

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, FEBRUARY 14, 2017, 9:30 A.M. CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, FEBRUARY 14, 2017, 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 Prostrullo

Tom Jones

Norbert Sebade

Reed Kessler

Non-Voting

Spencer Hawley

Billie Sutton

Lee Qualm

**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 10, 2017 and February 6, 2017, 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 _____.

Old Business

Red's All Natural, LLC

Motion to approve an increasing the loan amount to \$2,133,276, not to exceed 45% of project costs.

Motion made by _____ and seconded by _____.

Red's All Natural, LLC - RPP

Motion to approve increasing the award amount to \$192,436, not to exceed 100% of the State Sales/Use tax paid on eligible project costs.

Motion made by _____ and seconded by _____.

Please note times:
Call To Order: _____
Executive Session _____
Regular Session _____
Adjournment _____

Sioux Falls Development Foundation

Motion to approve the collateral release as presented.

Motion made by _____ and seconded by _____

New Business

Dakota Provisions

Motion to deny the Reinvestment Payment application of Dakota Provisions as recommended by staff in the board packet.

Motion made by _____ and seconded by _____.

Ottertail Power Company

Motion to approve the Reinvestment Payment application of Ottertail Power Company 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 \$4,720,500 but not to exceed 100 percent of State Sales/Use Tax paid on eligible project costs, is approved for Otter Tail Power Company. 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 _____.

Adjourn

Motion made by _____ and seconded by _____.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
TUESDAY, FEBRUARY 14, 2017, 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 10, 2017 and February 6, 2017, as presented.
- Conflicts of Interest Disclosures**
- Monthly Financials**
RECOMMENDED ACTION: No action taken.
- 9:40 A.M. Commissioner's Comments
- 9:50 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.
- 10:15 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
Red's All Natural, LLC
Red's All Natural, LLC (RPP)
Sioux Falls Development Foundation
Dakota Provisions
Otter Tail Power Company

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.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 10, 2017, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Ted Hustead, Don Kettering, Pat Prostrollo, Tom Jones and Norbert Sebade

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, Katelyn Hump, Natalie Likness, Mary Lehecka Nelson and Steve Watson

Other Staff Present

Sam Helma - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 9:33 a.m.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Tony Klein and seconded by Mike Luken to approve the minutes of the meetings held December 13, 2016 and January 3, 2017, 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. 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 Don Kettering to enter into executive session at 9:54 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 Chairman declared the board out of executive session at 10:32 a.m. The 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 Sharon Casey and seconded by Dale Clement to approve the chairman's report from executive session.

Motion passed by a roll call vote.

New Business

Intrinsic Materials Corp.

A motion was made by Don Kettering and seconded by Sharon Casey to approve the loan request to Intrinsic Materials Corp. in the amount of \$672,949. Secured by a shared first REM, a shared security deposit account and a corporate guaranty.

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 passed by a roll call vote.

Red's All Natural, LLC

A motion was made by Tony Klein and seconded by Dale Clement to approve the waiver for a loan over \$1,000,000.
Motion passed by a roll call vote.

Red's All Natural, LLC

A motion was made by Pat Prostrullo and seconded by Tony Klein to approve the loan request to Red's All Natural, LLC in the amount of \$1,490,197. Secured by a sole first position on the equipment and the personal guarantee of a principal with 10% 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 passed by a roll call vote

Reinvestment Payment Program

Red's All Natural, LLC

A motion was made by Mike Luken and seconded by Dale Clement to approve the Reinvestment Payment application to Red's All Natural, 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 \$132,901 but not to exceed 100 percent of State Sales/Use Tax paid on eligible project costs, is approved for Red's All Natural. 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 passed by a roll call vote.

Bills

A motion was made by Ted Husted and seconded by Don Kettering to approve the bill payable to PIDC in the amount of \$8,325.00.

Motion passed by a roll call vote.

Adjourn

A motion was made by Tony Klein and seconded by Dale Clement to adjourn the meeting at 10:37 a.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or
Tony Klein, Treasurer

**CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
MONDAY, FEBRUARY 6, 2017, 1:00 P.M. CT**

Members Present

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

Staff Present

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

Other Staff Present

Sam Helma - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:05 p.m.

