

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

TABLE OF CONTENTS

- A. Regular Session Agenda
- B. Minutes
- C. Community Development Update
- D. Monthly Financials
- E. Executive Session Agenda
- F. Monthly Status Report
- G. Watch List
- H. Loan Review Summary
- I. Heart of the Hills Development Corporation
- J. Moffatt Products, Inc.
- K. Sioux Falls Development Foundation
- L. Natural Dakota Soy, LLC
- M. Reinvestment Payment Program
 - 1. SD Sun, LLC
 - 2. SD Sun II, LLC
- N. Bills

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, MAY 9, 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
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 April 11, 2017 and May 1, 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 _____.

Loan Review Summary

Harbor Group Investments, LLC and Watertown

Motion to approve the loan reviews and recommendations as presented.

Motion made by _____ and seconded by _____.

Old Business

Heart of the Hills Development Corporation

Motion to deny an exemption waiver for the 2017 GOED Annual Conference.

Motion made by _____ and seconded by _____.

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

Moffatt Products, Inc.

Motion to approve the assumption request and add an additional corporate guarantor.

Motion made by _____ and seconded by _____.

Sioux Falls Development Foundation

Motion to approve the collateral release as presented.

Motion made by _____ and seconded by _____.

Natural Dakota Soy, LLC

Motion to approve the loan request from Natural Dakota Soy, LLC in the amount of \$495,000. Secured by a shared first position on the financed assets, the limited personal guarantees of a principals with 10% or more ownership and a limited 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 made by _____ and seconded by _____.

Reinvestment Payment Program

SD Sun, LLC

Motion to approve the Reinvestment Payment application of SD Sun, 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 \$742,797, but not to exceed seventy percent of State Sales/Use Tax paid on eligible project costs, is approved for SD Sun, 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 _____.

SD Sun II, LLC

Motion to approve the Reinvestment Payment application of SD Sun II, 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 \$742,797, but not to exceed seventy percent of State Sales/Use Tax paid on eligible project costs, is approved for SD Sun, 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 _____.

Bills

Motion to approve the bill payable to May, Adam, Gerdes & Thompson LLP in the amount of \$4,277.50.

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, MAY 9, 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 April 11, 2017 and May 1, 2017, as presented.

Conflicts of Interest Disclosures

Community Development Update

RECOMMENDED ACTION: No action taken.

Monthly Financials

RECOMMENDED ACTION: No action taken.

9:50 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

Heart of the Hills Development Corporation

Moffatt Products, Inc.

Sioux Falls Development Foundation

Natural Dakota Soy, LLC

Reinvestment Payment Program

SD Sun, LLC

SD Sun II, LLC

Bills

May, Adam, Gerdes and Thompson, LLP

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, APRIL 11, 2017, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Ted Husted, Don Kettering, Pat Prostrollo, Tom Jones, Norbert Sebade, Reed Kessler, Spencer Hawley, Billie Sutton and Blake Curd

Staff Present

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

Other Staff Present

Sam Helma - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 9:34 a.m.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by John Calvin and seconded by Dale Clement to approve the minutes of the meetings held March 14, 2017 and April 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. Don Kettering declared a potential conflict with Omega Liner Company, Inc. as he serves on the Yankton Area Progressive Growth board and announced he 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.

Special Assets Contract

A motion was made by Pat Prostrollo and seconded by Don Kettering to approve the Special Assets Contract as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Ted Husted and seconded by Mike Luken to enter into executive session at 9:45 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 Don Kettering and seconded by Pat Prostrollo to approve the chairman's report from executive session.
Motion passed by a roll call vote.

Loan Review Summary

Black Hills Fiberglass, LLC and Carl V Carlson Company

A motion was made by Sharon Casey and seconded by Norbert Sebade to approve the loan reviews and recommendations as presented.
Motion passed by a roll call vote.

Old Business

Omega Liner Company, Inc.

A motion was made by Pat Prostrollo and seconded by Dale Clement to approve the release of a corporate guaranty as presented.
Motion passed by a roll call vote with Don Kettering abstaining.

Adjourn

A motion was made by Dale Clement and seconded by Tony Klein to adjourn the meeting at 10:17 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, MAY 1, 2017, 1:00 P.M. CT

Members Present

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

Staff Present

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 1:03 p.m.

