



## 2015 Board Book

### Meetings:

The REAP Investment Fund Board meets by conference call on the third Thursday of each month at 8:30 Mountain/9:30 Central Time.

**Call in Number on the Monthly Agenda**

**Official Address:** 300 13<sup>th</sup> Ave. W., Suite 2, Dickinson, ND 58601

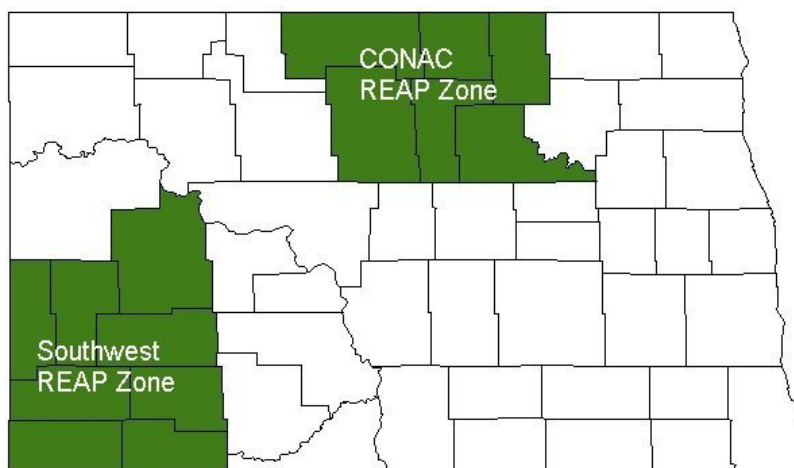
**Website:** <http://www.REAPMatters.org> or [www.REAPMatters.com](http://www.REAPMatters.com)

**RLF Fund Guidelines and Applications:** <http://www.reapmatters.org/funding>

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# Board Contact List

REAP Investment Fund, Inc. April 17, 2013

Name	Zone	Affiliation	Address	City	State	Zip	Phone	E-Mail
Bonnie Helms	CONAC	McHenry County JDA	PO Box 166	Anamoose	ND	58701	626.2551	<a href="mailto:Bhelmconsulting@gondtc.com">Bhelmconsulting@gondtc.com</a>
Ila R. McKay	CONAC	Spirit Lake Tribal Planning Dept.	PO Box 359	Fort Totten	ND	58335	766-1700	<a href="mailto:sltplanning@gondtc.com">sltplanning@gondtc.com</a>
Lavonne Cameron	CONAC	Retired	208 Elmer Ave.	Deering	ND	58731	240-2679	<a href="mailto:lavonnecameron@gmail.com">lavonnecameron@gmail.com</a>
Sandy Shively	CONAC	North Central Planning Council	PO Box 651	Devils Lake	ND	58301	662.8131	<a href="mailto:sandyncpc@gondtc.com">sandyncpc@gondtc.com</a>
Art Wanner	SWREAP	Retired	3701 Lehigh Dr.	Dickinson	ND	58601	225-9549	<a href="mailto:chart@ndsupernet.com">chart@ndsupernet.com</a>
Kim Nunberg	SWREAP	City of Beach	P.O. Box 278	Beach	ND	58621	872-4103	<a href="mailto:cityofbeach@midstate.net">cityofbeach@midstate.net</a>
Troy Mosbrucker	SWREAP	Self-employed	702 5th St. E.	Mott	ND	58601	260-4750	<a href="mailto:troy@ndsupernet.com">troy@ndsupernet.com</a>
Melana Howe	SWREAP	Howe Enterprises	208 Lakeview Dr.	Hettinger	ND	58639	567-4127	<a href="mailto:melana@howenterprises.com">melana@howenterprises.com</a>
Ralph Weisenberger	At-Large	Retired	403 Third Ave. E.	Richardton	ND	58652	974-3910	<a href="mailto:rweisen@ndsupernet.com">rweisen@ndsupernet.com</a>

\* Chair person

\*\* Vice Chair

\*\*\* Sec./Treasurer

Meeting by Conference Call usually the third Thursday of each month.

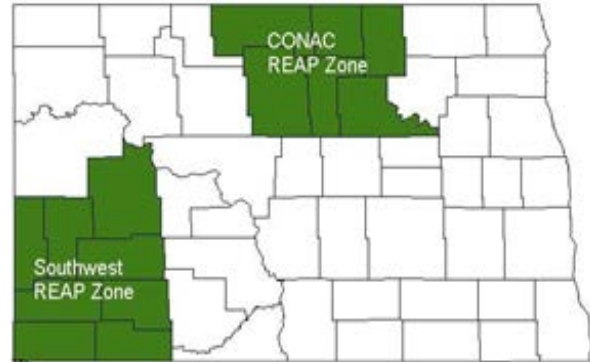


REAP Investment Board Terms 2015 - 2017						
Zone	Representative	Appointment Date	12/31/15	12/31/16	12/31/17	Officers
<b>CONAC Zone</b>	Sandy Shively	Apr-13	X			<b>Sec. Treasurer</b>
	Ila Ray McKay	Mar-15		X		
	LaVonne Cameran	Mar-15			X	
	Bonnie Helms	Apr-13		X		
<b>SW Zone</b>	Art Wanner	Jun-09	X			<b>Chair</b>
	Ralph Weisenberger	Jan-15			X	
	Kim Nunberg	Jun-07			X	
	Troy Mosbrucker	Apr-15		X		
<b>At-Large</b>	Melana Howe	May-12	X			
Members are three year appointments Officers are two year appointments						
<b>Officers</b>				Elections		
<b>Chair</b>	Kim Nunberg			<b>Jan-16</b>		
<b>Vice</b>	Vacant			<b>Jan-16</b>		
<b>Sec/Treas</b>	Sandy Shively			<b>Jan-16</b>		



