

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, APRIL 11, 2017, 9:30 A.M. CT**

TABLE OF CONTENTS

- A. Regular Session Agenda
- B. Minutes
- C. Monthly Financials
- D. Executive Session Agenda
- E. Business Development Update
- F. Monthly Status Report
- G. Watch List
- H. Loan Review Summary
- I. Omega Liner Company, Inc.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, APRIL 11, 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

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 March 14, 2017 and April 3, 2017, as presented.

Motion made by _____ and seconded by _____.

Conflicts of Interest Disclosures

Special Assets Contract

Motion to approve the Special Assets Contract as presented.

Motion made by _____ and seconded by _____.

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

Black Hills Fiberglass, LLC and Carl V Carlson Company

Motion to approve the loan reviews and recommendations as presented.

Motion made by _____ and seconded by _____.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

Old Business

Omega Liner Company, Inc.

Motion to approve the release of a corporate guaranty as presented.

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, APRIL 11, 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 March 14, 2017 and April 3, 2017, as presented.
- Conflicts of Interest Disclosures**
- Special Assets Contract**
RECOMMENDED ACTION: Motion to approve the Special Assets Contract as presented.
- Monthly Financials**
RECOMMENDED ACTION: No action taken.
- 9:45 A.M. Commissioner's Comments
- 9:55 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.
- 10:45 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
Loan Review Summary
Omega Liner Company Inc.

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, MARCH 14, 2017, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Ted Hustead, Pat Prostrollo, Tom Jones, Norbert Sebade, Reed Kessler, Spencer Hawley, Billie Sutton and Lee Qualm

Staff Present

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

Call to Order

Chairman Erickson called the meeting to order at 9:32 a.m.

Agenda

A motion was made by John Calvin and seconded by Mike Luken to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Dale Clement and seconded by Pat Prostrollo to approve the minutes of the meetings held February 4, 2017, March 1, 2017 and March 6, 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. Sharon Casey declared a potential conflict on City of Chamberlain as she serves on the Lake Francis Development Corporation Board and announced she would abstain from the matter. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from board members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Sharon Casey and seconded by Ted Hustead to enter into executive session at 9:41 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 10:28 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 Mike Luken and seconded by Ted Hustead to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Grant Reviews

Economic Development Partnership Program (Heart of the Hills Development Corporation, Yankton Area Progressive Growth, Centerville Development Corporation, Brookings Economic Development Corporation and West River Foundation (RLF)), Local Infrastructure Improvement Program (Greater Rapid City Area Economic Development Corporation and Arlington Community Development Corporation) and Reinvestment Payment Program (GCC Dacotah, Inc.)

A motion was made by Pat Prostrollo and seconded by John Calvin to approve the Grant Reviews as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Economic Development Partnership Program - City of Chamberlain (RLF)

A motion was made by Pat Prostrollo and seconded by John Calvin to approve the Grant Review as recommended by staff and Grant Committee.

Motion passed by a roll call vote with Sharon Casey abstaining.

Old Business

Arlington Community Development Corporation

A motion was made by Tony Klein and seconded by John Calvin to amend the grant amount to \$375,000 as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Rosebud Economic Development Corporation

A motion was made by Sharon Casey and seconded by Pat Prostrollo to approve an extension of the grant agreement to October 11, 2017 as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Sioux Falls Development Foundation

A motion was made by Dale Clement and seconded by Sharon Casey to approve the specific recommendations for changes to the REDI loan documents as presented.

Motion passed by a roll call vote.

New Business

Applied Engineering, Inc.

A motion was made by Mike Luken and seconded by Norbert Sebade to approve the loan request from Applied Engineering, Inc. in the amount of \$415,230. Secured by a first collateral position on equipment 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.

Omega Liner Company Inc.

A motion was made by Dale Clement and seconded by Reed Kessler to approve the loan request from Omega Liner Company Inc. in the amount of \$888,750. Secured by a shared first collateral position on financed assets, the personal guarantee of principals with 10% or more ownership 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.

Economic Development Partnership Program

Wagner Area Growth, Inc.

A motion was made by Ted Hustead and seconded by Sharon Casey to approve an Economic Development Partnership grant award to Wagner Area Growth, Inc. in the amount of \$1,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training only as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Faulkton Economic Development Corporation (RLF) and Herreid Economic Development Corporation (RLF)

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve as recommended by staff and Grant Committee.

Faulkton Economic Development Corporation (RLF)

Approve an Economic Development Partnership grant award to the Faulkton Economic Development Corporation (RLF) in the amount of \$50,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Herreid Economic Development Corporation (RLF)

Approve an Economic Development Partnership grant award to the Herreid Economic Development Corporation (RLF) in the amount of \$70,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Motion passed by a roll call vote.

