

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

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JULY 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
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 June 13, 2017 and June 29, 2017, as presented.

Motion made by _____ and seconded by _____.

Clausen & Rice, LLP Accounting Contract

Motion to approve the Clausen & Rice, LLP contract for accounting services 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

CMW Industrial Properties, LLC, EyeBrain Medical, Inc., Dak-Lan, LLC and WM3D

SD Properties, LLC

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

Applied Engineering, Inc.

Motion to approve the waiver for a loan over \$1,000,000 and to increase the loan amount to \$1,122,600, not to exceed 45% of project costs.

Motion made by _____ and seconded by _____.

Win Chill, LLC

Motion to approve the application modification as presented.

Motion made by _____ and seconded by _____.

New Business

Century Custom Molding, Inc.

Motion to approve the loan request from Century Custom Molding, Inc. in the amount of \$520,000. Secured by a shared first position on the fixed assets.

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 _____.

Vantage Point Solutions, Inc.

Motion to approve the waiver for a loan over \$1,000,000 and approve the loan request from Vantage Point Solutions, Inc. in the amount of \$1,350,000. Secured by a shared first position on the financed assets.

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 _____.

Bills

Motion to approve the bill payable to Moody's Analytics in the amount of \$3,682.00.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

A

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
TUESDAY, JULY 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 June 13, 2017 and June 29, 2017, as presented.
- Conflicts of Interest Disclosures**
- Clausen & Rice, LLP Accounting Contract**
RECOMMENDED ACTION: Motion to approve the Clausen & Rice, LLP Accounting 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.
- 10:35 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
Loan Review Summary
Applied Engineering, Inc.
Win Chill, LLC
Century Custom Molding, Inc.
Vantage Point Solutions, Inc.
- Bills
Moody's Analytics - \$3,682.00

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

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

B

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JUNE 13, 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 Prostrullo, Tom Jones, Norbert Sebade, Spencer Hawley and Lee Qualm

Staff Present

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

Other Staff Present

Sam Helma - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

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

Agenda

A motion was made by Tony Klein and seconded by Ted Husted to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Dale Clement and seconded by Mike Luken to approve the minutes of the meetings held May 9, 2017, June 1, 2017 and June 2, 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 City Housing Commission 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 committee members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Don Kettering and seconded by John Calvin to enter into executive session at 9:40 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 Don Kettering and seconded by Dale Clement to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Review Summary

Intrinsic Materials, Corp., Marmen Energy Co., MDS Manufacturing, Inc., R & R Holdings, LLC and Sioux Falls Development Foundation

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

Motion passed by a roll call vote.

Grant Reviews

Economic Development Partnership Program (Brookings Economic Development Corporation, Mitchell Area Development Corporation, Glacial Lakes Area Development (RLF) and Arlington Community Development Corporation (RLF)) and Local Infrastructure Improvement Program (Faulkton Area Economic Development Corporation)

A motion was made by Mike Luken and seconded by Ted Husted to approve the grant reviews as recommended by staff and Grant Committee.

Motion passed by a roll call vote

Old Business

City of Valley Springs

A motion was made by Pat Prostrollo and seconded by Sharon Casey to approve extending the grant agreement date to December 31, 2017 as recommended by staff and Grant Committee.

Motion passed by a roll call vote

New Business

Omega Liner Company, Inc.

A motion was made by Don Kettering and seconded by Norbert Sebade to approve the loan request from Omega Liner Company, Inc. in the amount of \$508,750. Secured by a shared first mortgage on real estate and the personal guarantees of a principals 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.

Tower Properties, LLC

A motion was made by Dale Clement and seconded by John Calvin to approve the waiver for a loan over \$1,000,000.

Motion passed by a roll call vote.

Tower Properties, LLC

A motion was made by Pat Prostrollo and seconded by John Calvin to approve the loan request from Tower Properties, LLC in the amount of \$1,537,500. Secured by a shared first position on the financed assets, the personal guarantees of a 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

South Eastern Development Foundation (RLF) and First District Association of Local Governments (RLF)

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

South Eastern Development Foundation (RLF)

- Approve an Economic Development Partnership grant award to the South Eastern Development Foundation (RLF) in the amount of \$125,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

First District Association of Local Governments (RLF)

- Approve an Economic Development Partnership grant award to the First District Association of Local Governments (RLF) in the amount of \$250,000, 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.

City of Chamberlain (RLF), City of Freeman and Lake Preston Development Corporation

A motion was made by Ted Hustead and seconded by Don Kettering to deny as recommended by staff and Grant Committee.

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

Local Infrastructure Improvement Program

Town of Dimock, Sioux Falls Development Foundation, City of Elk Point, City of Volga and Four Bands Community Fund

A motion was made by Don Kettering and seconded by John Calvin to approve as recommended by staff and Grant Committee.