## North Dakota REAP Zone Background & History

In 1995, two United States Department of Agriculture (USDA) pilot revitalization Rural Economic Area Partnership (REAP) Zones were created in southwestern and north-central North Dakota. They were created to address critical issues related to out-migration, constraints in economic activity and growth, low density settlement patterns, stagnant or declining employment and isolation that led to disconnection from markets, suppliers and centers of information and finance.



*North Dakota Map*



The two North Dakota REAP Zones were called the **Southwest REAP Zone** and **CONAC** (Center of North America Coalition for Rural Development) and implemented through a Memoranda of Agreement signed between the Zones, U.S. Senator Byron Dorgan and USDA Rural Development. The pilot project established a collaborative and citizen-led effort to enhance economic development in the two REAP Zones.

The final MOA expired in September of 2012. However, set-asides in certain USDA Rural Development programs (i.e., RBEG, housing, etc.) may still be offered.

Collaboratively, this structure has provided assistance, support and funding in the following areas: housing, information technology, educational technology equipment, created the CONAC Capital Fund, supported rural leadership programs, value-added agriculture, community strategic planning, federal procurement assistance & information, small business development, trades education, youth entrepreneurship, and collaborative tourism efforts.



In 1999, SW REAP and CONAC established a joint 501©3 non-profit called the **REAP Investment Fund, Inc.** The board is comprised of four members from each zone and a member at-large. Its purpose is to be the non-profit arm of the designated zones and to handle the funds of the zones on a regional level.

In addition, the charter of the REAP Investment Fund, Inc. was established to have statewide coverage to address partnerships outside the two REAP Zones. Its primary concern is the economic and community development of two REAP Zones.

## REAP Zone Background & History Continued:

Over the past 19 years, the Zones received federal earmarked funds through the efforts of the Congressional delegation which assisted in the creation of a number of programs and projects. In addition, the structure of the Zones has complemented successful project collaborations with supports and funding through nonfederal sources including local and state funding and foundation partnerships. More information on past efforts can be found at [www.ndalliancelink.com](http://www.ndalliancelink.com) under “Publications”.

Each zone operates a micro lending program with loans under \$10,000. These unsecured loans have assisted over 100 rural businesses transition to new ownership, start-up and/or expansion within the zones. These funds have been “revolved” to continue the program. In addition, the REAP Investment Fund operates a revolving loan fund providing up to \$50,000 to Zone businesses at favorable terms.



# **PRIORITY STRATEGIES**

## **2010-2013**

### **Investment Strategies**

Create jobs or increase wealth to stimulate local economy

- Create or purchase businesses
  - Expand Client Usage for the Revolving Loan Fund (RLF)
  - Expand Investments in CONAC Capital Fund
  - Continue micro-loan programs
- Attain new funds and partners, leveraging resources and realize investment returns to provide program funds and create self-sustainability
  - Grant Writing
  - Niche market investments
  - Value-added strategies (i.e. consulting services)
  - Continue and broaden State and Federal Agencies' relationships

### **Initiative Strategies**

- Advance community leadership and workforce training
  - Support RLND scholarships
  - Sponsor leadership and other workforce training
- Foster social and economic improvements with special emphasis on health care, elderly, youth and community viability issues
  - Youth Entrepreneurship Grant Program
  - Support Internship projects
  - Develop and support innovative methods to deliver rural health care
- Engage in renewable and natural resources' projects
- Position the REAP to align with economic development trends including targeted state-level industry focus activities, the Research Corridor expansion and the Centers for Excellence
- Maintain political contacts
- Communicate activities and results

### **Other**

- Develop mechanism to support Research Corridor activities
- Prepare full report on micro-loan program successes
  - History
  - Policies
  - Stories
  - Successes
- Frequently celebrate successes
- Provide quarterly updates to Senator Dorgan's office



BY-LAWS  
OF  
RURAL ECONOMIC AREA PARTNERSHIP  
INVESTMENT FUND, INCORPORATED  
(Amended as of July 19, 2007)

**BY-LAWS  
OF  
RURAL ECONOMIC AREA PARTNERSHIP INVESTMENT FUND, INCORPORATED**

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**BY-LAWS  
OF  
RURAL ECONOMIC AREA PARTNERSHIP INVESTMENT FUND, INCORPORATED  
PREAMBLE**

The purpose of the organization is to set up and manage a development fund to enhance economic development in North Dakota, which has experienced massive outmigration and job loss as the state's economy has changed. This will be done through the two Rural Economic Area Partnership (REAP) pilot programs established in (1) the Center of North American Coalition (CONAC), and (2) Southwest REAP Zone.