Sioux Falls Development Foundation

A motion was made by Pat Prostrollo and seconded by Dale Clement to deny the Economic Development Partnership grant to Sioux Falls Development Foundation as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program

Brown County, Greater Huron Development Corporation and Grovena Township

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve as recommended by staff and Grant Committee.

Brown County

Approve a Local Infrastructure Improvement grant award to Brown County in the amount of \$308,500, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Greater Huron Development Corporation

Approve a Local Infrastructure Improvement grant award to Greater Huron Development Corporation in the amount of \$600,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Grovena Township

Approve a Local Infrastructure Improvement grant award to Grovena Township in the amount of \$250,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a roll call vote.

South Dakota Jobs Grant
Applied Engineering, Inc.

A motion was made by Pat Prostrollo and seconded by Reed Kessler to approve the South Dakota Jobs grant application of Applied Engineering, Inc. as recommended by staff in the board packet.

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$39,801.29, but not to exceed 100% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Applied Engineering, Inc. The Jobs Grant will be paid in two installments. The first installment, in the amount of \$19,900.65, will be paid upon completion of installation of the equipment described in the Application as "Phase One". The second installment, in the amount of \$19,900.64, will be paid if and only if Applicant, prior to December 31, 2018, undertakes substantial construction of the building expansion described in the Application as "Phase Two". The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule.

Motion passed by a roll call vote.

Omega Liner Company, Inc.

A motion was made by Mike Luken and seconded by Pat Prostrollo to approve the South Dakota Jobs grant application of Omega Liner Company, Inc. as recommended by staff in the board packet.

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$90,000, but not to exceed 100% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Omega Liner Company, Inc. The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule.

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 10:43 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, APRIL 3, 2017, 1:00 P.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Don Kettering and Norbert Sebade

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 by Don Kettering and seconded by Dale Clement 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 Norbert Sebade and seconded by Dale Clement 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 1:11 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 Don Kettering and seconded by Norbert Sebade to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Reviews

Black Hills Fiberglass, LLC and Carl V. Carlson Company

Credit Committee recommends to the Board approving the loan reviews and recommendations as presented.

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

Motion passed by a roll call vote.

Old Business

Omega Liner Company, Inc.

Credit Committee recommends to the Board approving the release of a corporate guaranty as presented.

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

Motion passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Don Kettering to adjourn the meeting at 1:17 p.m.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this th day of April, 2017, by and between The State of South Dakota, Governor's Office of Economic Development, a state agency, 711 E. Wells Ave., Pierre, SD 57501, (the "State") and DAKA Group, LLC, 5000 S Pennbrooke Avenue, Sioux Falls SD 57108 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will assist GOED with credit liquidations, credit workouts and all processes involved with the collection process to include but not limited to: lender meetings, travel to borrowers facility for site and monitoring visits, and monthly status updates to the respective boards on borrowers. Upon an event of liquidation, Consultant will assist GOED with securing collateral and coordinating sales activities with lenders, landlords and other parties involved. Consultant will also compile any information required to complete the liquidation processes and all related activities.

2. The Consultant's services under this Agreement shall commence on April 16, 2017 and end on April 15, 2018, unless renewed or sooner terminated pursuant to the terms hereof.

3. The Consultant will be allowed to access relevant GOED credit files in person or through an offsite user computer log in for all credit analysis programs required to complete the Consultant's duties and responsibilities under this Contract. The Consultant shall maintain all borrower information in strict confidence and will at all times be bound by and comply with SDCL 1-16G-11 (copy attached).

4. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$46,000.00 per year and is based on an annual retainer fee of \$1, 500.00 plus \$75.00 per hour worked and billed, not to exceed 600 hours. The retainer fee will be invoiced separately by Consultant at the start of the contract period. Consultant shall thereafter submit detailed invoices for payment to the State on a bi-monthly basis, which invoices shall describe in reasonable detail the Services performed during the applicable time period, the amount of time incurred for each task, and the total amount of compensation requested. Consultant shall pay all of Consultant's own expenses incurred in performing the Services hereunder, except that the State will reimburse consultant for hotel expenses incurred by Consultant in performing services on behalf of the State, which expenses shall not be incurred without the prior oral or written approval of the State. The State agrees to pay each invoice within 30 days after it receives such invoice from Consultant. Notwithstanding the foregoing, the maximum amount of compensation for hourly services and expenses, plus the retainer, under this agreement shall be \$46,000.00.