Town of Dimock

- Approve a Local Infrastructure Improvement grant award to the Town of Dimock in the amount of \$23,350, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Sioux Falls Development Foundation

- Approve a Local Infrastructure Improvement grant award to the Sioux Falls Development Foundation in the amount of \$200,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Elk Point

- Approve a Local Infrastructure Improvement grant award to the City of Elk Point in the amount of \$200,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Volga

- Approve a Local Infrastructure Improvement grant award to the City of Volga in the amount of \$500,000, upon documentation acceptable to staff that the supported project is proceeding, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Four Bands Community Fund

- Approve a Local Infrastructure Improvement grant award to Four Bands Community Fund in the amount of \$170,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy for Tribal Government Organizations.

Motion passed by a roll call vote.

Reinvestment Payment Program

Win Chill, LLC

A motion was made by Pat Prostrollo and seconded by Dale Clement to approve the Reinvestment Payment application to Win Chill, 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 \$360,000, but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for Win Chill, 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 passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Tony Klein 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
THURSDAY, JUNE 29, 2017, 2:00 P.M. CT

Members Present

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

Staff Present

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

Other Staff Present

Sam Helma and Mike Bietz- BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 2:02 p.m.

Agenda

A motion was made by Dale Clement and seconded by Pat Prostrollo 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 Reed Kessler and seconded by Norbert Sebade to enter into executive session at 2:04 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 3:05 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 Norbert Sebade to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Reviews

CMW Industrial Properties, LLC, EyeBrain Medical, Inc., Dak-Lan, LLC and WM3D SD Properties, LLC

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

Motion was made by Dale Clement and seconded by Pat Prostrollo.

Motion passed by a roll call vote.

Old Business

Applied Engineering, Inc.

Credit Committee recommends to the Board approving the requested 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.

New Business

Vantage Point Solutions, Inc.

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

Motion was made by Pat Prostrollo and seconded by Reed Kessler.

Motion passed by a roll call vote.

Century Custom Molding, Inc.

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

Motion was made by Dale Clement and seconded by Pat Prostrollo.

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 3:07 p.m.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

C

STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this ___ day of June, 2017 by and between the State of South Dakota, Governor's Office of Economic Development, a state agency, of 711 E Wells Ave., Pierre, SD 57501, (the "State") and Clausen and Rice, LLP, 430 West Sioux Ave, PO Box 1117, Pierre, SD 57501(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 perform services for the State as follows: prepare monthly financial statements, assist in the fiscal year-end accounting, and provide financials to the Department of Legislative Audit for the SD Board of Economic Development's annual audit (BED). Consultant will also prepare quarterly financial statements for the grant programs administered under BED.

2. The Consultant's services under this Agreement shall commence on July 1, 2017, and end on June 30, 2018, unless sooner terminated pursuant to the terms hereof.

3. The Consultant will not use State equipment, supplies or facilities. The Consultant will provide the State with its Employer Identification Number, Federal Tax Identification Number or Social Security Number upon execution of this Agreement.

4. The State will make payment for services to be paid upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$21,500. Payment will be made pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26.

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 applicable insurance coverage of the types as follows:

A. Commercial General Liability Insurance: The Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$250,000 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. 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, Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or non-renewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. Consultant shall furnish copies of insurance policies if requested by 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.

No party shall be liable for a delay in performance or failure to perform its obligations under this Agreement if such delay or failure is due to acts of God or any other event beyond the control of the parties, including, without limitations, fire, explosion, weather, disease, war, insurrection, civil strife, riots, government action or power failure, provided, however, that the party who is unable to perform resumes performance as soon as possible following the end of the event causing the delay.

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. Consultant hereby acknowledges and agrees that all reports, plans, specifications, technical data, miscellaneous drawings, software system programs and documentation, procedures, or files, operating instructions and procedures, source code(s) and documentation, including those necessary to upgrade and maintain the software program, and all information contained therein provided to the State by the Consultant in connection with its performance of services under this Agreement shall belong to and is the property of the State and will not be used in any way by the Consultant without the written consent of the State. Papers, reports, forms, software programs, source code(s) and other material which are a part of the work under this Agreement will not be copyrighted without written approval of the State.

16. 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 John Clausen, 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.

17. 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.

18. 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.

19. 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.

STATE

CONSULTANT

BY: _____

BY: _____

DATE: _____

DATE: _____

- State Agency Coding (MSA Center):
- State Agency MSA Company for which contract will be paid:
- Object/subobject MSA account to which voucher will be coded:
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract: Cassie Stoesser 605-773-5195

D

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

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Clausen & Rice, LLP

Certified Public Accountants and Business Consultants

John E. Clausen, CPA

johnclausen.cpa@midconetwork.com

Daniel T. Rice, CPA

danrice.cpa@midconetwork.com

Accountant's Compilation Report

To the 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 May 31, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the eleven 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
June 23, 2017