**ARTICLE I  
NAME**

The name of this organization shall be Rural Economic Area Partnership Fund, Incorporated (hereafter the "Corporation")

**ARTICLE II  
PURPOSES AND POWERS**

Section 1. **Purposes.** The Corporation is organized as a North Dakota non-profit corporation pursuant to 501(c)(3) of the Internal Revenue Code. The Corporation's primary concern is the economic and social improvement of the two REAP Zone areas mentioned above, (hereinafter referred to as the "Area"). The Corporation will work with REAP Zones to meet the capitalization goals of the Corporation and to insure the initial USDA contribution is applied toward market analysis, business plan development, project research, feasibility study, appraisals, and other items identified in the budget. The Corporation will coordinate and assist in comprehensive planning and government services for the Area. Nothing herein shall be deemed to prevent the Corporation from engaging in activities and projects outside the Area.

Section 2. **Powers.** The Corporation shall have such powers as granted to 501(c)(3) non-profit corporations incorporated under the laws of the State of North Dakota. In all activities of the Corporation, it shall comply with rules and regulations governing 501(c)(3) corporations and other federal and state laws applicable to the Corporation and its activities.

**ARTICLE III  
MEMBERSHIP**

The Corporation shall have not have membership as such, but there are designated entities that will have the right to appoint directors to the Corporation's Board of Directors as set forth herein. The entities that shall have the right to appoint individuals to the Board of Directors, and the number of appointees for each entity, are set forth as follows:

- a. CONAC REAP Zone (by resolution of the governing body) - four members are selected to represent the said body;
- b. Southwest REAP Zone (by resolution of the governing body) - four members are selected to represent the said body;
- c. Unit(s) of government serving the Area that have contributed to the Corporation - one member for each said governmental unit;
- d. One "at-large" member selected by the remaining directors identified in paragraphs a, b and c above.

In the event that any of the above named entities is no longer in existence or otherwise does not desire to appoint a director, the remaining directors shall have the right to determine a new board size and shall amend these bylaws accordingly.

#### **ARTICLE IV**

#### **BOARD OF DIRECTORS**

Section 1. **General Powers.** The business of the Corporation shall be managed by its Board which may exercise all such powers of the Corporation and do all such lawful acts and things as are not prohibited by statute or governing law or the Articles of Incorporation including, but not limited to, the following matters:

- a. To amend the articles of incorporation and bylaws;
- b. To take, have, hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects to handle, manage and control, the Corporation's assets, or any part thereof, as the Board in its judgment and discretion deem wise and prudent;
- c. To retain any property in the form in which received;
- d. To convert and reconvert the assets, or any part thereof, into other kinds and forms of property, real or personal or mixed;
- e. To invest or reinvest the monies or assets of the Corporation, as the Board deems wise and prudent, including such equity securities, bonds, debentures, mortgages, notes or other securities, investments or property, whether real or personal, which the Directors in their absolute discretion may select or determine, including, without limitation, savings deposits in any bank, mutual savings bank or federal home loan bank or in any common trust fund, mutual fund, or like fund, subject to the usual standards of prudence required by directors of similar funds;
- f. To receive and collect the income, profits, rents and proceeds of the Corporation and to pay all administrative and necessary expenses in connection with it;
- g. To make, execute and deliver all instruments necessary or proper to the accomplishment of the purposes of the Corporation or any of the foregoing powers including deeds, bills of sale, transfers, leases, mortgages, assignments, conveyances contracts, purchase agreements, waivers, releases and settlements;
- h. To contribute, donate, support or distribute, from time to time, for the purposes herein stated, such payments or amounts as the Board in its sole discretion shall determine;

- i. To sign checks and all other necessary documents on behalf of the Corporation in furtherance of the Corporation's purposes;
- j. To employ and reasonably compensate from the Corporation's assets, employees, accountants, agents and attorneys to assist and advise in the execution of the Corporation's affairs, without liability for their omissions or neglect, but using reasonable care in their selection, and to rely on the advice of the persons so employed;
- k. To review project proposals and prudently manage the Corporation's resources to accomplish goals of eligible projects;
- l. To promote consistent and uniform planning through a review of existing plans, initiation of new plans, or contracting, as necessary, for additional planning;
- m. To formulate and approve periodic plans of work;
- n. To approve the Board's annual budget;
- o. To accept and manage gifts, grants, and donations received by the Corporation;
- p. To request financial assistance and contributions from various sources; and
- q. To dissolve the Corporation, liquidate its assets, and wind up its affairs.

Section 2. **Number of Directors.** The Board shall consist of 9-11 persons, chosen by the entities as stated above in Article III.

