

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
TUESDAY, FEBRUARY 13, 2018, 9:30 A.M. CT**

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**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
TUESDAY, FEBRUARY 13, 2018, 9:30 A.M. CT**

**Board  
Members:**

*Jeff Erickson*

*Dale Clement*

*Tony Klein*

*Sharon  
Casey*

*John Calvin*

*Michael  
Luken*

*Greg  
Heineman*

*Ted Husted*

*Don  
Kettering*

*Pat  
Prostrollo*

*Tom Jones*

*Norbert  
Sebade*

*Reed Kessler*

**Non-Voting**

*Spencer  
Hawley*

*Billie Sutton*

*Lee Qualm*

*Blake Curd*

**Motion Sheet  
(STAFF RECOMMENDATIONS)**

**Agenda**

Motion to approve the agenda as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Minutes**

Motion to approve the minutes of the meetings held January 9, 2018 and February 5, 2018, as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Conflicts of Interest Disclosures**

**Commissioners Comments**

**Executive Session**

Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Chairman: Declare board out of executive session. [        a.m.]. Chairman: The BED entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.**

**Motion to approve the chairman's report from executive session.**

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Loan Review Summary**

**Streff Properties, LLC**

Motion to approve the loan review and recommendation as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Old Business**

**eyeBrain Medical, Inc.**

Motion to approve the extension of the balloon payment for a term of 60 days with a new maturity date of April 1, 2018.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Kerry K Engle Separate Property Trust**

Motion to approve the request to change tenants as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

Please note times:

Call To Order: \_\_\_\_\_

Executive Session \_\_\_\_\_

Regular Session \_\_\_\_\_

Adjournment \_\_\_\_\_

**Northern States Power Company**

Motion to approve extending the construction date to no later than June 30, 2020.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**New Business**

**Acquisition Group III, LLC**

Motion to approve the waiver for a loan over \$1,000,000, a waiver of equity of less than 10% and approve the loan request from Acquisition Group III, LLC in the amount of \$3,099,384. Secured by a shared first collateral position on land and building, a shared first position blanket UCC filing on all assets, the personal guarantees of principals with 10% or more ownership and personal guarantees of principals required by SBA.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Intrinsic Materials Corp.**

Motion to approve the waiver for a loan over \$1,000,000 and approve the loan request from Intrinsic Materials Corp. in the amount of \$1,131,750. Secured by a shared first collateral position on equipment, a shared security interest account and the personal guarantees of principals and any investor with 6% or more ownership.

Motion to approve the waiver for a loan over \$1,000,000 and approve the loan request from Intrinsic Materials Corp. in the amount of \$2,546,302. Secured by a shared first collateral position on the real estate, a shared security interest account and the personal guarantees of principals and any investor with 6% or more ownership.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Reinvestment Payment Program**

**Farmers Union Industries, LLC**

Motion to approve the Reinvestment Payment application of Farmers Union Industries, LLC as recommended by staff in the board packet.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$400,000 but not to exceed 75% of the State Sales/Use Tax paid on eligible equipment costs, is approved for Farmers Union Industries LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit

consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Hybrid Turkeys, LLC**

Motion to approve the Reinvestment Payment application of Hybrid Turkeys, LLC as recommended by staff in the board packet.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$270,000 but not to exceed the State Sales/Use Tax paid on eligible equipment costs, is approved for Hybrid Turkeys, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Red River Energy, LLC**

To be provided.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Adjourn**

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

A

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD  
TUESDAY, FEBRUARY 13, 2018, 9:30 A.M. CT**

**REGULAR SESSION AGENDA**

9:30 A.M. Call To Order, Chairman Jeff Erickson

9:35 A.M. **Agenda**  
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.

**Minutes**  
RECOMMENDED ACTION: Motion to approve the minutes of January 9, 2018 and February 5, 2018, as presented.

**Conflicts of Interest Disclosures**

**Monthly Financials**  
RECOMMENDED ACTION: No action taken.

9:45 A.M. Commissioner's Comments

10:00 A.M. **Executive Session**  
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.

10:55 A.M. **Report from Executive Session**  
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.

