

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

**TABLE OF CONTENTS**

- A. Regular Session Agenda
- B. Minutes
- C. Monthly Financials
- D. BPro, Inc.
- E. Executive Session Agenda
- F. Monthly Status Report
- G. Watch List
- H. Kerry K Engle Separate Property Trust
- I. Sioux Falls Development Foundation
- J. Harvard Integrations, LP
- K. Roto Mold, LLC
- L. Reinvestment Payment Program
  - 1. Northern State Power Company
  - 2. POET Biorefining, LLC
- M. Bills

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

**Board Members:**

*Jeff Erickson*

*Dale Clement*

*Tony Klein*

*Sharon Casey*

*John Calvin*

*Michael Luken*

*Greg Heineman*

*Ted Husted*

*Don Kettering*

*Pat Prostrullo*

*Tom Jones*

*Norbert Sebade*

*Reed Kessler*

**Non-Voting**

*Spencer Hawley*

*Billie Sutton*

*Lee Qualm*

*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 October 24, 2017 and November 2, 2017, as presented.

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

**Conflicts of Interest Disclosures**

**BPro Inc. Contract**

Motion to approve the BPro Inc. 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 \_\_\_\_\_.

**Old Business**

**Kerry K Engle Separate Property Trust**

Motion to allow staff and legal counsel to commence proceedings to secure collateral and guaranties as recommended by staff.

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

**Sioux Falls Development Foundation**

Motion to approve the collateral release as presented.

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

Please note times:

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

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

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

Adjournment \_\_\_\_\_

**New Business**

**Harvard Integrations, LP**

Motion to approve the loan request from Harvard Integrations, LP in the amount of \$600,000. Secured by a shared first position on specific equipment and a corporate guaranty.

Motion to approve the waiver for a loan over \$1,000,000 and approve the loan request from Harvard Integrations, LP in the amount of \$1,332,800. Secured by a shared first collateral position on the real estate and a corporate guaranty.

The loans are 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 \_\_\_\_\_.

**Roto Mold, LLC**

Motion to approve the loan request from Roto Mold, LLC in the aggregate amount of \$426,500. Secured by a shared first collateral position on the real estate and the personal guarantees of principals with 10% or more.

The loans are 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**

**Northern State Power Company**

Motion to approve the Reinvestment Payment application of Northern State Power Company as recommended by staff in the board packet.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$8,187,266 but not to exceed 65% percent of State Sales/Use Tax paid on eligible project costs, is approved for Northern States Power Company. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

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

**POET Biorefining, LLC**

Motion to approve the Reinvestment Payment application of POET Biorefining, 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 \$78,500 but not to exceed 50 percent of State Sales/Use Tax paid on eligible project costs, is approved for POET Biorefining, 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 Kaschmitter Appraisals, Inc. in the amount of \$3,000.

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

**REGULAR SESSION AGENDA**

- 9:30 A.M. Call To Order, Chairman Jeff Erickson
- 9:35 A.M. **Agenda**  
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**  
RECOMMENDED ACTION: Motion to approve the minutes of October 24, 2017 and November 2, 2017, as presented.
- Conflicts of Interest Disclosures**
- Monthly Financials**  
RECOMMENDED ACTION: No action taken.
- BPro Inc.**  
RECOMMENDED ACTION: Motion to approve the BPro Inc. contract as presented.
- 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  
Kerry K Engle Separate Property Trust  
Sioux Falls Development Foundation  
Harvard Integrations, LP  
Roto Mold, LLC  
Reinvestment Payment Program  
Northern State Power Company  
POET Biorefining, LLC
- Bills  
Kaschmitter Appraisals, Inc. - \$3,000.00

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, OCTOBER 24, 2017, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, Mike Luken, Greg Heineman, Pat Prostrollo Tom Jones, Norbert Sebade, Reed Kessler, Spencer Hawley, Lee Qualm and Blake Curd

Staff Present

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

Other Staff Present

Sam Helma - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 9:31 a.m.