Agenda

A motion was made by Don Kettering and seconded by Norbert Sebade 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 Pat Prostrollo 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 1:30 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 Reviews

Harbor Group Investments, LLC and Watertown Development Corporation/Nutting
Credit Committee recommends to the Board approving the loan reviews and recommendations as presented.

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

Motion passed by a roll call vote.

Old Business

Moffatt Products, Inc.

Credit Committee recommends to the Board approving the assumption request and adding an additional corporate guarantor.

Motion was made by Norbert Sebade and seconded by Pat Prostrollo.

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 Pat Prostrollo and seconded by Don Kettering.

Motion passed by a roll call vote.

New Business

Natural Dakota Soy, LLC

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

Motion was made by Dale Clement and seconded by Reed Kessler.

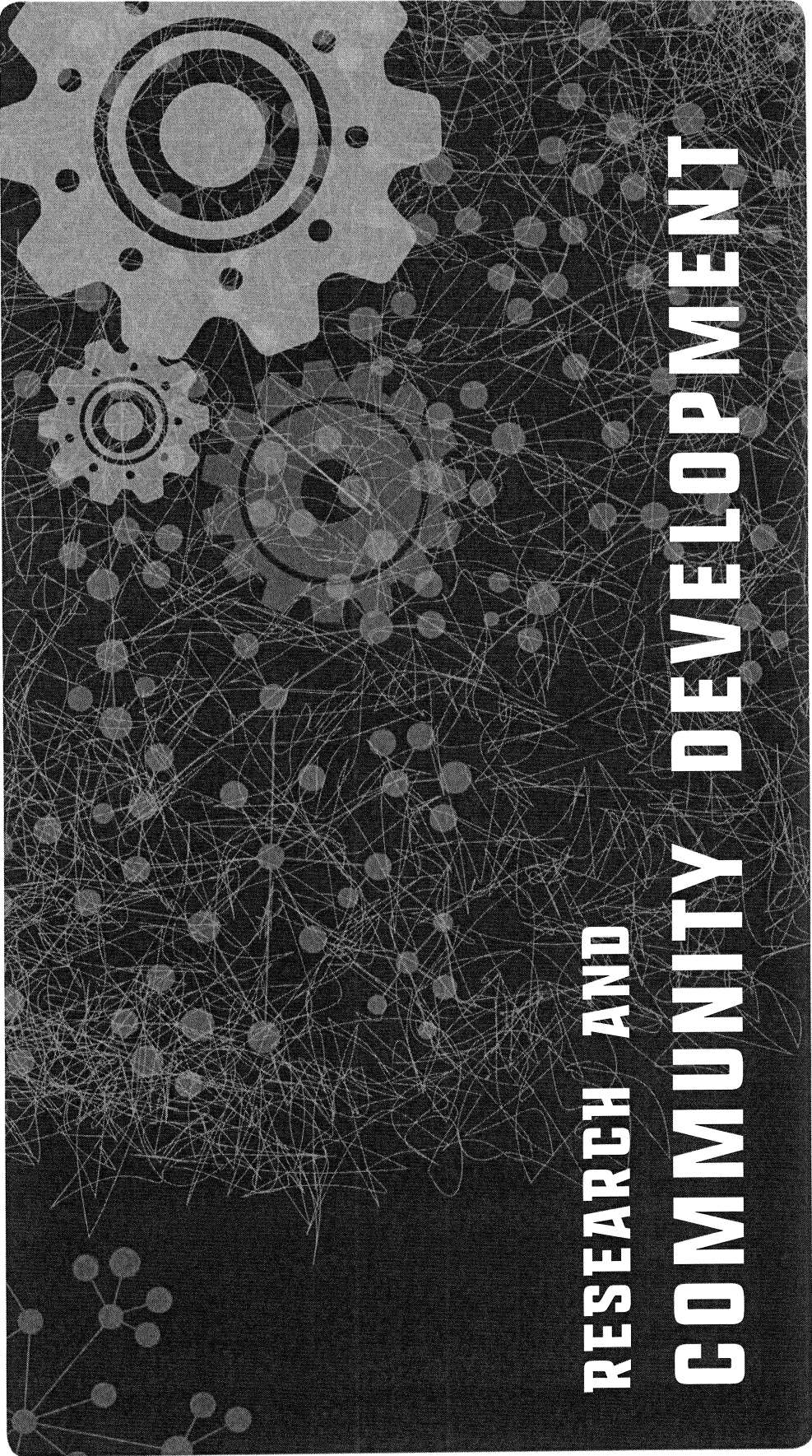
Motion passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Don Kettering to adjourn the meeting at 1:34 p.m.