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF NET ASSETS

May 31, 2017

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$66,335,344
Cash and Investments-Designated for Approved REDI Loans	5,725,256
Cash-SD Jobs	<u>1,964,443</u>
Total Cash and Investments	\$74,025,043
Accounts Receivable-Bankwest	67,934
Loans Receivable - REDI, net of allowance of \$1,006,074	39,255,753
Loan Interest Receivable	90,767
Net Pension Asset	78,246
Equipment	0
Due From Other Funds	0
Investment Income Receivable	<u>1,664,412</u>
TOTAL ASSETS	<u><u>\$115,182,155</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	<u>143,558</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>143,558</u></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><u>\$69,985</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	<u>143,558</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>143,558</u></u>

NET POSITION

Investment in Capital Assets	0
Unrestricted	<u>115,112,170</u>
TOTAL NET POSITION	<u><u>\$115,112,170</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$115,325,713</u></u>

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending May 31, 2017

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$64,614	\$654,110
Ethanol Income - REDI	0	0
Other Income - REDI	27,301	47,381
Building South Dakota Income	0	68,174
LESS OPERATING EXPENSES		
Administrative Expenses	61,580	641,632
Bad Debt Expense	(4,213)	125,920
Other Expenses	6,527	19,230
Building South Dakota Grants	<u>0</u>	<u>0</u>
NET INCOME (LOSS) FROM OPERATIONS	\$28,021	(\$17,117)
NONOPERATING REVENUE		
Investment Income	<u>149,321</u>	<u>1,664,412</u>
CHANGE IN NET POSITION	\$177,342	\$1,647,295
NET POSITION, BEGINNING	114,934,828	113,463,295
Prior period Adjustment	<u>0</u>	<u>1,580</u>
NET POSITION, ENDING	<u>\$115,112,170</u>	<u>\$115,112,170</u>

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF CASH FLOWS

For the Month Ending May 31, 2017

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$177,342	\$1,647,295
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	380,883	401,320
(Increase) Decrease in Loan Interest Receivable	(22,497)	(60,329)
(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	(149,321)	(659,992)
(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
	\$386,407	\$1,828,294
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	1,580
	\$386,407	\$1,829,874
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	73,638,636	72,195,169
CASH AND INVESTMENTS - ENDING	\$74,025,043	\$74,025,043

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

ADDITIONAL LOAN INFORMATION - REDI

For the Month Ending May 31, 2017

See Accountant's Compilation Report

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
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
Natural Dakota Soy, LLC	5/9/2017	\$ 495,000
Total		<u>\$ 5,725,256</u>

See Accountant's Compilation Report

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

REDI LOANS PAID OFF, DURING	May	Pay-off Date	Original Loan Amount
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
Falcon Plastics, Inc.		5/18/2017	\$348,000

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

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

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

For the Month Ending May 31, 2017

See Accountant's Compilation Report

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	4/3/2017	\$1,964,443
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	5/31/2017	<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	0	\$0 Authorized
Withdrew \$24,280 on 5/17/17			\$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>\$129,801</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,964,443
Less Cash and Investments-Restricted for Approved Loans/Grants	\$129,801
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,834,642</u>

M

MOODY'S ANALYTICS

405 Howard Street
San Francisco, CA
94105
Phone: 415 874 6000
Fax: 415 874 6799

Taxpayer ID: 13-3851829
Canadian GST/HST: 806-27-1466 RT001
Page: 1 of 2

Invoice

Bill to Customer:
Governor's Office of Economic Development
Kim Easland INACTIVE
711 E Wells Ave
Pierre, SD 57501-3398

Ship To Customer:
Governor's Office of Economic Development
Kim Easland INACTIVE
711 E Wells Ave
Pierre, SD 57501-3398

Contract Number: 2017000637656
PO Number: Not Applicable
Customer Number: 2000002241

Invoice No: US00019413
Invoice Date: 06/20/2017
Terms: Due in 30 days

Description	Effective Date	Amount
Products / Service Total	Jun 30 2017 through Jun 29 2018	3,682.00

TOTAL AMOUNT DUE:	USD 3,682.00
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For billing questions, please call Collections Team at Fax No: Not Applicable
Email: MACollections@moodys.com

Keep this portion for your records

Return this portion with your remittance

Invoice Number: US00019413
Contract Number: 2017000637656
PO Number: Not Applicable
Customer Number: 2000002241

AMOUNT DUE: USD 3,682.00

Make check payable to:
Moody's Analytics, Inc.
P.O. Box 116714
Atlanta, GA 30368-0597

Wire payment with invoice number:
SunTrust Bank
Transmit Routing#: 061000104
Swift Code: SNTRUS3A
Account Name: Moody's Analytics, Inc.
Account Number: 8800745328

Please disregard if payment has already been made.

Invoice Detail

Governor's Office of Economic Development

Contract Number: 2017000637656
PO Number: Not Applicable
Customer Number: 2000002241

Invoice No: US00019413
Invoice Date: 06/20/2017
Terms: Due in 30 days

QTY	# of Users	Product	Delivery Method	State/Country Code	Amount	Tax Rate	Tax
1	5	RiskAnalyst (SAM)	SUP-SPE	SD	3,682.00	0%	0.00
TOTAL:					USD 3,682.00		0.00

Use Remittance Stub on Page 1 for payment.