Agenda

A motion was made by Mike Luken and seconded by Reed Kessler 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 September 12, 2017 and October 16, 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. 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.

Annual Report/Audit Report

A motion was made by Tony Klein and seconded by Greg Heineman to approve the 2017 Annual Report/Audit Report as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Sharon Casey and seconded by Mike Luken 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 10:03 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 Dale Clement and seconded by Greg Heineman to approve the Chairman's report from executive session.  
Motion passed by a roll call vote.

### Loan Review Summary

#### Bel Brands, USA, RTI Holdings, LLC/RTI, LLC and NEVCO, LLC/RTI, LLC

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

### Old Business

#### Faulkton Area Economic Development Corporation

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve extending the grant agreement date to December 31, 2017, retroactive to August 10, 2017.  
Motion passed by a roll call vote.

#### Otter Tail Power Company

A motion was made by Greg Heineman and seconded by Sharon Casey to approve extending the construction commencement date to April 2019.  
Motion passed by a roll call vote.

#### Rosebud Economic Development Corporation

A motion was made by Pat Prostrollo and seconded by Dale Clement to approve extending the grant agreement date to April 11, 2018, retroactive to October 11, 2017.  
Motion passed by a roll call vote.

### New Business

#### Fiedler Holdings, LLC

A motion was made by Dale Clement and seconded by Mike Luken to approve the waiver for a loan over \$1,000,000 and approve the loan request from Fiedler Holdings, LLC in the amount of \$1,152,338. Secured by a sole first collateral position on real estate and the personal guarantees of 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.

South Dakota Jobs Program  
Century Custom Molding, Inc.

A motion was made by Pat Prostrollo and seconded by Reed Kessler to approve the South Dakota Jobs grant application of Century Custom Molding, 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 \$76,500, but not to exceed 100% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Century Custom Molding, 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 10:12 a.m.

Motion passed by a roll call vote.

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Dale Clement, Secretary or  
Tony Klein, Treasurer

**CREDIT COMMITTEE**  
**GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD**  
**THURSDAY, NOVEMBER 2, 2017, 2:00 P.M. CT**

Members Present

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

Staff Present

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

Other Staff Present

Sam Helma - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 2:03 p.m.

Agenda

A motion was made 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. Jeff Erickson declared a potential conflict on Roto Mold, LLC due to his service at American Bank and Trust 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 committee members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Pat Prostrollo and seconded by Dale Clement to enter into executive session at 2:05 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 3:15 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.

Old Business

Sioux Falls Development Foundation

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

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

Motion passed by a roll call vote.

New Business

Harvard Integrations, LP

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

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

Motion passed by a roll call vote.

Roto Mold, LLC

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

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

Motion passed by a roll call vote with Jeff Erickson abstaining.

Win Build, LLC was discussed but no action was taken.

Adjourn

A motion was made by Dale Clement and seconded by Pat Prostrullo to adjourn the meeting at 3:19 p.m.

Motion passed by a roll call vote

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Dale Clement, Secretary or  
Tony Klein, Treasurer

C

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND  
FINANCIAL REPORT  
(Compiled)  
September 30, 2017**

## CONTENTS

	<u>Page</u>
<b>ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
<b>ADDITIONAL LOAN INFORMATION - REDI</b>	5-6
<b>ADDITIONAL LOAN INFORMATION - SOUTH DAKOTA JOBS</b>	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 September 30, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the three 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  
November 3, 2017



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

**STATEMENT OF NET ASSETS**

**September 30, 2017**

**See Accountant's Compilation Report**

**ASSETS**

Cash and Investments-Unrestricted	\$57,100,003
Cash and Investments-Designated for Approved REDI Loans	15,809,276
Cash-SD Jobs	<u>2,074,384</u>
Total Cash and Investments	\$74,983,663
Accounts Receivable-Bankwest	28,327
Loans Receivable - REDI, net of allowance of \$961,031	39,447,935
Loan Interest Receivable	51,861
Net Pension Asset	0
Equipment	0
Due From Other Funds	0
Investment Income Receivable	<u>465,567</u>