Agenda

A motion was made by Pat Prostrollo and seconded by Reed Kessler 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. There were none from committee members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Dale Clement and seconded by Norbert Sebade to enter into executive session at 1:06 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 1:42 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.

Old Business

Red's All Natural, LLC

Credit Committee recommends to the Board approving an increase to the loan amount as presented.

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

Motion passed by a roll call vote.

Sioux Falls Development Foundation

Credit Committee recommends to the Board approving the collateral release as presented.

Motion was made by Don Kettering and seconded by Dale Clement.

Motion passed by a roll call vote.

Adjourn

A motion was made by Pat Prostrollo and seconded by Dale Clement to adjourn the meeting at 1:45 p.m.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
FINANCIAL REPORT
(Compiled)
December 31, 2016**

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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, 2016, 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
February 6, 2017

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
STATEMENT OF NET ASSETS**

December 31, 2016

See Accountant's Compilation Report

ASSETS	
Cash and investments-Unrestricted	\$69,271,394
Cash and investments-Designated for Approved REDI Loans	5,267,428
Cash-SD Jobs	<u>1,964,443</u>
Total Cash and Investments	\$76,503,265
Accounts Receivable-Bankwest	67,934
Loans Receivable - REDI, net of allowance of \$902,679	36,833,349
Loan Interest Receivable	97,612
Net Pension Asset	78,246
Equipment	0
Due From Other Funds	0
Investment Income Receivable	<u>894,497</u>
TOTAL ASSETS	<u>\$114,474,903</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	<u>143,558</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>143,558</u>
LIABILITIES	
Accounts Payable	\$11,802
Wages and Benefits Payable	\$28,033
Accrued Leave Payable	\$22,224
Due To Other Funds	<u>\$7,926</u>
TOTAL LIABILITIES	<u>\$69,985</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	<u>143,558</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>143,558</u>
NET POSITION	
Investment in Capital Assets	0
Unrestricted	<u>114,404,918</u>
TOTAL NET POSITION	<u>\$114,404,918</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$114,618,461</u>

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending December 31, 2016

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$64,197	\$351,033
Ethanol Income - REDI	0	0
Other Income - REDI	0	8,740
Building South Dakota Income	0	68,174
LESS OPERATING EXPENSES		
Administrative Expenses	58,039	348,094
Bad Debt Expense	(8,751)	26,739
Other Expenses	533	7,488
Building South Dakota Grants	0	0
NET INCOME (LOSS) FROM OPERATIONS	\$14,376	\$45,626
NONOPERATING REVENUE		
Investment Income	153,666	894,497
CHANGE IN NET POSITION	\$168,042	\$940,123
NET POSITION, BEGINNING	114,235,376	113,463,295
Prior period Adjustment	1,500	1,500
NET POSITION, ENDING	<u>\$114,404,918</u>	<u>\$114,404,918</u>

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

STATEMENT OF CASH FLOWS

For the Month Ending December 31, 2016

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$168,042	\$940,123
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	775,318	2,823,725
(Increase) Decrease in Loan Interest Receivable	(12,085)	(67,174)
(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	(153,666)	109,922
(Increase) Decrease in Due From Other Funds	0	500,000
(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
	\$777,609	\$4,305,596
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	1,500	1,500
	\$779,109	\$4,308,096
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	75,724,156	72,195,169
CASH AND INVESTMENTS - ENDING	\$76,503,265	\$76,503,265

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - REDI
For the Month Ending December 31, 2016
See Accountant's Compilation Report

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
CMW Industrial Properties, LLC	11/12/2014	\$ 350,000
PEDCO/South Dakota Pulse Processors	12/9/2014	\$ 360,000
Vermillion Area Chamber of Commerce & Devp. Co.	2/10/2016	\$ 2,764,428
Harbor Group Investments, LLC	5/10/2016	\$ 1,613,000
Weisser Properties, LLC	11/22/2016	\$ 180,000
Total		<u>\$ 5,267,428</u>

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING	December	Advanced Date	Loan Amount
<u>Company Name</u>			
None			

REDI LOANS PAID OFF, DURING	December	Pay-off Date	Original Loan Amount
<u>Company Name</u>			
Custom Touch Homes, LLC		12/19/2016	\$720,000

REDI LOANS WROTE OFF, DURING	December	Wrote-off Date	Amount Wrote-off
<u>Company Name</u>			
None			