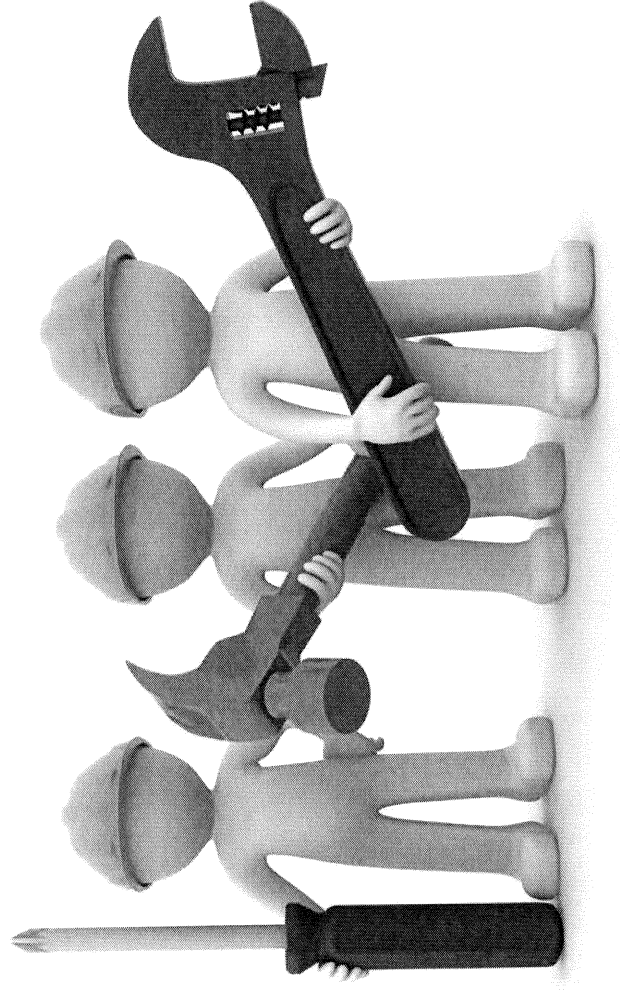
Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