Other Motions  
Loan Review Summary  
eyeBrain Medical, Inc.  
Kerry K Engle Separate Property Trust  
Northern States Power Company  
Acquisition Group III, LLC  
Intrinsic Materials Corp.  
Reinvestment Payment Program  
Farmers Union Industries, LLC  
Hybrid Turkeys, LLC  
Red River Energy, LLC

Notice is further given to persons with disabilities that this meeting is being held in a physically accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements.

Participation in the meeting can be at GOED at 711 E Wells Ave, Pierre, South Dakota, or the GOED office at the Zeal Center for Entrepreneurship at 2329 N. Career Avenue, Sioux Falls, South Dakota.

B

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
TUESDAY, JANUARY 9, 2018, 9:30 A.M. CT**

Members Present

Vice-Chairman Don Kettering, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Pat Prostrollo, Tom Jones and Norbert Sebade

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, Cassidy Kulesa, Dale Knapp and Natalie Likness

Other Staff Present

Sam Helma - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

Vice-Chairman Kettering called the meeting to order at 9:31 a.m.

Agenda

A motion was made by Sharon Casey and seconded by Dale Clement to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by John Calvin and seconded by Pat Prostrollo to approve the minutes of the meetings held December 12, 2017 and January 2, 2018, as presented.

Motion passed by a roll call vote.

South Dakota Division of Banking – Report from Examination

A motion was made by Sharon Casey and seconded by Dale Clement to accept the exam as presented.

Motion passed by a roll call vote.

Conflicts Disclosure

Vice-Chairman Kettering opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. There were none from board members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Pat Prostrollo and seconded by Norbert Sebade to enter into executive session at 9:49 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Vice-Chairman declared the board out of executive session at 10:00 a.m. The Vice-Chairman reported that the Board of Economic Development entered into Executive



Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Dale Clement and seconded by Sharon Casey to approve the Vice-Chairman's report from executive session.  
Motion passed by a roll call vote.

Loan Review Summary

Aberdeen Development Corporation

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve the loan review and recommendation as presented.  
Motion passed by a roll call vote.

Adjourn

A motion was made by John Calvin and seconded by Sharon Casey to adjourn the meeting at 10:02 a.m.  
Motion passed by a roll call vote.

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Dale Clement, Secretary or Tony Klein, Treasurer

**CREDIT COMMITTEE**  
**GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD**  
**TUESDAY, FEBRUARY 5, 2018, 1:00 P.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Pat Prostrollo, Don Kettering, Norbert Sebade and Reed Kessler

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore and Cassidy Kulesa

Other Staff Present

Sam Helma and Mike Bietz - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:02 p.m.

Agenda

A motion was made Reed Kessler and seconded by Don Kettering to approve the agenda as presented.

Motion passed by a roll call vote.

Conflicts Disclosure – Chairman Erickson opened the floor for committee members to identify potential conflicts under SDCL Chapter 3-23. Jeff Erickson, Dale Clement and Don Kettering all declared a potential conflict on Streff Properties, LLC due to banking relationships with SBS Cybersecurity, LLC. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from committee members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Pat Prostrollo and seconded by Don Kettering to enter into executive session at 1:04 p.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the Credit Committee out of executive session at 2:21 p.m. The Chairman reported that the Board of Economic Development Credit Committee entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Pat Prostrollo and seconded by Don Kettering to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Review

Streff Properties, LLC

Credit Committee recommends to the Board to accept the loan review and recommendation as discussed.

Motion was made by Pat Prostrollo and seconded by Don Kettering.

Motion passed by a roll call vote with Jeff Erickson, Dale Clement and Don Kettering abstaining.

Old Business

eyeBrain Medical, Inc.

Credit Committee recommends to the Board approving the extension of the balloon payment for a term of 60 days with a new maturity date of April 1, 2018.

Motion was made by Norbert Sebade and seconded by Dale Clement.

Motion passed by a roll call vote.

New Business

Acquisition Group III, LLC

Credit Committee recommends to the Board approving the application as presented and discussed.

A motion was made by Dale Clement and seconded by Norbert Sebade.

Motion passed by a roll call vote.

Intrinsic Materials Corp.

Credit Committee recommends to the Board approving the application as presented and discussed.

A motion was made by Pat Prostrollo and seconded by Don Kettering.

Motion passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Pat Prostrollo to adjourn the meeting at 2:25 p.m.