REDI LOANS WITHDRAWN, DURING	December	Withdrawal Date	Withdrawn Amount
<u>Company Name</u>			
None			

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - SDJP
For the Month Ending December 31, 2016
See Accountant's Compilation Report**

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	11/30/2016	\$1,964,443
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	12/31/2016	<u>\$1,964,443</u>

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

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Sapa Extrusions, Inc.	9/9/2014	24,280	\$24,280 Authorized \$0 Disbursed
		<u>\$24,280</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,964,443
Less Cash and Investments-Restricted for Approved Loans/Grants	\$24,280
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,940,163</u>

**SOUTH DAKOTA ECONOMIC
DEVELOPMENT PARTNERSHIP PROGRAM
FINANCIAL REPORT
(Compiled)
December 31, 2016**

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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, 2016, 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 Economic Development Partnership Program.

Clausen & Rice, LLP

Pierre, South Dakota
February 6, 2017

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

December 31, 2016

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$40,751
Cash and Investments-Designated for Approved Loans	1,990,126
	<hr/>
Total Cash and Investments	\$2,030,877
Investment Income Receivable	0
	<hr/>
	0
TOTAL ASSETS	<u><u>\$2,030,877</u></u>

LIABILITIES

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

NET POSITION

Unrestricted	<hr/>
	2,030,877
TOTAL NET POSITION	<u><u>\$2,030,877</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$2,030,877</u></u>

SOUTH DAKOTA ECONOMIC

DEVELOPMENT PARTNERSHIP PROGRAM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Period Ending December 31, 2016

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Investment Income	0	24,809
Transfer In - Building South Dakota	0	1,704,522
LESS OPERATING EXPENSES		
Administrative Expenses	1,695	9,259
Grants and Subsidies	52,450	737,833
NET INCOME (LOSS) FROM OPERATIONS	(\$54,145)	\$982,239
NONOPERATING REVENUE		
Reclamation of Grants	0	0
CHANGE IN NET POSITION	(\$54,145)	\$982,239
NET POSITION, BEGINNING	2,085,022	1,048,638
Prior period Adjustment	0	0
NET POSITION, ENDING	<u>\$2,030,877</u>	<u>\$2,030,877</u>

**SOUTH DAKOTA ECONOMIC
DEVELOPMENT PARTNERSHIP PROGRAM**

STATEMENT OF CASH FLOWS

For the Period Ending December 31, 2016

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	(\$54,145)	\$982,239
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	(\$54,145)	\$982,239
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	<hr/>	<hr/>
NET INCREASE IN CASH AND INVESTMENTS	(\$54,145)	\$982,239
CASH AND INVESTMENTS - BEGINNING	<u>2,085,022</u>	<u>1,048,638</u>
CASH AND INVESTMENTS - ENDING	<u><u>\$2,030,877</u></u>	<u><u>\$2,030,877</u></u>

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

For the Period Ending December 31, 2016

See Accountant's Compilation Report

CASH & INVESTMENTS BALANCE

Fund Cash and Investments Balance	11/30/2016	\$2,085,021.65
Plus: Investment Council Interest Contribution		\$0.00
Less:		
Arlington Community Development Corp.		(\$22,103.33)
City Of Kimball		(\$12,000.00)
Viborg Economic Development Corp.		(\$16,610.20)
Beadle and Spink Enterprise Community (Training Only)		(\$378.60)
Beadle and Spink Enterprise Community (Training Only)		(\$422.85)
West River Foundation for Economic & Community Development		(\$934.60)
Administrative Expenses		(\$1,695.16)
Dedicated Fund Cash and Investments Balance	12/31/2016	<u>\$2,030,876.91</u>

CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Belle Fourche Development Corp.	9/11/2013 ~	29,848.82	\$79,495 Authorized
*Moved \$23,505 to uncommitted balance on 12/9/14			\$49,646 Disbursed
Arlington Community Development Corp.	10/8/2013	16,603.34	\$88,310 Authorized
*Approved \$33,310 increase on 12/9/14			\$71,707 Disbursed
Southern Hills Economic Development Corp.	9/11/2013	17,070.00	\$56,900 Authorized
			\$39,830 Disbursed
De Smet Development Corp.	10/8/2013	9,863.70	\$42,820 Authorized
*Moved \$9,941 to uncommitted balance on 12/9/14			\$23,016 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
Wounded Knee Development Corp.	12/10/2013	0.00	\$109,800 Authorized
*Approved \$55,800 increase on 11/12/14			\$109,800 Disbursed
Heart of the Hills Economic Dev. Corp.	3/11/2014	1,000.00	\$10,000 Authorized
			\$9,000 Disbursed
Brooking Economic Dev. Corp.	6/10/2014	8,400.00	\$84,000 Authorized
			\$75,600 Disbursed

Mitchell Area Dev. Corp.	6/10/2014	41,850.80	\$139,502	Authorized
			\$97,651	Disbursed
Aberdeen Development Corporation	12/9/2014	45,162.80	\$150,542	Authorized
			\$105,379	Disbursed
City of Kimball	12/9/2014	12,000.00	\$40,000	Authorized
			\$28,000	Disbursed
Wagner Area Growth, Inc.	12/9/2014	24,237.11	\$78,000	Authorized
			\$53,763	Disbursed
Northeast Council of Governments Devp. Corp.	12/9/2014	87,713.00	\$250,000	Authorized
			\$162,287	Disbursed
Worthing Economic Development (IEDC Basic Course)	3/9/2015	42,484.10	\$141,614	Authorized
City of Wall	6/2/2015	88,328.00	\$99,130	Disbursed
			\$125,496	Authorized
			\$37,168	Disbursed
South Dakota Business Tech. Center	6/2/2015	57,310.93	\$95,518	Authorized
			\$38,207	Disbursed
Viborg Economic Development Corporation	12/8/2015	24,915.30	\$41,526	Authorized
			\$16,610	Disbursed
Brookings Economic Development Corporation	3/8/2016	79,800.00	\$133,000	Authorized
			\$53,200	Disbursed
West River Foundation for Economic and Community Development	3/8/2016	0.00	\$250,000	Authorized
Centerville Economic Development Corporation	3/8/2016	13,006.00	\$250,000	Disbursed
			\$13,006	Authorized
			\$0	Disbursed
Faulkton Area Economic Dev. Corp.	6/14/2016	384,000.00	\$384,000	Authorized
			\$0	Disbursed
South Eastern Dev. Foundation (RLF)	6/14/2016	0.00	\$250,000	Authorized
			\$250,000	Disbursed
Sioux Falls Development Foundation	6/14/2016	280,982.00	\$280,982	Authorized
			\$0	Disbursed
Greater Rapid City Area EDC	6/14/2016	154,987.00	\$154,987	Authorized
			\$0	Disbursed
Brookings Economic Development Corporation (Training Only)	8/9/2016	0.00	\$434	Authorized
			\$434	Disbursed
Beadle and Spink Enterprise Community (Training Only)	8/9/2016	0.00	\$379	Authorized
			\$379	Disbursed
Beadle and Spink Enterprise Community (Training Only)	8/9/2016	0.00	\$423	Authorized
			\$423	Disbursed
West River Foundation for Econ. & Comm. Devp. (Training Only)	8/9/2016	0.00	\$935	Authorized
			\$935	Disbursed
South Eastern Devp. Foundation (Training Only)	8/9/2016	431.85	\$432	Authorized
			\$0	Disbursed
Greater Rapid City Area Economic Devp. Corp.	9/13/2016	154,987.00	\$154,987	Authorized
			\$0	Disbursed
Four Bands Community Fund, Inc.	12/13/2016	225,000.00	\$225,000	Authorized
			\$0	Disbursed
South Eastern Devp. Foundation	12/13/2016	166,667.00	\$166,667	Authorized
			\$0	Disbursed

1,990,126.85

~ Approved on 12/10/13 to include training costs.