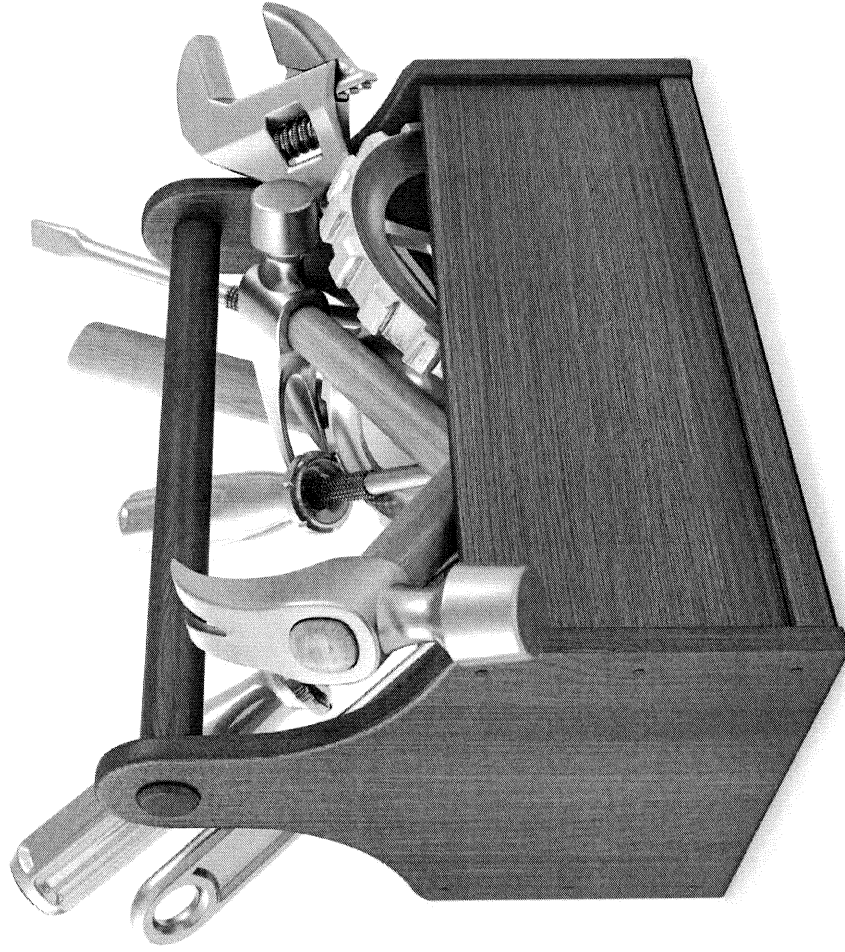


**RESEARCH AND
COMMUNITY DEVELOPMENT**

**COMMUNITY
VISITS
WEBINARS
CERTIFIED READY
SITES**



**REQUESTS FOR
INFORMATION
BOTTOM LINE ANALYSIS
AVAILABLE PROPERTIES
RESOURCE DIRECTORY**



**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
FINANCIAL REPORT
(Compiled)
March 31, 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 March 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the nine 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
April 26, 2017

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

March 31, 2017

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$66,198,389
Cash and Investments-Designated for Approved REDI Loans	7,994,684
Cash-SD Jobs	<u>1,964,443</u>
Total Cash and Investments	\$76,157,516
Accounts Receivable-Bankwest	67,934
Loans Receivable - REDI, net of allowance of \$974,757	37,138,674
Loan Interest Receivable	53,655
Net Pension Asset	78,246
Equipment	0
Due From Other Funds	0
Investment Income Receivable	<u>1,360,522</u>

TOTAL ASSETS \$114,856,547

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>114,786,562</u>

TOTAL NET POSITION \$114,786,562

TOTAL LIABILITIES AND NET POSITION \$115,000,105

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending March 31, 2017

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$54,405	\$530,941
Ethanol Income - REDI	0	0
Other Income - REDI	11,340	20,080
Building South Dakota Income	0	68,174
LESS OPERATING EXPENSES		
Administrative Expenses	75,626	549,095
Bad Debt Expense	492	98,816
Other Expenses	682	10,119
Building South Dakota Grants	0	0
NET INCOME (LOSS) FROM OPERATIONS	(\$11,055)	(\$38,835)
NONOPERATING REVENUE		
Investment Income	154,957	1,360,522
CHANGE IN NET POSITION	\$143,902	\$1,321,687
NET POSITION, BEGINNING	114,642,580	113,463,295
Prior period Adjustment	80	1,580
NET POSITION, ENDING	<u>\$114,786,562</u>	<u>\$114,786,562</u>

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

STATEMENT OF CASH FLOWS

For the Month Ending March 31, 2017

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$143,902	\$1,321,687
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	(168,446)	2,518,399
(Increase) Decrease in Loan Interest Receivable	(7,053)	(23,217)
(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	(154,957)	(356,102)
(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
	(\$186,554)	\$3,960,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	80	1,580
	(\$186,474)	\$3,962,347
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	76,343,990	72,195,169
CASH AND INVESTMENTS - ENDING	\$76,157,516	\$76,157,516

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - REDI
For the Month Ending March 31, 2017
See Accountant's Compilation Report**

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
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
Applied Engineering, Inc.	3/14/2017	\$ 415,230
Omega Liner Company, Inc.	3/14/2017	\$ 888,750
Total		\$ 7,994,684

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING	March	Advanced Date	Loan Amount
<u>Company Name</u>		<u> </u>	<u> </u>
PEDCO/South Dakota Pulse Processors		3/21/2017	\$360,000

REDI LOANS PAID OFF, DURING	March	Pay-off Date	Original Loan Amount
<u>Company Name</u>		<u> </u>	<u> </u>
None			

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

REDI LOANS WITHDRAWN, DURING	March	Withdrawal Date	Withdrawn Amount
<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 March 31, 2017

See Accountant's Compilation Report

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	2/28/2017	\$1,964,443
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	3/31/2017	<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
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
		<u>\$154,081</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,964,443
Less Cash and Investments-Restricted for Approved Loans/Grants	\$154,081
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,810,362</u>