**TOTAL ASSETS** \$114,977,353

**DEFERRED OUTFLOWS OF RESOURCES**

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

**LIABILITIES**

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

**TOTAL LIABILITIES** \$124,430

**DEFERRED INFLOWS OF RESOURCES**

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

**NET POSITION**

Investment in Capital Assets	0
Unrestricted	<u>114,980,572</u>

**TOTAL NET POSITION** \$114,980,572

**TOTAL LIABILITIES AND NET POSITION** \$115,105,860

**SOUTH DAKOTA REVOLVING**

**ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

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

**For the Three Month Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Interest Income on Loans - REDI	\$132,889	\$132,889
Ethanol Income - REDI	0	0
Other Income - REDI	41,302	41,302
Building South Dakota Income	87,462	87,462
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	185,178	185,178
Bad Debt Expense	21,594	21,594
Other Expenses	3,849	3,849
Building South Dakota Grants	<u>0</u>	<u>0</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	\$51,032	\$51,032
<b>NONOPERATING REVENUE</b>		
Investment Income	<u>488,046</u>	<u>488,046</u>
<b>CHANGE IN NET POSITION</b>	\$539,078	\$539,078
<b>NET POSITION, BEGINNING</b>	114,441,494	114,441,494
Prior period Adjustment	<u>0</u>	<u>0</u>
<b>NET POSITION, ENDING</b>	<u>\$114,980,572</u>	<u>\$114,980,572</u>

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

**For the Three Month Ending September 30, 2017**

**See Accountant's Compilation Report**

	<b>Current Period</b>	<b>Year to Date</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$539,078	\$539,078
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 - RED!	(2,430,396)	(2,430,396)
(Increase) Decrease in Loan Interest Receivable	(22,467)	(22,467)
(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	442,257	442,257
(Increase) Decrease in Due From Other Funds	0	0
(Increase) Decrease in Other Assets	0	0
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Wages Payable	0	0
Increase (Decrease) in Accrued Leave Payable	0	0
Increase (Decrease) in Grants Payable	0	0
Increase (Decrease) in Due To Other Funds	0	0
	(\$1,471,528)	(\$1,471,528)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	(\$1,471,528)	(\$1,471,528)
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>76,455,191</b>	<b>76,455,191</b>
<b>CASH AND INVESTMENTS - BEGINNING</b>	<b>\$74,983,663</b>	<b>\$74,983,663</b>
<b>CASH AND INVESTMENTS - ENDING</b>	<b>\$74,983,663</b>	<b>\$74,983,663</b>

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

**For the Three Month Ending September 30, 2017**

**See Accountant's Compilation Report**

**REDI LOANS APPROVED, NOT ADVANCED**

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
Red's All Natural, LLC	01/10/2017 & 02/14/2017	\$ 1,345,176
Applied Engineering, Inc.	03/14/2017 & 07/11/2017	\$ 1,122,600
Omega Liner Company, Inc.	3/14/2017	\$ 888,750
City of Valley Springs	6/13/2017	\$ 508,750
Tower Properties, LLC	6/13/2017	\$ 1,537,500
Century Custom Molding, Inc.	7/11/2017	\$ 520,000
Vantage Point Solutions, Inc.	7/11/2017	\$ 1,350,000
O'Conner Kiln and Dryer, Inc.	8/8/2017	\$ 585,000
Doyle Family Land Company, LLC	9/12/2017	\$ 1,755,000
JMo Holdings, Inc.	9/12/2017	\$ 3,600,000
R & R Holdings, LLC	9/12/2017	\$ 900,000
Vermillion Area Chamber of Commerce and Devp.	9/12/2017	\$ 1,696,500
<b>Total</b>		<b>\$ 15,809,276</b>
	* Partial draw on 8/28/17	\$ 778,100