Motion passed by a roll call vote

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Dale Clement, Secretary or  
Tony Klein, Treasurer

C

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND  
FINANCIAL REPORT  
(Compiled)  
December 31, 2017**

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# Clausen & Rice, LLP

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## Accountant's Compilation Report

To the Board of Directors  
South Dakota Revolving Economic Development and Initiative Fund  
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Revolving Economic Development and Initiative Fund (an Enterprise Fund of the State of South Dakota) as of December 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to South Dakota Revolving Economic Development and Initiative Fund.

*Clausen & Rice, LLP*

Pierre, South Dakota  
January 11, 2018

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

**STATEMENT OF NET ASSETS**

**December 31, 2017**

**See Accountant's Compilation Report**

**ASSETS**

Cash and Investments-Unrestricted	\$54,903,150
Cash and Investments-Designated for Approved REDI Loans	19,176,110
Cash-SD Jobs	<u>2,074,384</u>
Total Cash and Investments	\$76,153,644
Accounts Receivable-Bankwest	28,327
Loans Receivable - REDI, net of allowance of \$827,861	38,398,329
Loan Interest Receivable	83,118
Net Pension Asset	0
Equipment	0
Due From Other Funds	0
Investment Income Receivable	<u>924,566</u>

**TOTAL ASSETS** \$115,587,984

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources Related to Pensions	<u>128,507</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>128,507</u>

**LIABILITIES**

Accounts Payable	\$11,179
Wages and Benefits Payable	\$27,443
Accrued Leave Payable	\$25,121
Net Pension Liability	\$52,408
Due To Other Funds	<u>\$8,279</u>

**TOTAL LIABILITIES** \$124,430

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources Related to Pensions	<u>858</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>858</u>

**NET POSITION**

Investment in Capital Assets	0
Unrestricted	<u>115,591,203</u>

**TOTAL NET POSITION** \$115,591,203

**TOTAL LIABILITIES AND NET POSITION** \$115,716,491



**SOUTH DAKOTA REVOLVING**

**ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**For the Month Ending December 31, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Interest Income on Loans - REDI	\$63,119	\$326,362
Ethanol Income - REDI	0	0
Other Income - REDI	0	41,302
Building South Dakota Income	0	87,462
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	60,472	355,811
Bad Debt Expense	(3,381)	(111,576)
Other Expenses	(87)	8,227
Building South Dakota Grants	0	0
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>\$6,115</b>	<b>\$202,664</b>
<b>NONOPERATING REVENUE</b>		
Investment Income	153,904	947,045
<b>CHANGE IN NET POSITION</b>	<b>\$160,018</b>	<b>\$1,149,709</b>
<b>NET POSITION, BEGINNING</b>	<b>115,431,184</b>	<b>114,441,494</b>
Prior period Adjustment	0	0
<b>NET POSITION, ENDING</b>	<b><u>\$115,591,203</u></b>	<b><u>\$115,591,203</u></b>

**SOUTH DAKOTA REVOLVING**  
**ECONOMIC DEVELOPMENT AND INITIATIVE FUND**  
**STATEMENT OF CASH FLOWS**

**For the Month Ending December 31, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$160,018	\$1,149,709
Adjustments to Reconcile Net Income to		
Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Accounts Receivable - Bankwest	0	0
(Increase) Decrease in Loans Receivable - REDI	207,916	(1,380,790)
(Increase) Decrease in Loan		
Interest Receivable	(8,566)	(53,724)
(Increase) Decrease in Loans Receivable - VASF	0	0
(Increase) Decrease in Equipment	0	0
(Increase) Decrease in VASF Fuel Tax		
Revenues Receivable	0	0
(Increase) Decrease in Investment		
Income Receivable	(153,904)	(16,742)
(Increase) Decrease in Due From Other Funds	0	0
(Increase) Decrease in Other Assets	0	0
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Wages Payable	0	0
Increase (Decrease) in Accrued Leave Payable	0	0
Increase (Decrease) in Grants Payable	0	0
Increase (Decrease) in Due To Other Funds	0	0
	\$205,464	(\$301,547)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	\$205,464	(\$301,547)
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>75,948,180</b>	<b>76,455,191</b>
<b>CASH AND INVESTMENTS - BEGINNING</b>	<b>76,153,644</b>	<b>\$76,153,644</b>
<b>CASH AND INVESTMENTS - ENDING</b>	<b>\$76,153,644</b>	<b>\$76,153,644</b>

