationship. A Covered Person is considered to have a significant relationship with another party if: a) the other party is a family member, including a spouse (or domestic partner or significant other), parent, sibling, child, stepchild, grandparent, and grandchild. This does not include distant relatives, such as cousins, unless the distant relative lives in the same household as the person. b) The other party is an entity in which the Covered Person has a material financial interest or c) The Covered Person is an officer, director, trustee, partner, consultant or employee of the other party.

A Covered Transaction also includes any other transaction in which there may be an actual or perceived conflict of interest, including any transaction in which the interests of the Covered Person may be seen as competing or at odds with the interests of the Organization.

When a Covered Person becomes aware of a Covered Transaction; the individual has a duty to take the following actions: a) Immediately disclose the existence and circumstances of such Covered Transaction to the Economic Development Director or Executive Director of the Organization. b) Refrain from using their personal influence to encourage the Organization to enter into the Covered Transaction; and c) Physically excuse themselves from any discussions regarding the Covered Transaction except to answer questions. Note that the SRDC Board relinquished their right to decision making for all RLF purposes to the RLF Committee.

The Organization may enter into a Covered Transaction where: a) such Transaction does not constitute an act of self-dealing and b) the RLF Committee determines, acting without the participation or influence of the Covered Person and based on comparable market data, that such transaction is fair and reasonable to the Organization. The RLF Committee shall document the basis for this determination in the minutes of the meeting at which the Covered Transaction is considered, and shall consult with the

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Organization’s legal advisor as necessary to ensure that the Transaction does not constitute an act of self-dealing.

No personal or private loans may be approved by the RLF Committee.

________________________________________
________________________________________________________
Date      Printed or Typed Name

__________________________________________
__________________________________________
Signature
EDA has provided certain flexibilities to recipients of EDA-funded RLF awards in light of the impact of COVID-19 on small businesses, the increasing demand for RLF loans, and the need for RLFs to provide credit quickly and efficiently to their communities.

These flexibilities include waiving for the Disbursement Phase* of the RLF, the following regulations that:

- Establish a minimum interest rate for RLF loans (13 CFR 307.15(b)(1))
- Require RLF loans to leverage additional capital (13 CFR 307.15(c))
- Require evidence demonstrating credit is not otherwise available (13 CFR 307.11(a)(1)(ii)(H))

*The Disbursement Phase of this Award is the period of lending activity during which award funds have not been fully disbursed to the EDA Recipient. During the Revolving Phase when RLF funds are re-lent to new borrowers the three above-listed regulations will apply to the RLF.

At the discretion and approval of the SRDC RLF Committee, the following flexibilities may be implemented through the Disbursement Phase of the RLF:

- The minimum interest rate as specified under Interest Rates under Financing Policies in the Business Development Strategies section on page 10 of 20, and the interest rate may be set at the discretion of RLF Committee.
- The requirement to leverage capital as specified under Private Sector Lending under Portfolio Standards and Targets in Business Development Strategies section on page 12 of 20 of the Plan may be waived or reduced;
- The requirement to demonstrate that credit is not otherwise available as specified under Credit Not Otherwise Available under Financing Policies in the Business Development Strategies section on page 11 of 20 may be waived.

At the discretion and approval of the RLF Committee the following flexibilities may also be implemented:

- RLF Committee may grant deferrals of payments for both principal and interest for a 3 month through the disbursement phase. At no time may principal or interest be forgiven.

Other lending policies and procedures that the RLF Committee may temporarily modify in this RLF plan include:

- Simplified underwriting and loan approval procedures
- Reduced or eliminated loan application and/or origination fees
- Reduced or eliminated borrower equity and collateral requirements
- Changed maximum or minimum loan amounts

Commented [CC(2)]: This Addendum is intended to identify temporary amended terms of your RLF.

Commented [CC(3)]: Note that your Plan already allows for moratoria. Adding additional language clarifies in more specific terms the timing, etc.

Commented [CC(4)]: Indicate if temporary (if temporary, include dates). Indicate section of Plan where this information may supersede.
A. FUNDS AVAILABLE

Funds are currently available in the approximate amount of $106,640 (PACE ARRA Funds) and $326,854 (PACE SEP Funds).

27 loans have been approved thus far, totaling $972,212.06.