**See Accountant's Compilation Report**

<b>REDI LOANS ADVANCED, DURING</b>	<b>Jul - Sep</b>	<b>Advanced Date</b>	<b>Loan Amount</b>
<u>Company Name</u>			
Natural Dakota Soy, LLC		7/21/2017	\$495,000
Weisser Properties, LLC		8/4/2017	\$180,000
Red's All Natural, LLC	* Partial Draw	8/7/2018	\$778,100
Harbor Group Investments, LLC	* Partial Draw	9/1/2017	\$1,455,173

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

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

<b>REDI LOANS WITHDRAWN, DURING</b>	<b>Jul - Sep</b>	<b>Withdrawal Date</b>	<b>Withdrawn Amount</b>
<u>Company Name</u>			
None			

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

**ADDITIONAL LOAN INFORMATION - SDJP**

**For the Three Month Ending September 30, 2017**

**See Accountant's Compilation Report**

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

Dedicated SDJP Fund Cash and Investments Balance	6/30/2017	\$1,964,443
Plus: Investment Council Interest		22,479
South Dakota Jobs		87,462
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	9/30/2017	<u>\$2,074,384</u>

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

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Applied Engineering, Inc.	3/14/2017	39,801	\$39,801 Authorized \$0 Disbursed
Omega Liner Company, Inc.	3/14/2017	90,000	\$90,000 Authorized \$0 Disbursed
VRC Metal Systems, LLC	9/12/2017	45,000	\$45,000 Authorized \$0 Disbursed
		<u>\$174,801</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$2,074,384
Less Cash and Investments-Restricted for Approved Loans/Grants	\$174,801
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,899,583</u>

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM**

**FINANCIAL REPORT**

**(Compiled)**

**September 30, 2017**

## CONTENTS

	<u>Page</u>
<b>ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
<b>LOAN INFORMATION</b>	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 September 30, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the three 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  
November 3, 2017

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM**

**STATEMENT OF NET ASSETS**

**September 30, 2017**

**See Accountant's Compilation Report**

**ASSETS**

Cash and Investments-Unrestricted	\$3,199,963
Cash and Investments-Designated for Approved Grants	2,997,173

Total Cash and Investments	\$6,197,136
Investment Income Receivable	0

<b>TOTAL ASSETS</b>	<b><u><u>\$6,197,136</u></u></b>
---------------------	----------------------------------

**LIABILITIES**

\$0

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

**NET POSITION**

Unrestricted	<u>6,197,136</u>
--------------	------------------

<b>TOTAL NET POSITION</b>	<b><u><u>\$6,197,136</u></u></b>
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$6,197,136</u></u></b>
---	----------------------------------

**SOUTH DAKOTA LOCAL**

**INFRASTRUCTURE IMPROVEMENT PROGRAM**

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

**For the 3 Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Investment Income	85,140	85,140
Transfer In - Building South Dakota	437,311	437,311
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	0	0
Other Expenses	0	0
Grants and Subsidies	<u>469,530</u>	<u>469,530</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	\$52,921	\$52,921
<b>NONOPERATING REVENUE</b>		
Reclamation of Grants	0	0
<b>CHANGE IN NET POSITION</b>	<u>\$52,921</u>	<u>\$52,921</u>
<b>NET POSITION, BEGINNING</b>	6,144,215	6,144,215
Prior period Adjustment	<u>0</u>	<u>0</u>
<b>NET POSITION, ENDING</b>	<u><u>\$6,197,136</u></u>	<u><u>\$6,197,136</u></u>