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

**ADDITIONAL LOAN INFORMATION - REDI**

**For the Month Ending December 31, 2017**

**See Accountant's Compilation Report**

**REDI LOANS APPROVED, NOT ADVANCED**

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
Red's All Natural, LLC	01/10/2017 & 02/14/2017	\$ 1,345,176
Applied Engineering, Inc.	03/14/2017 & 07/11/2017	\$ 1,122,600
Omega Liner Company, Inc.	3/14/2017	\$ 888,750
City of Valley Springs	6/13/2017	\$ 508,750
Tower Properties, LLC	6/13/2017	\$ 1,537,500
Century Custom Molding, Inc.	7/11/2017	\$ 520,000
Vantage Point Solutions, Inc.	7/11/2017	\$ 1,350,000
O'Conner Kiln and Dryer, Inc.	8/8/2017	\$ 440,196
Doyle Family Land Company, LLC	9/12/2017	\$ 1,755,000
JMo Holdings, Inc.	9/12/2017	\$ 3,600,000
R & R Holdings, LLC	9/12/2017	\$ 900,000
Vermillion Area Chamber of Commerce and Devp.	9/12/2017	\$ 1,696,500
Fiedler Holding, LLC	10/24/2017	\$ 1,152,338
Harvard Integrations, LP	11/14/2017	\$ 1,332,800
Harvard Integrations, LP	11/14/2017	\$ 600,000
Roto Mold, LLC	11/14/2017	\$ 170,000
Roto Mold, LLC	11/14/2017	\$ 256,500
<b>Total</b>		<b>\$ 19,176,110</b>
	* Partial draw on 8/28/17	\$ 778,100

See Accountant's Compilation Report

<b>REDI LOANS ADVANCED, DURING</b>	<b>DECEMBER</b>	<b>Advanced Date</b>	<b>Loan Amount</b>
<u>Company Name</u>		<u>                    </u>	<u>                    </u>

None

<b>REDI LOANS PAID OFF, DURING</b>	<b>DECEMBER</b>	<b>Pay-off Date</b>	<b>Original Loan Amount</b>
<u>Company Name</u>		<u>                    </u>	<u>                    </u>

None

<b>REDI LOANS WROTE OFF, DURING</b>	<b>DECEMBER</b>	<b>Wrote-off Date</b>	<b>Amount Wrote-off</b>
<u>Company Name</u>		<u>                    </u>	<u>                    </u>

None

<b>REDI LOANS WITHDRAWN, DURING</b>	<b>DECEMBER</b>	<b>Withdrawal Date</b>	<b>Withdrawn Amount</b>
<u>Company Name</u>		<u>                    </u>	<u>                    </u>

None

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND  
ADDITIONAL LOAN INFORMATION - SDJP**

**For the Month Ending December 31, 2017**

**See Accountant's Compilation Report**

**SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE**

Dedicated SDJP Fund Cash and Investments Balance	11/30/2017	\$2,074,384
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	12/31/2017	<u>\$2,074,384</u>

**SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED**

**RESTRICTED**

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Applied Engineering, Inc.	3/14/2017	39,801	\$39,801 Authorized
			\$0 Disbursed
Omega Liner Company, Inc.	3/14/2017	90,000	\$90,000 Authorized
			\$0 Disbursed
VRC Metal Systems, LLC	9/12/2017	45,000	\$45,000 Authorized
			\$0 Disbursed
Century Custom Molding, Inc.	10/24/2017	76,500	\$76,500 Authorized
			\$0 Disbursed
Specialized Machine, LLC	12/12/2017	6,345	\$6,345 Authorized
			\$0 Disbursed
		<u>\$257,646</u>	

**UNRESTRICTED**

Total South Dakota Jobs Program Cash and Investments	\$2,074,384
Less Cash and Investments-Restricted for Approved Loans/Grants	\$257,646
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,816,738</u>

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM  
FINANCIAL REPORT  
(Compiled)  
December 31, 2017**

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# Clausen & Rice, LLP

Certified Public Accountants and Business Consultants

John E. Clausen, CPA

johnclausen.cpa@midconetwork.com

Daniel T. Rice, CPA

danrice.cpa@midconetwork.com

## Accountant's Compilation Report

To the Governor's Office of Economic Development  
South Dakota Local Infrastructure Improvement Program  
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Local Infrastructure Improvement Program as of December 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained on pages 5 and 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to South Dakota Local Infrastructure Improvement Program.