B. PACE COMMITTEE

The committee meets as needed or in conjunction with the RMEB. The committee last met June 1. The committee will next meet on June 29 for an orientation. Committee members are Metz, Wildermuth, Wachal, VanDeVere and Purvis.

C. GENERAL INFORMATION

PACE is available to small businesses, including agri-businesses.

CERTs has agreed to assist with a radio PSA specific to this area for outreach purposes. A press release was sent out last week. The SRDC Facebook page recently included a post on PACE.

If you have groups in your area that would benefit from hearing about PACE, please contact Robin.

Free energy assessments through ReTAP have resumed again. To get on their calendar, please contact Robin.

If you have questions about PACE, or about energy audits, please contact Robin Weis, Economic Development Director, at 507-836-1638 or via e-mail at robin@swrdc.org.
SOUTHWEST REGIONAL DEVELOPMENT COMMISSION

JOB DESCRIPTION

JOB TITLE: Finance Director  
DEPARTMENT: Administration/Finance  
REPORTS TO: Executive Director  

DATE: June 2020  
FLSA: Exempt

DESCRIPTION OF WORK

GENERAL STATEMENT OF DUTIES: The Finance Director is responsible for developing, reviewing and modifying the SRDC accounting system, revolving loan fund system and fiduciary activities to maintain an appropriate tracking of costs and funds for federal, state and local programs. Also analyzes, monitors and formulates allocations of appropriate costs and resources and provides financial reports/budgets with recommendations on variances.

ESSENTIAL FUNCTIONS OF THE POSITION

1. Develops and submits the annual budget proposal and the mid-year budget revision; develops final indirect cost plan based on approved budget.
2. Analyzes current and past financial activities.
3. Works with planning staff and funding agencies on development of contract, grant and loan fund budgets and consults on how to meet program specific needs for match and tracking.
4. Completes long range fiscal planning to show projections of revenues, expenditures and other fiscal matters.
5. Analyzes, plans and tracks agency investments; makes recommendations to Executive Director concerning investments and overviews bank account activity.
6. Establishes codes and procedures for proper flow of the accounting system for the Commission and fiduciary activities.
7. Provides technical assistance to staff, auditors, fiduciary organization staff and others as requested.
8. Prepares or oversees the preparation of monthly, quarterly and annual financial reports/requests for the IRS, contracts, grants and other funding sources including fiduciary activities.
9. Prepares monthly revenue/expenditure reports and monitors for inconsistencies. Reports to the Board/Full Commission
10. Prepares the annual yearend financial statements.
11. Supervises the finance department staff and activities.
12. Reviews annual tax levy certification requirements.
13. Consults with outside sources as necessary and the Executive Director related to regulatory changes and determination or coordination of employee benefits and office insurance.
14. Acts as primary contact/consultant on computer accounting and loan program systems on changes/updates needed and setup of new reports or program specifics.
15. Staff to the Budget & Personnel committee and audit committee.
16. Performs other duties as required.

The above statements are intended to describe the general nature and level of work being performed by people assigned this classification.

KNOWLEDGE, SKILLS AND ABILITIES
1. Considerable knowledge of government accounting and finance as they relate to the fiscal and financial obligations of the SRDC, internal accounting controls and financial analysis of revenues and expenditures.
2. Considerable knowledge of modern office practices and procedures.
3. Considerable knowledge of the organization and operation of Region Development Organization programs and working knowledge of applicable Minnesota statutes.
4. Considerable knowledge of personnel administration.
5. Ability to operate general office equipment including proficiency in information systems to include Office 365 and other related industry applications.
6. Ability to effectively supervise and train financial personnel.
7. Ability to communicate effectively, orally and in writing, and have good public relations skills.
8. Ability to establish and maintain effective working relationships with others.
9. Skill in using technology to enhance work productivity.
10. Skill in facilitating budget meetings in a variety of settings.

**WORKING CONDITIONS AND ENVIRONMENT**

The position has good working conditions in general, but is a diversified job requiring sustained mental effort related to public contacts, organizational issues, planning and technical areas. There is sustained exposure to public contacts, sitting, and computer screens. There is also exposure to moderate lifting (up to 40 pounds).