Section 3. **Term of Office.** Each Director shall serve at the discretion of the appointing body, provided that the normal term of office shall be three (3) years. To the extent possible, terms shall be staggered so that one-third of the directors (rounded down to the nearest whole number) shall be appointed to serve for a term of one (1) year, one-third of the directors (rounded down to the nearest whole number) shall be appointed to serve for a term of two (2) years, and the remaining directors shall be appointed to serve for a term of three (3) years. Annually thereafter as many directors as there are vacancies shall be appointed to serve for a three (3) year term.

Section 4. **Resignations and Removal.** Any Director may resign at any time by giving written notice to the Secretary. Such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein. Unless otherwise specified in the notice of resignation, the acceptance of such resignation shall not be necessary to make it effective. Any Director may be removed, with or without cause, by the appointing body.

Section 5. **Vacancies.** If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the appointing body may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

Section 6. **Place of Meetings.** The Board shall hold all meetings at a location designated by a majority of the Board.

Section 7. **Annual Meeting of Directors.** An annual meeting of the Directors shall be held at such time as shall be specified in a notice.



Section 8. **Regular Meetings.** Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board. However, the Board shall, in any event, meet at least four (4) times annually.

Section 9. **Special Meetings.** Special meetings of the Board may be called by the President on notice to each Director. Special meetings may also be called in like manner and on like notice on the written request of three (3) Directors.

Section 10. **Notices.** Notices of meetings shall be in writing and shall state the time and place of the meeting. No business other than that stated in the notice shall be transacted at said meeting without the unanimous consent of all of the members of the Board. All notices shall be given either in person or by mail at least seven (7) days prior to the meeting.

Section 11. **Quorum.** At all meetings of the Board, a majority of Directors shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board, the Directors present there may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. If a quorum is present at the call of a meeting, the Directors may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum.

Section 12. **Organization of Meetings.** At all meetings of the Board, the President or in the absence of the President, the Vice-President, shall chair all meetings and the Secretary, or in the absence of the Secretary, any person appointed by the President, shall act as secretary of the meeting.

Section 13. **Action Without Meeting.** Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken by written action signed by the number of Directors that would be required to take such action at a meeting of the Board or any committee thereof at which all Directors were present. When written action is taken by less than all Directors, all Directors must be notified immediately of its text and effective date. Such action shall be effective on the date on which the last signature is placed on such writing or writings, or such earlier or later effective date as is set forth therein.

Section 14. **Participation by Conference Telephone.** The Directors may participate in a meeting of the Board or any committee thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously hear each other. Participation in such a manner shall constitute presence in person at such meeting.

Section 15. **Waiver of Notice.** Notice of the time, place and purpose of any meeting of Directors or any committee may be waived in writing, orally or by attendance by any Director or by any committee member. Such waiver may be given before or after the meeting. Attendance by a Director at a meeting is a waiver of notice of that meeting, unless the Director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting.

Section 16. **Self-dealing.** No Director shall engage in any self-dealing with the Corporation or any transactions with the Corporation in which the Director has a direct or indirect financial interest and shall at all times refrain from any conduct in which the Director's personal interests will conflict or would give the appearance of a conflict with the interests of the Corporation.

Section 17. **Compensation.** Directors shall serve without compensation except as to reimbursement of out of pocket expenses as approved by a two-thirds (2/3) vote of the Board.

## **ARTICLE V OFFICERS**

Section 1. **Number.** The officers shall consist of a President, Vice-President, Secretary and Treasurer. No person shall hold more than one (1) office, provided that the offices of Secretary and Treasurer may be combined and held by one (1) person. The President will be one of the directors representing one of the REAP Zones and the Vice-President will be a director from the other REAP Zone.

Section 2. **Election.** The officers shall be elected by the Board.

Section 3. **Other Officers and Agents.** The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. **Term of Office.** The officers of the Corporation shall hold office for two (2) year terms (or such shorter term as may be agreed upon by the Board and the officer) or until their successors are chosen and qualified. Any officer elected or appointed by the Board may be removed with or without cause at any time by the affirmative vote of a majority of the Board. Any officer may resign at any time by giving written notice to the President or the Secretary. Any vacancy occurring in any office of the Corporation shall be filled by the Board.

Section 5. **Powers and Duties of the President.** The powers and duties of the President shall include:

- a. **Powers.** The President shall be the chief executive officer of the Corporation, shall preside at all meetings of the Board, shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board are carried into effect.
- b. **Duties.** The President shall execute contracts except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation.

Section 6. **Powers and Duties of the Vice-President.** The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 7. **Powers and Duties of the Secretary.** The Secretary shall attend all meetings of the Board and shall record all the proceedings of the meetings of the Board in a book to be kept

for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Board, and shall perform such other duties as may be prescribed by the Board or President, under whose supervision the Secretary shall be.

Section 8. **Powers and Duties of the Treasurer.** The powers and duties of the Treasurer shall include:

- a. **Duties.** The Treasurer shall have the custody of the Corporation monies, securities and properties and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board.
- b. **Accounting.** The Treasurer shall disburse such monies of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board as required, an account of all transactions and of the financial condition of the Corporation.
- c. **Bond.** If required by the Board, and at the expense of the Corporation, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the Treasurer's duties and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under control of the Treasurer belonging to the Corporation.