UNRESTRICTED

Total Cash and Investments	\$2,030,877
Less Cash and Investments-Restricted for Approved Loans/Grants	\$1,990,126
Total Unrestricted Cash and Investments	<u>\$40,751</u>

**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM
FINANCIAL REPORT
(Compiled)
December 31, 2016**

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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 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, 2016, 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
February 6, 2017

**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM**

STATEMENT OF NET ASSETS

December 31, 2016

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$4,700,861
Cash and Investments-Designated for Approved Grants	2,630,567

Total Cash and Investments	\$7,331,428
Investment Income Receivable	0

TOTAL ASSETS	<u><u>\$7,331,428</u></u>
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LIABILITIES

\$0

TOTAL LIABILITIES	<u><u>\$0</u></u>
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NET POSITION

Unrestricted	<u>7,331,428</u>
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TOTAL NET POSITION	<u><u>\$7,331,428</u></u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$7,331,428</u></u>
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**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

For the Period Ending December 31, 2016

See Accountant's Compilation Report

	Current Period	Year to Date
OPERATING REVENUE		
Investment Income	0	73,102
Transfer In - Building South Dakota	0	2,840,869
LESS OPERATING EXPENSES		
Administrative Expenses	1,696	9,259
Other Expenses	0	0
Grants and Subsidies	216,773	965,209
NET INCOME (LOSS) FROM OPERATIONS	(\$218,469)	\$1,939,503
NONOPERATING REVENUE		
Reclamation of Grants	0	0
CHANGE IN NET POSITION	(\$218,469)	\$1,939,503
NET POSITION, BEGINNING	7,549,897	5,391,925
Prior period Adjustment	0	0
NET POSITION, ENDING	\$7,331,428	\$7,331,428

**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM**

STATEMENT OF CASH FLOWS

For the Period Ending December 31, 2016

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	(\$218,469)	\$1,939,503
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	(\$218,469)	\$1,939,503
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	<hr/>	<hr/>
NET INCREASE IN CASH AND INVESTMENTS	(\$218,469)	\$1,939,503
CASH AND INVESTMENTS - BEGINNING	<u>7,549,897</u>	<u>5,391,925</u>
CASH AND INVESTMENTS - ENDING	<u><u>\$7,331,428</u></u>	<u><u>\$7,331,428</u></u>

**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM
LOAN INFORMATION
For the Period Ending December 31, 2016
See Accountant's Compilation Report**

CASH & INVESTMENTS BALANCE

Fund Cash and Investments Balance	11/30/2016	\$7,549,896
Plus: Investment Council Interest		0
Building South Dakota		0
Administrative Expenses		
Less City of Dell Rapids		(216,773)
Administrative Expenses		(1,695)
Cash and Investments Balance	12/31/2016	\$7,331,428

CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
City of Castlewood	12/10/2013	0	\$100,000 Authorized
*Moved \$23,428.91 to uncommitted balance on 12/21/15			\$53,863 Disbursed
*Moved \$23,708.91 to uncommitted balance in FY-17.			
City of Milbank	12/10/2013	62,767	\$200,000 Authorized
			\$137,233 Disbursed
City of Valley Springs	12/9/2014	75,000	\$75,000 Authorized
			\$0 Disbursed
City of Beresford	6/2/2015	225,000	\$225,000 Authorized
			\$0 Disbursed
Edison Township	6/2/2015	245,000	\$245,000 Authorized
			\$0 Disbursed
City of Belle Fourche	9/15/2015	0	\$350,000 Authorized
			\$350,000 Disbursed
Sully County	12/8/2015	400,000	\$400,000 Authorized
			\$0 Disbursed
City of Dell Rapids	12/8/2015	83,227	\$300,000 Authorized
			\$216,773 Disbursed

Greater Rapid City Area Economic Development Corporation	3/8/2016	125,000	\$500,000 Authorized \$375,000 Disbursed
Arlington Community Development Corporation	3/8/2016	500,000	\$500,000 Authorized \$0 Disbursed
Rosebud Economic Development Corporation	3/8/2016	230,573	\$230,573 Authorized \$0 Disbursed
Faulkton Area Economic Development Corporation	6/14/2016	384,000	\$384,000 Authorized \$0 Disbursed
Brookings County *Withdrawn 10/19/16	9/13/2016	0	\$100,000 Authorized \$0 Disbursed
Lincoln County	12/13/2016	300,000	\$300,000 Authorized \$0 Disbursed
		<u>\$2,630,567</u>	

UNRESTRICTED

Total Cash and Investments	\$7,331,428
Less Cash and Investments-Restricted for Approved Grants	\$2,630,567
Total Unrestricted Cash and Investments	<u>\$4,700,860</u>

SOUTH DAKOTA
REINVESTMENT PAYMENT PROGRAM
FINANCIAL REPORT
(Compiled)
December 31, 2016

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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 Reinvestment Payment Program
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Reinvestment Payment Program as of December 31, 2016, 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 page 5 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 Reinvestment Payment Program.