**MINIMUM QUALIFICATIONS**

A Bachelor's Degree in Accounting, Finance or a related field plus 5 years of experience. A CPA may be substituted for 3 years of experience. Must possess and maintain a valid driver’s license.
SOUTHWEST REGIONAL DEVELOPMENT COMMISSION

JOB DESCRIPTION

JOB TITLE: Economic Recovery Specialist
DEPARTMENT: Economic Development
REPORTS TO: Deputy Director

DATE: June 2020
FLSA: Exempt

DESCRIPTION OF WORK

GENERAL STATEMENT OF DUTIES: The Economic Recovery Specialist works directly with the Economic Development District Covid-19 response program funded by the Economic Development Administration and is responsible for assisting in the administration of the SRDC Revolving Loan Funds. The Economic Recovery Specialist performs responsible professional work focused on economic recovery/development for the Commission. Work areas may include providing technical assistance to local units of government, businesses and the general public in areas such as business development, financing and entrepreneurialism. Also includes grant writing, development and implementation of programs and projects of importance to the region.

ESSENTIAL FUNCTIONS OF THE POSITION

2. Assists in directing the work and monitors progress of the RLF Administrative Assistant.
3. Assists small businesses in securing management, financial and marketing assistance.
4. Generates contacts with businesses, communities and other agencies.
5. Coordinates and monitors grant applications for compliance with procedures and provides technical assistance to applicants. May provide grant writing assistance to local units of government and businesses.
6. Participates in activities with other Regional Development Organizations and the Minnesota Association of Development Organizations as appropriate.
7. Provides expertise and facilitation to local units of government and businesses in the planning and management of recovery projects and tasks.
8. Works with implementing various means of stabilizing and expanding employment in the Region.
9. Performs other duties as assigned.

The above statements are intended to describe the general nature and level of work being performed by people assigned this classification.

KNOWLEDGE, SKILLS AND ABILITIES
1. Strong working knowledge of public administration practices, intergovernmental process and regional planning techniques.
2. Considerable knowledge of Economic Development theory and practice.
3. Considerable knowledge of the lending industry.
4. Considerable knowledge of general management principles and modern office practices.
5. Considerable knowledge of the organization and operation of related local, state, and federal governments.
6. Considerable knowledge of the fiscal requirements of local governments to include program budgeting and strategic planning.
7. Considerable knowledge of organizational development.
8. Ability to communicate effectively, orally and in writing, and have strong public relations skills.
9. Ability to effectively assist in administering a business loan program.
10. Ability to supervise personnel in a manner that results in efficient performance, high morale and a continuing strong sense of urgency to achieve results.
11. Ability to establish and maintain effective working relationships with others.
12. Ability to operate general office equipment including proficiency in information systems to include MS 365 applications, database management and related industry applications.
13. Ability to create and maintain a participative, team-oriented work environment.
14. Skill in facilitating meetings in a variety of settings.
15. Skill in performing community outreach.

**WORKING CONDITIONS AND ENVIRONMENT**

The position has good working conditions in general, but is a diversified job requiring sustained mental effort related to public contacts, organizational issues, planning and technical areas. There is sustained exposure to public contacts, sitting, and screens. There is also exposure to moderate lifting (up to 40 pounds).

**MINIMUM QUALIFICATIONS**

A Bachelor’s Degree in Economic Development, Planning, Urban Studies, Public Administration, Business Administration or related field plus 2 years of direct experience. Must possess and maintain a valid Minnesota driver’s license.
A. CEDS REPORT and EDA PLANNING GRANT

B. ECONOMIC DEVELOPMENT

C. COMMUNITY AND PHYSICAL DEVELOPMENT

• Local Assistance / Land Use, Planning and Zoning
• Waste Management / Energy / Natural Resources

A. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) and EDA PLANNING GRANT


Our last CEDS can be viewed at http://www.swrdc.org/wp-content/uploads/2014/07/CEDS-16-FINAL.pdf. If you see something that should be modified, added to, or deleted, please let staff know. Every 5 years a new CEDS is required. A new CEDS will be a focus in 2021. Disaster recovery will be added as an amendment in 2020.

CARES Act and opportunities through Federal EDA:

1. Institutional Grants: No match requirement, for current grantees, up to $400,000 for two-year workplan. The SRDC submitted this grant with primary work activities being a Regional Disaster Economic Recovery Coordinator and the development of a regional resiliency plan.