Section 9. **Executive Director.** The Board of Directors may engage an individual to serve as the Executive Director, who shall be responsible for running the day-to-day affairs of the Corporation as determined by the Board of Directors.

Section 10. **Delegation.** Any of the above mentioned ministerial duties of the officers may be delegated to employees, accountants, attorneys or other agents as determined by the Board of Directors.

## **ARTICLE VI GENERAL PROVISIONS**

Section 1. **Committees.** The Board will establish a Personnel Committee comprised of the President, Vice-President, and past President for purposes of addressing personnel matters. The Board may establish committees which will serve in an advisory capacity and make recommendations to the full board, as deemed appropriate.

Section 2. **Checks.** All checks of the Corporation shall be signed by an officer of the Corporation or by a Board authorized fiscal agent.

Section 3. **Fiscal Year.** The fiscal year of the Corporation shall end annually on the 31st day of December. An annual report of the Corporation shall be prepared by the Board or designee within one hundred eighty (180) days after the closes of each fiscal year.

Section 4. **Members and Stock.** The Corporation shall have not have members nor shall the Corporation issue stock. Provided, however, that the entities designated in Article III have the right to appoint directors.

Section 5. ***Procedure.*** Robert's Revised Rules of Order shall govern parliamentary procedure at all meetings. The rules may be suspended by a two-thirds (2/3) majority vote on any specific motion.

## ***ARTICLE VII***

### ***AGENCY ASSISTANCE***

The Board may request and accept technical, advisory, or other assistance from federal, state, local and agencies, private foundations and private industries. The designated agency representatives should be the official spokesman for their agency and can participate as advisors to the Board.

## ***ARTICLE VIII***

### ***DISSOLUTION***

The Corporation shall be dissolved upon the majority vote of the Directors. Upon dissolution of the Corporation, all assets (after payment of liabilities) shall be distributed for one or more exempt purposes within the meaning of section 501 (c) (3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any assets not so disposed of shall be disposed of the district court of the county in which the principal office of the Corporation is located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

## ***ARTICLE IX***

### ***EQUAL EMPLOYMENT OPPORTUNITY***

No applicant shall be favored or discriminated against with respect to request of funds because of religion, race, sex, color, national origin, age, or any other discrimination prohibited by federal or state law. The application of this principal shall encompass all activities related to personnel functions, and proposals for consideration as REAP projects, as well as requests for the Fund.

## ***ARTICLE X***

### ***AMENDMENTS***

The Corporation's Articles of Incorporation and Bylaws may be amended at any regular meeting of the Board of Directors, provided that written notice shall have been sent to each member of the Board, and such notice shall state the amendments and changes which are proposed to be made. The proposed amendments and changes shall be considered to be approved if two thirds (2/3) of the Directors in attendance vote for such amendments.

Adopted by Resolution of the Board of Directors at a meeting held on July 19, 2007.

**RURAL ECONOMIC AREA PARTNERSHIP  
INVESTMENT FUND INCORPORATED**

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Secretary

537944.2



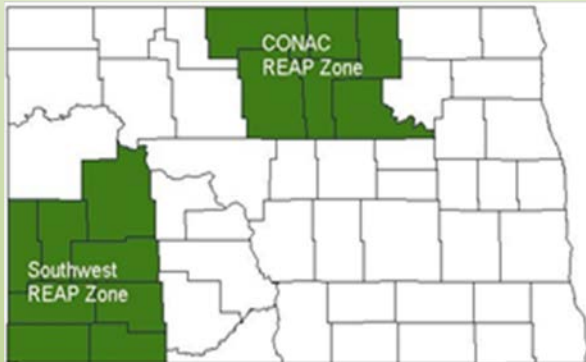
# RURAL ECONOMIC AREA PARTNERSHIP

## Revolving Loan Fund

### North Dakota REAP Zone Map & Counties

**Southwest REAP Zone:** Dunn, Stark, Hettinger, Adams, Bowman, Slope, Golden Valley, and Billings, including that area in Dunn County on the Fort Berthold Reservation

**Center of North America Coalition:** McHenry, Bottineau, Rolette, Towner, Pierce, and Benson including the area of the Turtle Mountain Band of Chippewa and the Spirit Lake Reservation located in this area.



### Fund Information

- Loans are made to businesses in the REAP Zone Counties
- Loans are from \$10,000 to \$50,000 but cannot exceed 45% of the total funding required
- Interest rates will be no more than the US Prime Rate plus 1%
- The term of the loan will be no more than:

Real Estate	15 Years
Equipment	5 to 7 Years
Working Capital	1 to three years
- Applications will have a conditional letter of commitment from other sources of funds
- Loan funds are secured by collateral and personal guarantees from the applicant, partners and majority stockholders
- Applications have a loan origination fee of 1.5% of the loan amount with a minimum fee of \$200. Of this amount, \$200 will accompany the application submission of which half will be refunded if the application is denied

The REAP RLF is a “gap” lending program and is not designed to displace a commercial lender’s rate and term. The fund is designed to fill the gap when equity and commercial lending are unable to complete the loan package.