Clausen & Rice, LLP

Pierre, South Dakota
February 6, 2017

SOUTH DAKOTA
REINVESTMENT PAYMENT PROGRAM
STATEMENT OF NET ASSETS

December 31, 2016

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$0
Cash and Investments-Designated for Approved Loans	0
	<hr/>
Total Cash and Investments	\$0
Investment Income Receivable	0
	<hr/>
	0
TOTAL ASSETS	\$0
	<hr/> <hr/>

LIABILITIES

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

NET POSITION

Unrestricted	<hr/>
	0
	<hr/>
TOTAL NET POSITION	\$0
	<hr/> <hr/>
TOTAL LIABILITIES AND NET POSITION	\$0
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SOUTH DAKOTA

REINVESTMENT PAYMENT PROGRAM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Period Ending December 31, 2016

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Investment Income	\$0	\$0
Transfer in - RPP	0	3,965,672
LESS OPERATING EXPENSES		
Administrative Expenses	0	0
Other Expenses	0	0
Grants and Subsidies	<u>3,746,975</u>	<u>4,258,092</u>
NET INCOME (LOSS) FROM OPERATIONS	(\$3,746,975)	(\$292,420)
NONOPERATING REVENUE		
Reclamation of Grants	<u>0</u>	<u>0</u>
CHANGE IN NET POSITION	(\$3,746,975)	(\$292,420)
NET POSITION, BEGINNING	3,746,975	292,420
Prior period Adjustment	<u>0</u>	<u>0</u>
NET POSITION, ENDING	<u><u>\$0</u></u>	<u><u>\$0</u></u>

SOUTH DAKOTA

REINVESTMENT PAYMENT PROGRAM

STATEMENT OF CASH FLOWS

For the Period Ending December 31, 2016

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	(\$3,746,975)	(\$292,420)
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	(\$3,746,975)	(\$292,420)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	<hr/>	<hr/>
NET INCREASE IN CASH AND INVESTMENTS	(\$3,746,975)	(\$292,420)
CASH AND INVESTMENTS - BEGINNING	<u>3,746,975</u>	<u>292,420</u>
CASH AND INVESTMENTS - ENDING	<u><u>\$0</u></u>	<u><u>\$0</u></u>

SOUTH DAKOTA
REINVESTMENT PAYMENT PROGRAM
LOAN INFORMATION

For the Period Ending December 31, 2016

See Accountant's Compilation Report

CASH & INVESTMENTS BALANCE

Fund Cash and Investments Balance	11/30/2016	\$3,746,975
Plus: Investment Council Interest		0
Transfer from Department of Revenue		0
Less:		
Campbell County Wind II, LLC		(3,746,975)
		0
Dedicated Fund Cash and Investments Balance	12/31/2016	<u>\$0</u>

CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Novita Aurora, LLC	8/13/2013	771,082	\$771,082 Authorized \$0 Disbursed
Campbell County Wind II, LLC	5/13/2014	0	\$3,883,683 Authorized \$3,746,975 Disbursed
Hansen Manufacturing	8/12/2014	0	\$294,543 Authorized \$218,697 Disbursed
Day County Wind II, LLC	8/12/2014	4,419,600	\$4,419,600 Authorized \$0 Disbursed
3M Brookings - Project #2	10/3/2014	1,323,960	\$1,323,960 Authorized \$0 Disbursed
PEG Project 1, LLC	12/9/2014	0	\$356,420 Authorized \$292,420 Disbursed
Ring-Neck Energy & Feed, LLC *Approved \$813,893 increase on 4/12/16	10/13/2015	1,997,738	\$1,997,738 Authorized \$0 Disbursed
GCC Dacotah, Inc.	3/8/2016	1,602,210	\$1,602,210 Authorized \$0 Disbursed
Royal Canin US	12/13/2016	638,500	\$638,500 Authorized \$0 Disbursed
Ag Processing Inc a Cooperative	12/13/2016	5,925,000	\$5,925,000 Authorized \$0 Disbursed
		<u>\$16,678,090</u>	