**SOUTH DAKOTA ECONOMIC
DEVELOPMENT PARTNERSHIP PROGRAM
FINANCIAL REPORT
(Compiled)
March 31, 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
LOAN INFORMATION	5-6

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 Economic Development Partnership Program
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Economic Development Partnership Program as of March 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the nine 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
April 26, 2017

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

March 31, 2017

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$541,646
Cash and Investments-Designated for Approved Loans	939,087
	<hr/>
Total Cash and Investments	\$1,480,733
Investment Income Receivable	0
	<hr/>
	0
TOTAL ASSETS	<u><u>\$1,480,733</u></u>

LIABILITIES

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

NET POSITION

Unrestricted	<hr/>
	1,480,733
	<hr/>
TOTAL NET POSITION	<u><u>\$1,480,733</u></u>
	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$1,480,733</u></u>

**SOUTH DAKOTA ECONOMIC
DEVELOPMENT PARTNERSHIP PROGRAM**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Period Ending March 31, 2017

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	0	14,064
Grants and Subsidies	0	1,283,172
NET INCOME (LOSS) FROM OPERATIONS	\$0	\$432,095
NONOPERATING REVENUE		
Reclamation of Grants	0	0
CHANGE IN NET POSITION	\$0	\$432,095
NET POSITION, BEGINNING	1,480,733	1,048,638
Prior period Adjustment	0	0
NET POSITION, ENDING	<u><u>\$1,480,733</u></u>	<u><u>\$1,480,733</u></u>

**SOUTH DAKOTA ECONOMIC
DEVELOPMENT PARTNERSHIP PROGRAM**

STATEMENT OF CASH FLOWS

For the Period Ending March 31, 2017

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$0	\$432,095
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	\$0	\$432,095
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	<hr/>	<hr/>
NET INCREASE IN CASH AND INVESTMENTS	\$0	\$432,095
CASH AND INVESTMENTS - BEGINNING	<u>1,480,733</u>	<u>1,048,638</u>
CASH AND INVESTMENTS - ENDING	<u><u>\$1,480,733</u></u>	<u><u>\$1,480,733</u></u>

**SOUTH DAKOTA ECONOMIC
DEVELOPMENT PARTNERSHIP PROGRAM**

LOAN INFORMATION - EDPP

For the Period Ending March 31, 2017

See Accountant's Compilation Report

CASH & INVESTMENTS BALANCE

Fund Cash and Investments Balance	2/28/2017	\$1,480,732.65
Plus: Investment Council Interest Contribution		\$0.00
Less:		\$0.00

Dedicated Fund Cash and Investments Balance	3/31/2017	\$1,480,732.65
---	-----------	----------------

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 ~	16,901.82	\$79,495 Authorized
*Moved \$23,505 to uncommitted balance on 12/9/14			\$62,593 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			\$54,000 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	13,950.20	\$139,502	Authorized
			\$125,552	Disbursed
Aberdeen Development Corporation	12/9/2014	45,162.60	\$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	0.00	\$250,000	Authorized
*Moved \$87,713 to uncommitted balance in FY-16			\$162,287	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	88,328.00	\$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
			\$250,000	Disbursed
Centerville Economic Development Corporation	3/8/2016	13,006.00	\$13,006	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	168,589.00	\$280,982	Authorized
			\$112,393	Disbursed
Greater Rapid City Area EDC	6/14/2016	154,987.00	\$154,987	Authorized
			\$0	Disbursed
Four Bands Community Fund, Inc.	12/13/2016	0.00	\$225,000	Authorized
			\$225,000	Disbursed
South Eastern Devp. Foundation	12/13/2016	0.00	\$166,667	Authorized
			\$166,667	Disbursed
Wegner Area Growth, Inc. (Training Only)	3/14/2017	1,000.00	\$1,000	Authorized
			\$0	Disbursed
Herreid Economic Devp. Corporation (RLF)	3/14/2017	70,000.00	\$70,000	Authorized
			\$0	Disbursed
Faulkton Area Economic Devp. Corp. (RLF)	3/14/2017	50,000.00	\$50,000	Authorized
			\$0	Disbursed

939,086.60

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

UNRESTRICTED

Total Cash and Investments	\$1,480,733
Less Cash and Investments-Restricted for Approved Loans/Grants	\$939,087
Total Unrestricted Cash and Investments	<u>\$541,646</u>