The RLF will play a part in your project only when it can be shown that commercial lending cannot do the entire loan or the RLF’s rate and terms are necessary to achieve positive cash flow. The RLF is targeted to job creation or retention.

Find guidelines and application information at <http://www.REAPMatters.org/funding>





## **REAP Revolving Loan Fund Guidelines & Procedures**

*Revised April 2015*

**Find the application and these guidelines at the REAP  
Investment Fund website.** [www.reapmatters.org/funding](http://www.reapmatters.org/funding)

***The REAP RLF is a “gap” lending program and is not designed to displace a commercial lender’s rate and term. The fund is designed to fill the gap when equity and commercial lending are unable to complete the loan package. The RLF will play a part in your project only when it can be shown that commercial lending cannot do the entire loan or the RLF’s rate and terms are necessary to achieve positive cash flow. The RLF is targeted to job creation or retention. This fund is limited to businesses of under 50 employees and under \$1 million in revenues.***

### **1. General Fund Information**

- a) Loans are made to businesses in the REAP Zone Counties (see map, Item 9)
- b) Loans are from \$10,000 to \$50,000 but cannot exceed 45% of the total funding required
- c) Interest rates will be no more than the US Prime Rate plus 1%
- d) The term of the loan will be no more than:

Real Estate	15 Years
Equipment	5 to 7 Years
Working Capital	1 to three years
- e) Applications must have a conditional letter of commitment from other sources of funds
- f) Loan funds are secured by collateral and personal guarantees from the applicant, partners and majority stockholders having a 20% or greater ownership share in the business
- g) Applications have a loan origination fee of 1.5% of the loan amount with a minimum fee of \$200. Of this amount, \$200 will accompany the application submission of which half will be refunded if the application is denied
- h) The successful borrower will be required to maintain hazard insurance on secured assets and in some cases, credit life or key man insurance with the RLF as loss payee  
(See also Item 6.b.)
- i) Payments are to be made electronically and this is to be set up prior to receiving funds
- j) Late fees are assessed at a rate of \$15 per month

### **2. Eligibility & Collateral**

- a) Loans are made to businesses of less than 50 employees and under \$1 million in revenues , not individuals, with primary sector businesses having preference
- b) Primary sector business is defined as an individual, partnership, or association, which through the employment of knowledge or labor adds value to a product, process, or export



*service that results in the creation of new wealth. The term includes tourism, technology and export services but does not include production agriculture.*

- c) The \$25,000 RLF may be loaned to a local development organization (local development corporation, job development authority, etc.) for a micro-loan program provided the local development organization shows their ability to repay the loan and has adopted policies and procedures for the loan program*
- d) Adequate collateral will be required to protect the interest of the RLF. The collateral must be of such a nature that repayment of a loan is reasonably assured. Formal appraisals may be required to value assets pledged as collateral.*

*Examples of acceptable collateral may include:*

*Accounts receivable and inventory for short-term loans  
Machinery and equipment that has a developed market  
Securities issued by the Federal Government or its agencies  
Letter of credit from an acceptable financial institution  
Real estate or non-business assets pledged as collateral*

- e) The RLF will consider deferment of principal payments for up to one year on loans over three years in length, with the balance amortized over the remaining life of the loan provided the project can demonstrate the deferral is merited and is imperative to the project's ability to succeed.*

### **3. Uses of the Funds**

- a) The RLF may be used to provide permanent financing for building construction or renovation, infrastructure (such as water, sewer, streets, etc.) real estate, machinery and equipment, and working capital*
- b) The RLF cannot be used to refinance existing debt*
- c) The RLF cannot be used to finance production agriculture, illegal activities, lending and investment institutions and insurance companies, golf courses, race tracks or gambling facilities*
- d) The RLF cannot be used for environmental reviews. Costs associated with completion of an environmental review will be the responsibility of the borrower*

### **4. Application Procedures**

- a) Requests for funding consist of:  
Application – Request for Financial Assistance  
General Business Plan or Project Description  
Loan Processor's assessment of the project (using criteria in 4.b)  
A minimum of a three year profit & loss projection  
Three years tax returns for principals owning over 20% and the business  
A \$200 check for the minimum or partial loan origination fee made out to the Roosevelt Custer Regional Council  
Documentation of commitment from other sources (letters or email confirmations)*
- b) Loan Processor: Applicants are encouraged to use their local economic development organization, Regional Council or the regional Small Business Development Center (SBDC) as their loan processor (See item c in this section). The lead bank may also be the loan processor as they have already considered lending criteria and requested financial documents. If the loan processor charges a fee, they should provide a good faith estimate to the borrower at the time of inquiry. The loan processor would help with the application, assembling*

attachments and reviewing the application for eligibility and completeness. The loan processor provides an assessment of the project using the following **lending criteria**:

- i. Identification of the loan processor's name, organization and contact information including their email address
- ii. Detail the number of jobs created or retained and whether they are part-time, seasonal, or full time and the cost per job
- iii. Job quality including wage rates, benefit packages offered, potential for longevity in employment, working environment and ability to advance the business
- iv. Impact on the area economy & environment including whether jobs in other businesses in the local area or region could be at risk due to this project
- v. Leveraging of all funds, public & private
- vi. Financial strength of the business or the borrower(s)
- vii. Likelihood of business success and repayment of the loan
- viii. Need and appropriateness of RLF funds and terms requested
- ix. Management strength, expertise, and past performance of the borrower, business or staff
- x. Evidence of marketing or description of marketing plan

*Note no single criterion will necessarily be decisive*

- c) The loan processors shouldn't be the same person or organization involved in the actual preparation of the business plan or the pro-forma financial statements. Since financial projections are critical to the project and to the funding approval process, applicants are encouraged to use qualified accountants to prepare their financial statements. If the SBDC is assisting in the preparation of the financial statements, they cannot be the loan processor.