5. The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

A. Commercial General Liability Insurance: The Consultant shall maintain adequate commercial general liability insurance or equivalent form with a limit of not less than \$300,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. Business Automobile Liability Insurance: The Consultant shall maintain adequate business automobile liability insurance.

C. Worker's Compensation Insurance: The Consultant shall procure and maintain workers' compensation and employers' insurance as required by South Dakota law.

Before beginning work under this Agreement, the Consultant shall furnish the State, at its request, with properly executed Certificates of Insurance, which shall clearly evidence all insurance required in this Agreement and which provide that such insurance may not be canceled, except on 30 days' prior written notice to the State.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Scott Stern on behalf of the State, and by Mike Snyders, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

16. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

17. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

SIGNATURE PAGE FOLLOWS

STATE

CONSULTANT

BY: _____

BY: _____

DATE: _____

DATE: _____

State Agency Coding (MSA Center): 0105112520

State Agency MSA Company for which contract will be paid: 6510

Object/Subject MSA account to which voucher will be coded: 52041300

Name and Phone number of contact person in State Agency who can provide additional information regarding this contract: Cassie Stoesser 605-773-5195

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
FINANCIAL REPORT
(Compiled)
February 28, 2017**

CONTENTS

	<u>Page</u>
ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
ADDITIONAL LOAN INFORMATION - REDI	5-6
ADDITIONAL LOAN INFORMATION - SOUTH DAKOTA JOBS	7

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 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 February 28, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the eight 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
March 23, 2017

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

February 28, 2017

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$67,328,843
Cash and Investments-Designated for Approved REDI Loans	7,050,704
Cash-SD Jobs	<u>1,964,443</u>
Total Cash and Investments	\$76,343,990
Accounts Receivable-Bankwest	67,934
Loans Receivable - REDI, net of allowance of \$974,265	36,970,228
Loan Interest Receivable	46,602
Net Pension Asset	78,246
Equipment	0
Due From Other Funds	0
Investment Income Receivable	<u>1,205,565</u>

TOTAL ASSETS

\$114,712,565

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

\$69,985

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>114,642,580</u>

TOTAL NET POSITION

\$114,642,580

TOTAL LIABILITIES AND NET POSITION

\$114,856,123

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending February 28, 2017

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$60,918	\$476,536
Ethanol Income - REDI	0	0
Other Income - REDI	0	8,740
Building South Dakota Income	0	68,174
LESS OPERATING EXPENSES		
Administrative Expenses	49,424	473,468
Bad Debt Expense	1,307	98,324
Other Expenses	0	9,438
Building South Dakota Grants	<u>0</u>	<u>0</u>
NET INCOME (LOSS) FROM OPERATIONS	\$10,187	(\$27,780)
NONOPERATING REVENUE		
Investment Income	<u>155,778</u>	<u>1,205,565</u>
CHANGE IN NET POSITION	\$165,965	\$1,177,785
NET POSITION, BEGINNING	114,476,615	113,463,295
Prior period Adjustment	<u>0</u>	<u>1,500</u>
NET POSITION, ENDING	<u>\$114,642,580</u>	<u>\$114,642,580</u>

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

STATEMENT OF CASH FLOWS

For the Month Ending February 28, 2017

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$165,965	\$1,177,785
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	(391,730)	2,686,845
(Increase) Decrease in Loan Interest Receivable	(12,473)	(16,164)
(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	(155,778)	(201,145)
(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
	(\$394,016)	\$4,147,321
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	1,500
	(\$394,016)	\$4,148,821
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	76,738,006	72,195,169
CASH AND INVESTMENTS - ENDING	\$76,343,990	\$76,343,990

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - REDI
For the Month Ending February 28, 2017
See Accountant's Compilation Report**

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
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
Red's All Natural, LLC	01/10/2017 & 02/14/2017	\$ 2,133,276
Total		<u>\$ 7,050,704</u>

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING February

<u>Company Name</u>	<u>Advanced Date</u>	<u>Loan Amount</u>
Intrinsic Materials, Corp.	2/28/2017	\$594,000

REDI LOANS PAID OFF, DURING February

<u>Company Name</u>	<u>Pay-off Date</u>	<u>Original Loan Amount</u>
None		

REDI LOANS WROTE OFF, DURING February

<u>Company Name</u>	<u>Wrote-off Date</u>	<u>Amount Wrote-off</u>
None		

REDI LOANS WITHDRAWN, DURING February

<u>Company Name</u>	<u>Withdrawal Date</u>	<u>Withdrawn Amount</u>
None		

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - SDJP
For the Month Ending February 28, 2017
See Accountant's Compilation Report**

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	1/31/2017	\$1,964,443
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		
		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	2/28/2017	<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>