*Clausen & Rice, LLP*

Pierre, South Dakota  
January 11, 2018



**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM  
STATEMENT OF NET ASSETS**

**December 31, 2017**

**See Accountant's Compilation Report**

**ASSETS**

Cash and Investments-Unrestricted	\$2,184,715
Cash and Investments-Designated for Approved Grants	3,870,584
	<hr/>
Total Cash and Investments	\$6,055,299
Investment Income Receivable	0
	<hr/>
<b>TOTAL ASSETS</b>	<b><u><u>\$6,055,299</u></u></b>

**LIABILITIES**

	<hr/>
	\$0
	<hr/>
<b>TOTAL LIABILITIES</b>	<b><u><u>\$0</u></u></b>

**NET POSITION**

Unrestricted	<hr/>
	6,055,299
	<hr/>
<b>TOTAL NET POSITION</b>	<b><u><u>\$6,055,299</u></u></b>
	<hr/>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$6,055,299</u></u></b>

**SOUTH DAKOTA LOCAL**

**INFRASTRUCTURE IMPROVEMENT PROGRAM**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**For the Month Period Ending December 31, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Investment Income	0	85,140
Transfer In - Building South Dakota	0	437,311
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	0	0
Other Expenses	0	0
Grants and Subsidies	<u>22,589</u>	<u>611,367</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	(\$22,589)	(\$88,916)
<b>NONOPERATING REVENUE</b>		
Reclamation of Grants	0	0
<b>CHANGE IN NET POSITION</b>	(\$22,589)	(\$88,916)
<b>NET POSITION, BEGINNING</b>	6,077,888	6,144,215
Prior period Adjustment	<u>0</u>	<u>0</u>
<b>NET POSITION, ENDING</b>	<u><u>\$6,055,299</u></u>	<u><u>\$6,055,299</u></u>

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM  
STATEMENT OF CASH FLOWS**

**For the Month Period Ending December 31, 2017**

**See Accountant's Compilation Report**

	<b>Current Period</b>	<b>Year to Date</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	(\$22,589)	(\$88,916)
Adjustments to Reconcile Net Income to Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Investment Income Receivable	0	0
	(\$22,589)	(\$88,916)
Net Cash provided from (used in) Operating Activities	(\$22,589)	(\$88,916)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	(\$22,589)	(\$88,916)
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>(\$22,589)</b>	<b>(\$88,916)</b>
<b>CASH AND INVESTMENTS - BEGINNING</b>	<b>6,077,888</b>	<b>6,144,215</b>
<b>CASH AND INVESTMENTS - ENDING</b>	<b>\$6,055,299</b>	<b>\$6,055,299</b>

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM  
LOAN INFORMATION**

**For the Month Period Ending December 31, 2017**

**See Accountant's Compilation Report**

**CASH & INVESTMENTS BALANCE**

Fund Cash and Investments Balance	11/30/2017	\$6,077,888
Plus: Investment Council Interest		0
Building South Dakota		0
Administrative Expenses		
Less:		
City of Valley Springs		(22,589)

Cash and Investments Balance	12/31/2017	\$6,055,299
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**CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED**

**RESTRICTED**

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
City of Valley Springs	12/9/2014	52,411	\$75,000 Authorized \$22,589 Disbursed
Sully County	12/8/2015	400,000	\$400,000 Authorized \$0 Disbursed
Arlington Community Development Corporation *Decreased to \$375,000 on 3/14/17	3/8/2016	93,750	\$375,000 Authorized \$281,250 Disbursed
Rosebud Economic Development Corporation	3/8/2016	230,573	\$230,573 Authorized \$0 Disbursed
Faulkton Area Economic Development Corporation	6/14/2016	96,000	\$384,000 Authorized \$288,000 Disbursed
Lincoln County	12/13/2016	300,000	\$300,000 Authorized \$0 Disbursed