**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM
FINANCIAL REPORT
(Compiled)
March 31, 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
LOAN INFORMATION	5-6

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 March 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the nine 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
April 26, 2017

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

March 31, 2017

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$3,817,734
Cash and Investments-Designated for Approved Grants	2,760,073
	<hr/>
Total Cash and Investments	\$6,577,807
Investment Income Receivable	0
	<hr/>
TOTAL ASSETS	<u><u>\$6,577,807</u></u>

LIABILITIES

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

NET POSITION

Unrestricted	<hr/>
	6,577,807
	<hr/>
TOTAL NET POSITION	<u><u>\$6,577,807</u></u>
	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$6,577,807</u></u>

SOUTH DAKOTA LOCAL

INFRASTRUCTURE IMPROVEMENT PROGRAM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Period Ending March 31, 2017

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Investment Income	0	73,102
Transfer In - Building South Dakota	0	2,840,869
LESS OPERATING EXPENSES		
Administrative Expenses	0	23,435
Other Expenses	0	0
Grants and Subsidies	0	1,704,654
NET INCOME (LOSS) FROM OPERATIONS	\$0	\$1,185,882
NONOPERATING REVENUE		
Reclamation of Grants	0	0
CHANGE IN NET POSITION	\$0	\$1,185,882
NET POSITION, BEGINNING	6,577,807	5,391,925
Prior period Adjustment	0	0
NET POSITION, ENDING	<u><u>\$6,577,807</u></u>	<u><u>\$6,577,807</u></u>

**SOUTH DAKOTA LOCAL
INFRASTRUCTURE IMPROVEMENT PROGRAM**

STATEMENT OF CASH FLOWS

For the Period Ending March 31, 2017

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$0	\$1,185,882
Adjustments to Reconcile Net Income to Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Investment Income Receivable	0	0
	\$0	\$1,185,882
Net Cash provided from (used in) Operating Activities	\$0	\$1,185,882
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	0	0
NET INCREASE IN CASH AND INVESTMENTS	\$0	\$1,185,882
CASH AND INVESTMENTS - BEGINNING	6,577,807	5,391,925
CASH AND INVESTMENTS - ENDING	\$6,577,807	\$6,577,807

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

For the Period Ending March 31, 2017

See Accountant's Compilation Report

CASH & INVESTMENTS BALANCE

Fund Cash and Investments Balance	2/28/2017	\$6,577,807
Plus: Investment Council Interest		0
Building South Dakota		0
Administrative Expenses		
Less:		
Cash and Investments Balance	3/31/2017	\$6,577,807

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 \$22,708.91 to uncommitted balance in FY-17.			
City of Milbank	12/10/2013	0	\$200,000 Authorized
*Moved \$16,498.54 to uncommitted balance in Jan. 2017			\$183,501 Disbursed
City of Valley Springs	12/9/2014	75,000	\$75,000 Authorized
			\$0 Disbursed
City of Beresford	6/2/2015	0	\$225,000 Authorized
*Moved \$61,742.78 to uncommitted balance in Jan. 2017			\$163,257 Disbursed
Edison Township	6/2/2015	0	\$245,000 Authorized
*Moved \$3081.17 to uncommitted balance in Jan. 2017			\$241,919 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	0	\$300,000 Authorized
*Moved \$83,227 to uncommitted balance in Dec. 2016			\$216,773 Disbursed

	5			
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	375,000	\$375,000	Authorized
*Decreased to \$375,000 on 3/14/17			\$0	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
Brookings County	9/13/2016	0	\$100,000	Authorized
*Withdrawn 10/19/16			\$0	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	600,000	\$600,000	Authorized
			\$0	Disbursed
Grovena Township	3/14/2017	250,000	\$250,000	Authorized
			\$0	Disbursed
			<u>\$2,760,073</u>	

UNRESTRICTED

Total Cash and Investments	\$6,577,807
Less Cash and Investments-Restricted for Approved Grants	\$2,760,073
Total Unrestricted Cash and Investments	<u>\$3,817,734</u>

**Board of Economic Development
May 9, 2017**

BILLS REQUIRING APPROVAL FOR PAYMENT

May, Adam, Gerdes & Thompson	\$4,277.50	Legal Work – 29.50 hours
------------------------------	------------	--------------------------