2. Competitive Grants: 80% grant/20% match; for all eligible applicants; COVID-19 has been added as part of the distress criteria; could be construction, non-construction, RLF, Planning, Response to Disaster; intended to help communities prevent, prepare for, and respond to coronavirus; $1.5 billion nationwide; more information can be found at https://www.eda.gov/coronavirus/. Staff is available for technical assistance on these grants. Many communities have inquired.

3. RLF: No match requirement, for current grantees, amount based on current loan pool amounts for a two-year workplan. The SRDC submitted a grant to create a COVID-19/CARES Act RLF in the amount of $1,480,000 to assist with preventing, preparing for and responding to coronavirus. Administrative funds of 10% or $148,000 were also requested. RLF funds will be offered through May 6, 2021 at 0% interest for year one, 3-month payment deferral and interest as low as 1% under prime for following years. (Prime since 3/16/2020 has been 3.25%.)

B. ECONOMIC DEVELOPMENT

COVID-19 Resources— For a list of state and federal programs (SBA, Unemployment and DEED) for businesses, go to https://mn.gov/deed/newscenter/press-releases/?id=425890. More information on the Peacetime Emergency Child Care Grants due 6/15/2020 can be found at https://www.childcareawaremn.org/providers/emergency-child-care-grants/. If you know of a business waiting for their EIDL (Economic Injury Disaster Loan) loan the SBA Express Bridge Loan could be an option while they wait (https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans). DEED has developed a new page on their website to track the number of unemployment applications in the state: https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/.

EDA 2018 Disaster NOFO—This NOFO has been released and the Chicago Region was allocated $50,000,000.00 for projects in the next 24 months. The NOFO can be found at https://www.grants.gov/web/grants/view-opportunity.html?oppId=319126. All 9 counties in our service area are eligible under this NOFO. FEMA declared
disasters and maps can be found at:

https://www.fema.gov/disasters?field_dv2_state_territory_tribal_value_selective=MN&field_dv2_incident_type_tid=All&field_dv2_declaration_type_value=All&field_dv2_incident_begin_value%5Bvalue%5D%5Bmonth%5D=&field_dv2_incident_begin_value%5Bvalue%5D%5Byear%5D=&field_dv2_incident_end_value%5Bvalue%5D%5Bmonth%5D=&field_dv2_incident_end_value%5Bvalue%5D%5Byear%5D=

Workforce—Staff will be attending the virtual EDAM summer conference on June 17 and 18. The agenda can be found at https://www.edam.org/event/summer2020#agenda. This is an approved NDC continuing education training.


Career Fair—Staff is available to assist with local job fairs, technical assistance, data research, etc. The 2020 Career Fair at MinnesotaWest and SMSU has been cancelled due to COVID-19. The planning committee is discussing alternative ways to reach students.

Business Assistance—Staff continues to assist inquiries made regarding business start-ups, retentions, and expansions and financing. Staff assists with 3 additional revolving loan fund programs within the region.

- Information on the Falcon Development Corporation (FDC) can be found online at http://www.swrdc.org/economic-development/falcon-development-corporation/. FDC met on May 5. FDC focuses on economic development improvements in the Heron Lake area and is looking for projects at this time.
- Jackson County RLF met on May 6. JCRLF made a recommendation to the county commissioners to approve a 3-month interest and principal COVID-19 deferment effective for payments due June, July and August.

Southwest Business Development Network—The last network meeting was held on May 15 with guest speaker Kevin McKinnon, DEED Deputy Commissioner.

RED Group—SRDC has been asked to participate in the RED Group on June 18. This group initially was launched in 2004 by the Blandin and McKnight Foundations to create an opportunity for organizations whose missions include supporting rural community development to learn from experts in the field and from each other. The steering committee for the RED Group has revised its purpose, is working to broaden its membership, and has plans for engaging rural community developers in a different way than in past years.

Friends in the Field—The next gathering will be on July 8 from 10 a.m. to 2 p.m.

C. COMMUNITY AND PHYSICAL DEVELOPMENT

Local Assistance / Land Use, Planning and Zoning

Planning and Zoning:

Lincoln County Zoning—The Lincoln County Zoning Ordinance is nearly complete and needs to be reviewed by Lincoln County Commissioners.