Brown County	3/14/2017	308,500	\$308,500	Authorized
			\$0	Disbursed
Greater Huron Devp. Corp.	3/14/2017	150,000	\$600,000	Authorized
			\$450,000	Disbursed
Grovena Township	3/14/2017	250,000	\$250,000	Authorized
			\$0	Disbursed
Town of Dimock	6/13/2017	23,350	\$23,350	Authorized
			\$0	Disbursed
Sioux Falls Development Corp	6/13/2017	200,000	\$200,000	Authorized
			\$0	Disbursed
City of Elk Point	6/13/2017	200,000	\$200,000	Authorized
			\$0	Disbursed
City of Volga	6/13/2017	500,000	\$500,000	Authorized
			\$0	Disbursed
Four Bands Community Fund	6/13/2017	170,000	\$170,000	Authorized
			\$0	Disbursed
City of Box Elder	9/12/2017	379,000	\$379,000	Authorized
			\$0	Disbursed
Yankton Area Progressive Growth	9/12/2017	0	\$88,000	Authorized
			\$88,000	Disbursed
City of Beresford	12/12/2017	317,000	\$317,000	Authorized
			\$0	Disbursed
City of Mitchell	12/12/2017	200,000	\$200,000	Authorized
			\$0	Disbursed

\$3,870,584

**UNRESTRICTED**

Total Cash and Investments	\$6,055,299
Less Cash and Investments-Restricted for Approved Grants	\$3,870,584
Total Unrestricted Cash and Investments	<u>\$2,184,715</u>

**SOUTH DAKOTA ECONOMIC  
DEVELOPMENT PARTNERSHIP PROGRAM  
FINANCIAL REPORT  
(Compiled)  
December 31, 2017**

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# Clausen & Rice, LLP

Certified Public Accountants and Business Consultants

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## Accountant's Compilation Report

To the Governor's Office of Economic Development  
South Dakota Economic Development Partnership Program  
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Economic Development Partnership Program as of December 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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We are not independent with respect to South Dakota Economic Development Partnership Program.

*Clausen & Rice, LLP*

Pierre, South Dakota

January 11, 2018



**SOUTH DAKOTA ECONOMIC  
DEVELOPMENT PARTNERSHIP PROGRAM  
STATEMENT OF NET ASSETS**

**December 31, 2017**

**See Accountant's Compilation Report**

**ASSETS**

Cash and Investments-Unrestricted	\$241,404
Cash and Investments-Designated for Approved Loans	599,164
	<hr/>
Total Cash and Investments	\$840,568
Investment Income Receivable	0
	<hr/>
	0
<b>TOTAL ASSETS</b>	<b>\$840,568</b>
	<hr/> <hr/>

**LIABILITIES**

	<hr/>
	\$0
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$0</b>
	<hr/> <hr/>

**NET POSITION**

Unrestricted	<hr/>
	840,568
	<hr/>
<b>TOTAL NET POSITION</b>	<b>\$840,568</b>
	<hr/> <hr/>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$840,568</b>
	<hr/> <hr/>

**SOUTH DAKOTA ECONOMIC**

**DEVELOPMENT PARTNERSHIP PROGRAM**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**For the Month Period Ending December 31, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Investment Income	0	23,590
Transfer In - Building South Dakota	0	87,462
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	0	0
Grants and Subsidies	8,400	501,680
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	(\$8,400)	(\$390,628)
<b>NONOPERATING REVENUE</b>		
Reclamation of Grants	0	0
<b>CHANGE IN NET POSITION</b>	(\$8,400)	(\$390,628)
<b>NET POSITION, BEGINNING</b>	848,968	1,231,196
Prior period Adjustment	0	0
<b>NET POSITION, ENDING</b>	<u>\$840,568</u>	<u>\$840,568</u>

**SOUTH DAKOTA ECONOMIC  
DEVELOPMENT PARTNERSHIP PROGRAM  
STATEMENT OF CASH FLOWS**

**For the Month Period Ending December 31, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	(\$8,400)	(\$390,628)
Adjustments to Reconcile Net Income to Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Investment Income Receivable	0	0
	<hr/>	<hr/>
Net Cash provided from (used in) Operating Activities	(\$8,400)	(\$390,628)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	(\$8,400)	(\$390,628)
<b>CASH AND INVESTMENTS - BEGINNING</b>	<hr/> 848,968	<hr/> 1,231,196
<b>CASH AND INVESTMENTS - ENDING</b>	<hr/> <u>\$840,568</u>	<hr/> <u>\$840,568</u>