## **5. Application Submission to the REAP Investment Board**

- a) Completed applications along with the partial servicing fee of \$200 are to be submitted to the **REAP Investment Fund, Inc., c/o Roosevelt Custer Regional Council, 300 13 Ave. W., Dickinson, ND 58601**. However, electronic submissions as an Adobe PDF are preferred. Applications may be electronically signed by the applicant and emailed to [Schaff@rooseveltcuster.com](mailto:Schaff@rooseveltcuster.com). The Roosevelt Custer Regional Council (RCRC) will review the application for completeness and direct it to the next REAP Investment Board Agenda.
- b) The RCRC will notify the loan processor and the applicant of the time and place for their loan to be reviewed. The lead bank for the loan is encouraged to attend even if they aren't the loan processor
- c) The loan is reviewed by the REAP Investment Board which usually meets by conference call the third Thursday of each month. A board member listing is available at the REAP Investment Fund website.
- d) The RCRC will notify the loan processor and/or the applicant of the funding decision including the term and interest rate plus any loan requirements. In some cases, applicants cannot purchase or commit to purchasing materials, supplies, equipment, inventory, real estate or any other item related to the project before a specified date. Failure to adhere to this requirement may disallow the use of RLF monies in a project.
- e) The RCRC will prepare the closing documents
- f) The RCRC will disperse funds to the borrower upon:
  - i. Completion of the loan closing documents and compliance of any covenants in the closing documents
  - ii. Evidence that all funding has been committed
  - iii. Personal guarantees and collateral documents are completed

- iv. Evidence that all loan conditions have been met
- v. Electronic payment arrangements have been completed
- vi. Documentation of expenditures or commitment of funds for the approved purposes. Documentation may include invoices, purchase orders, bills of sale, deeds, receipts or other evidence.
- vii. Payment of any remaining loan servicing fees (1.5%) and closing fees (actual costs) will apply. These fees will be collected at the time of closing and may be paid from the proceeds of the loan.

**6. Borrower Obligations and Loan Origination & Monitoring by the Roosevelt Custer Regional Council**

- a) The RCRC collects payments, remits to the RLF accounts, and prepares necessary progress reports and their fiscal agent provides monthly financial reporting to the REAP Investment Board. The RCRC also participates in USDA Rural Development reviews of the RLF program
- b) The Borrower is required to submit the following at least annually to the RCRC:
  - i. A yearend balance sheet
  - ii. Proof of insurance as outlined in the closing documents
  - iii. Proof of paid property taxes If real estate is used as collateral
  - iv. An annual income and expense statement
  - v. A few short paragraphs on milestones reached as outlined in the application process (jobs created, new customers, construction completed, etc.)
  - vi. More frequent financial reporting may be required according to loan conditions and the current status of loan performance
  - vii. Participate in annual site visits

**7. Non Compliance by the Borrower**

- a) Specific sanctions will be enforced for noncompliance with loan conditions or nonperformance. Nonperformance and/or noncompliance by the project will result in a freeze of any unused loan funds and denial of access to any additional funding through the REAP Investment Board and the establishment of a specific schedule to bring the project into compliance with the original terms and conditions of the loan agreement; recognition of the original loan; the determination to call the loan or any other remedy provided by law.

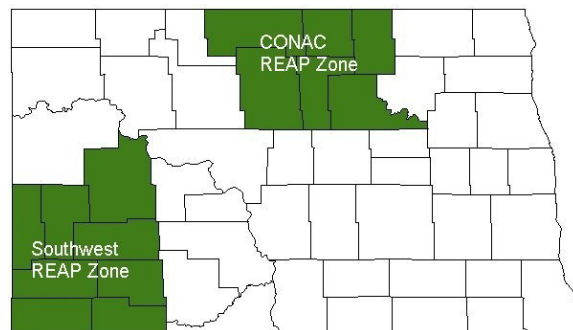
**8. RLF History**

- a) This fund was made available through the funds and efforts of USDA Rural Development and the Department of Housing and Urban Development and is administered by the members of the two North Dakota REAP Zones and the REAP Investment Fund, Inc.

**9. North Dakota REAP Zone Map & Counties**

**Center of North America Coalition:** McHenry, Bottineau, Rolette, Towner, Pierce, and Benson including the area of the Turtle Mountain Band of Chippewa and the Spirit Lake Reservation located in this area.