City of Pipestone Comprehensive Plan Update—Staff started work on updating the Comprehensive Plan for the City of Pipestone.

Slayton Senior Housing—Operation Prairie Venture (OPV) now has a mission/vision/value statement as well as a final logo design. They have also received an RSDP grant and they hired Rajeev Atha—an architecture/design grad student at U of Minnesota—to help OPV create a master design plan for older adult spaces in
Slayton. Atha has experience with green spaces and renewable energy. Lynn Johnson presented progress to the Slayton City Council on June 1st. Staff is currently creating a survey and outreach plan, developing a web page template and a Facebook page and is gearing up for the next stage of strategic & marketing planning.

**Solid Waste / Energy / Natural Resources**

**Solid Waste Commission**— The Solid Waste Commission met virtually on June 1st and is scheduled to meet next on July 27th. The meeting is tentatively scheduled to take place in the 4H building in Slayton in order to accommodate social distancing pending state and CDC guidance. The commission is expecting Amanda Cotton from the MPCA to speak on issues such as e-waste and wind turbine stewardship.

**Energy**

**RMEB**— The RMEB met via Zoom on June 1. Commissioner Tuma from the Public Utilities Commission and representatives from the Great Plains Institute presented.

Jessi Wyatt and Brian Ross presented on Utility-Scale Renewable Energy Siting-Exploring Local Opportunity. Wyatt covered wind siting and Brian covered solar. Wyatt discussed bigger, thus, fewer turbines per development and questions of fewer landowners receiving payments.

Ross noted how local governments have more control over solar siting compared to wind because of its different intense coverage footprint (blanket on a map) relative to wind (pins in a map), which makes it easier to mitigate visual impacts of solar, etc.

Gary Overgaard asked a question about a solar project in Rock County where concerns were raised about soil and water contamination from solar panels. Both Ross and Ebinger stated that nowhere in the world had that been an issue and that it would take extreme, highly unlikely conditions for contamination to occur.

Commissioner Tuma’s big ask to the RMEB is to host a summit where MISO comes down to Southwest Minnesota. This would be an opportunity for RMEB to update MISO about their priorities and concerns. The tentative plan would be to host it in the first half of October, after MISO has approved their science phase and entered into the phase of project development and prioritization.

The RMEB unanimously agreed to host some contingents of MISO in Southwest Minnesota in October. The Executive Committee will be meeting on June 29th at 1pm to discuss the annual budget and organizing this summit. The next full board meeting is scheduled for July 27th at 1pm at the 4H building in Slayton.

**CERTs**—The Turner Hall Gym project in New Ulm ($5,000 Seed Grant for LED Lighting) has submitted their final report for review and reimbursement.

Many CERTs staff live in either downtown Minneapolis or St. Paul and have been at the center of the protests and riots there. Our thoughts go out to them and their families. They are now, more than ever, highly focused on ensuring that diversity, equity, and inclusion are embedded as guiding principles in CERTs’ work.

Staff is working with CERTs to identify whether there are opportunities for renewable energy, green jobs, and/or energy efficiency projects through the competitive EDA grant funding.

CERTs/RSDP recently hired Marie Donahue as the new Sustainability Storyteller. Donahue will work with Dan and Caryn Mohr at RSDP to enhance storytelling and overall communications capacity. Donahue brings communications, project management, and research experience from past roles at the University of Minnesota Institute on the Environment (IonE) and the Institute for Local Self-Reliance. While at IonE, Donahue completed the University’s equity certificate program and co-led a new working group to advance IonE’s vision for equity and diversity. Earlier in her career, Donahue worked for the Center for Sustainable Systems at the University of Michigan and Climate Generation: A Will Steger Legacy.
GreenStep Cities — Staff assisted with organizing four webinars discussing topics that relate to Best Practice 12.5, Telecommuting and TeleHealth and Best Practice 24, Benchmarking and Community Engagement. All four meetings are completed. The CERTs staff team is working on a blog post for the CERTs website where all four presentations will be highlighted and archived.