**SOUTH DAKOTA ECONOMIC  
DEVELOPMENT PARTNERSHIP PROGRAM  
LOAN INFORMATION - EDPP**

**For the Month Period Ending December 31, 2017**

**See Accountant's Compilation Report**

**CASH & INVESTMENTS BALANCE**

Fund Cash and Investments Balance	11/30/2017	\$848,967.81
Plus: Investment Council Interest Contribution		\$0.00
		\$0.00
Less:		
Brookings Economic Development Corp.		(\$8,400.00)

Dedicated Fund Cash and Investments Balance	12/31/2017	\$840,567.81
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**CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED**

**RESTRICTED**

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Belle Fourche Development Corp. *Moved \$23,505 to uncommitted balance on 12/9/14	9/11/2013 ~	16,901.82	\$79,495 Authorized \$62,593 Disbursed
Arlington Community Development Corp. *Approved \$33,310 increase on 12/9/14	10/8/2013	16,603.34	\$88,310 Authorized \$71,707 Disbursed
Southern Hills Economic Development Corp.	9/11/2013	7,117.59	\$56,900 Authorized \$49,782 Disbursed
De Smet Development Corp. *Moved \$9,941 to uncommitted balance on 12/9/14	10/8/2013	3,287.90	\$42,820 Authorized \$29,592 Disbursed
Faulkton Area Economic Development Corp.	12/10/2013	15,666.00	\$52,220 Authorized \$36,554 Disbursed
Lake Francis Case Development Corp.	12/10/2013	7,811.50	\$62,275 Authorized \$54,464 Disbursed
Brooking Economic Dev. Corp.	6/10/2014	0.00	\$84,000 Authorized \$84,000 Disbursed
Mitchell Area Dev. Corp.	6/10/2014	13,950.20	\$139,502 Authorized \$125,552 Disbursed
Aberdeen Development Corporation	12/9/2014	15,054.20	\$150,542 Authorized \$135,488 Disbursed

City of Kimball	12/9/2014	12,000.00	\$40,000	Authorized
			\$28,000	Disbursed
Wagner Area Growth, Inc.	12/9/2014	9,055.56	\$78,000	Authorized
			\$68,944	Disbursed
Yankton Area Progressive Growth (IEDC Basic Course)	3/9/2015	42,484.10	\$141,614	Authorized
			\$99,130	Disbursed
City of Wall	6/2/2015	62,098.00	\$125,496	Authorized
			\$63,398	Disbursed
Zeal Center for Entrepreneurship (Prev. South Dakota Business Tech. Center)	6/2/2015	28,655.46	\$95,518	Authorized
			\$66,863	Disbursed
Viborg Economic Development Corporation	12/8/2015	24,915.30	\$41,526	Authorized
			\$16,610	Disbursed
Brookings Economic Development Corporation	3/8/2016	54,178.00	\$133,000	Authorized
			\$78,822	Disbursed
Centerville Economic Development Corporation	3/8/2016	7,804.00	\$13,006	Authorized
			\$5,202	Disbursed
Sioux Falls Development Foundation	6/14/2016	168,589.00	\$280,982	Authorized
			\$112,393	Disbursed
Greater Rapid City Area EDC	6/14/2016	92,992.00	\$154,987	Authorized
			\$61,995	Disbursed
Hartford Area Devp. Corp. (IEDC Basic Course)	6/13/2017	0.00	\$741	Authorized
*Moved \$211.32 to uncommitted balance in FY-18			\$741	Disbursed
South Eastern Development Corp. (RLF)	6/13/2017	0.00	\$125,000	Authorized
			\$125,000	Disbursed
First District Association of Local Governments (RLF)	6/13/2017	0.00	\$250,000	Authorized
			\$250,000	Disbursed

599,163.97

**UNRESTRICTED**

Total Cash and Investments	\$840,568
Less Cash and Investments-Restricted for Approved Loans/Grants	\$599,164
Total Unrestricted Cash and Investments	<u>\$241,404</u>