**Southwest REAP Zone:** Dunn, Stark, Hettinger, Adams, Bowman, Slope, Golden Valley, and Billings, including that area in Dunn County on the Fort Berthold Reservation



**Rural Economic Area Partnership**  
**REQUEST FOR FINANCIAL ASSISTANCE**

**Revolving Loan Fund**

1) Name of Business: \_\_\_\_\_ Funds Requested \$ \_\_\_\_\_

Business Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

2) Present and Future Principal Owners:

First Name	Last Name	Address if Different	% Ownership

3) Type of Ownership

- ☐ Corporation
- ☐ Partnership
- ☐ Sole Proprietor
- ☐ Political Subdivision
- ☐ Other

4) Type of Project

- ☐ Start Up
- ☐ Expansion
- ☐ Retention
- ☐ Relocation
- ☐ Other

5) Type of Business

- ☐ Primary Sector
- ☐ Retail Sector
- ☐ Service Sector
- ☐ Tourism
- ☐ Other

EIN & DUNS Identification #: \_\_\_\_\_ Years in business: \_\_\_\_\_

Industry Experience: \_\_\_\_\_ Lead Bank: \_\_\_\_\_

If this is a relocation, state from where: \_\_\_\_\_ to where: \_\_\_\_\_

6) If the answer to any of the following questions is yes, please attach an explanation to the application.

Does the business or principals have patent protection,  
copy rights or trademark protection on any products or services  
associated with this project? ☐ Yes ☐ No

Have you ever declared bankruptcy? ☐ Yes ☐ No

Are there any outstanding judgements or pending lawsuits  
against the business or any of the principals? ☐ Yes ☐ No

Are any existing business loans delinquent? ☐ Yes ☐ No

### 7) Sources and Uses of Project Funds

Source	Amount	Terms	Use

Owner Equity—Type \_\_\_\_\_ Value \$ \_\_\_\_\_ % of Total \_\_\_\_\_

### 8) Proposed Jobs

Job Description	Current	Full Time Created	Full Time Retained	Part Time Retained	Total FTE's

### 9) A completed Request for Financial Assistance should have the following items attached:

- ☐ A general business plan or project description and the Loan Processor's Assessment of Lending Criteria
- ☐ Letters/emails of conditional support funding and/or commitment from the bank or other fund sources and if applicable, a letter from the local development corporation where the project will be located
- ☐ A three year profit & loss projection for the business
- ☐ Three years tax returns for principals over 20% and for the existing business if applicable. *These items will be kept confidential and not be a part of public record to the extent allowable under the laws of the State of North Dakota.*

Are any of the principals related to REAP Investment Board Staff or Board Members?

☐ Yes ☐ No

Are you or will you be doing business with any REAP Investment Board Staff or Board Member?

☐ Yes ☐ No

I CLAIM THAT ALL OF THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. Roosevelt Custer Regional Council IS HEREBY AUTHORIZED TO VERIFY THE ABOVE INFORMATION AND MAY REQUEST ANY AND ALL INFORMATION CONCERNING MY ACCOUNTS OR CREDIT HISTORY FOR USE IN CONNECTION WITH MY APPLICATION.

\_\_\_\_\_  
Applicant Signature                      Date                      Co-applicant Signature                      Date

**Mail Application and Attachments with \$200 partial origination fee to:** Roosevelt Custer Regional Council, 300 13 Ave. W., Dickinson, ND 58601 or email to [Schaff@rooseveltcluster.com](mailto:Schaff@rooseveltcluster.com).

## INFORMATION FOR GOVERNMENT MONITORING PURPOSES

Some of the following information is requested by the Federal Government in order to monitor compliance with applicable Federal Civil Rights laws. You are not required to furnish this information, but are encouraged to do so. The law states that a provider or services may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations the provider of services is required to note race, ethnicity, and sex on the basis of visual observation or surname.

**Business owned by:**      ☐ **Female 100%**   ☐ **< 50%**   ☐ **=50%**   ☐ **>50%**  
                                      ☐ **Male 100%**   ☐ **< 50%**   ☐ **=50%**   ☐ **>50%**

**Race**                              ☐ **American Indian**  
    ☐ **Black or African American**  
    ☐ **White**  
    ☐ **Asian**  
    ☐ **Native Hawaiian or Other Pacific Islander**  
    ☐ **Other**

**Ethnicity:**                      ☐ **Not Hispanic or Latino**  
    ☐ **Hispanic or Latino**

**Sex (Applicant)**              ☐ **Male**\_\_\_\_              ☐ **Female**\_\_\_\_

**Located In:**                      ☐ **Urban Area** ☐ **Rural**

**Farm Family Member:**      ☐ **Yes**                      ☐ **No**

**Handicapped:**                  ☐ **Yes**                      ☐ **No**

**If you do not wish to furnish the above information, please check this box.** ☐

For Office Use Only

Date Received: _____  Date Acted On: _____	REAP Investment Board Committee Action	<input type="checkbox"/> Denied <input type="checkbox"/> Approved as presented <input type="checkbox"/> Approved Contingent Upon <input type="checkbox"/> Further Information Required
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