- Session 1 – May 4 “Public Meetings in the Age of Social Distancing” - Presented by Pam Whitmore from League of MN Cities.
- Session 2 - May 18th - Telework
- Session 3 - May 27th - Virtual Engagement
- Session 4 - June 8th - Telehealth
Local Communication Assistance—Staff is currently assisting Friends of the Casey Jones Trail Association with marketing and outreach efforts. The first priority for the group is working on a new logo. The next meeting is scheduled for June 11 via Zoom.

Website work has also begun with the Slayton Senior Housing (Operation Prairie Venture) project. Social media pages, logo and website reveal are planned for June, coinciding with the kick off of outreach initiatives.

Staff is available to assist with local communication/marketing planning, ADA document compliance, document design, branding, etc.

Minnesota Network Learning Community—Ongoing training is being made available to alumni of the Minnesota Network Learning Cohort that Walker and Welu attended November 2019-March 2020. The new Minnesota Network Alumni Connect 2020 training will offer a series of Zoom-based alumni trainings geared toward adapting in-person tools as in-person communication and group meetings are difficult to conduct due at this time. Sessions are free. The first session date is June 30. Sessions will continue through December 2020. Walker and Welu will be attending.

Communications Plan—The Certified Public Communicator (CPC) Cohort has been in regular contact to share ideas, pose questions, and discuss crisis communication efforts during this time. The third and final training session has been postponed due to COVID-19 until January 3-9, 2021, with additional training being offered via Zoom throughout the next 7 months. The final Communication Plan draft has also been postponed and will be due to TCU in December.

If you have questions about the Communications Report, please contact Jessica Welu, Communications Specialist, at 507-836-1644 or via email at jessicaw@swrdc.org.
Area Transportation Partnerships:

**ATP 7** — ATP 7 is scheduled to meet on June 12 via Zoom.

**ATP 8** — MnDOT District 8 Freight Plan Advisory Committee Members met June 2nd to review the latest deliverable, Working Paper 5 from SEH Inc. Further information can be found at [http://www.dot.state.mn.us/ofrw/freight/districtfreightplan/d8.html#:~:text=The%20goal%20of%20the%20District,programming%20decisions%20in%20the%20District.](http://www.dot.state.mn.us/ofrw/freight/districtfreightplan/d8.html#:~:text=The%20goal%20of%20the%20District,programming%20decisions%20in%20the%20District.)

Updates on MnDOT road projects can be found at [http://www.dot.state.mn.us/roadwork/](http://www.dot.state.mn.us/roadwork/) and selecting the region on the map. The South-Central District or District 7 includes Cottonwood, Jackson, Nobles and Rock Counties. The Southwest District or District 8 includes Pipestone, Murray, Lincoln, Lyon and Redwood Counties.

Currently, MnDOT is not hosting any public meetings to review the 2020-2023 Area Transportation Improvement Plans.

RDC Planners will be meeting with MnDOT planning staff to discuss outreach efforts in mid-June. ATIP information for MnDot District 8 can be found at [http://www.dot.state.mn.us/d8/atp/](http://www.dot.state.mn.us/d8/atp/) and [http://www.dot.state.mn.us/d7/atp/index.html](http://www.dot.state.mn.us/d7/atp/index.html) for MnDOT District 7.

**Regional Transportation Coordination Council (RTCC)** — MnDOT officially accepted UCAP’s application for RTCC implementation. The Southwest Minnesota Regional Transportation Coordinating Council will be under the auspices of the United Community Action Partnership (UCAP) as a board that will operate similarly to the Head Start Committee. The last planning meeting is on June 18th, and UCAP board members will be meeting with the RTCC planning Committee on June 10th for a final review of RTCC bylaws and how they fit into UCAP structure.

**Quarterly Transportation Planners meeting** — The quarterly transportation planners meeting scheduled for August 18th in Bemidji has been moved to an online forum. Topics have yet to be determined.

**Active Living** — *Statewide Health Improvement Partnership (SHIP) Community Leadership Teams (CLT)*

**Minneota Active Living** meeting (conference call) is scheduled for June 16th at noon.

**Tracy Active Living** meeting (conference call) is scheduled for June 24th at 3:30pm

Jackson recently installed a new bike fix-it station and bike rack on their trail system.

**Safe Routes to School** — Work should be able to begin with Tyler and Jackson School District after July 1, 2020.