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM**

**STATEMENT OF CASH FLOWS**

**For the 3 Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$52,921	\$52,921
Adjustments to Reconcile Net Income to Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Investment Income Receivable	0	0
	\$52,921	\$52,921
Net Cash provided from (used in) Operating Activities	\$52,921	\$52,921
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	0	0
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	\$52,921	\$52,921
<b>CASH AND INVESTMENTS - BEGINNING</b>	6,144,215	6,144,215
<b>CASH AND INVESTMENTS - ENDING</b>	\$6,197,136	\$6,197,136

**SOUTH DAKOTA LOCAL  
INFRASTRUCTURE IMPROVEMENT PROGRAM**

**LOAN INFORMATION**

**For the 3 Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

**CASH & INVESTMENTS BALANCE**

Fund Cash and Investments Balance	6/30/2017	\$6,144,215
Plus: Investment Council Interest		437,311
Building South Dakota		85,140
Administrative Expenses		
 Less:		
South Eastern Council of Governments		(3,906)
Central South Dakota Enhancement District		(3,906)
Northeast Council of Governments Devp. Corp.		(3,906)
Black Hills Councils of Local Governments		(3,906)
Planning & Devp. District III		(3,906)
Greater Huron Devp. Corp.		(450,000)
 Cash and Investments Balance	 9/30/2017	 <u>\$6,197,136</u>

**CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED**

**RESTRICTED**

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

Brown County	3/14/2017	308,500	\$308,500	Authorized
			\$0	Disbursed
Greater Huron Devp. Corp.	3/14/2017	150,000	\$600,000	Authorized
			\$450,000	Disbursed
Grovena Township	3/14/2017	250,000	\$250,000	Authorized
			\$0	Disbursed
Town of Dimock	6/13/2017	23,350	\$23,350	Authorized
			\$0	Disbursed
Sioux Falls Development Corp	6/13/2017	200,000	\$200,000	Authorized
			\$0	Disbursed
City of Elk Piont	6/13/2017	200,000	\$200,000	Authorized
			\$0	Disbursed
City of Volga	6/13/2017	500,000	\$500,000	Authorized
			\$0	Disbursed
Four Bands Community Fund	6/13/2017	170,000	\$170,000	Authorized
			\$0	Disbursed

\$2,997,173

**UNRESTRICTED**

Total Cash and Investments	\$6,197,136
Less Cash and Investments-Restricted for Approved Grants	\$2,997,173
<b>Total Unrestricted Cash and Investments</b>	<b><u>\$3,199,963</u></b>

**SOUTH DAKOTA ECONOMIC  
DEVELOPMENT PARTNERSHIP PROGRAM  
FINANCIAL REPORT  
(Compiled)  
September 30, 2017**

## CONTENTS

	<u>Page</u>
<b>ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
<b>LOAN INFORMATION</b>	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 September 30, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the three 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.

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

*Clausen & Rice, LLP*

Pierre, South Dakota  
November 3, 2017

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

**September 30, 2017**

**See Accountant's Compilation Report**

**ASSETS**

Cash and Investments-Unrestricted	\$247,656
Cash and Investments-Designated for Approved Loans	1,038,294
	<hr/>
Total Cash and Investments	\$1,285,950
Investment Income Receivable	0
	<hr/>
	0
<b>TOTAL ASSETS</b>	<b><u><u>\$1,285,950</u></u></b>

**LIABILITIES**

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

**NET POSITION**

Unrestricted	<hr/>
	1,285,950
<b>TOTAL NET POSITION</b>	<b><u><u>\$1,285,950</u></u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$1,285,950</u></u></b>

**SOUTH DAKOTA ECONOMIC**

**DEVELOPMENT PARTNERSHIP PROGRAM**

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

**For the Three Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Investment Income	23,590	23,590
Transfer In - Building South Dakota	87,462	87,462
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	0	0
Grants and Subsidies	<u>56,298</u>	<u>56,298</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	\$54,754	\$54,754
<b>NONOPERATING REVENUE</b>		
Reclamation of Grants	0	0
<b>CHANGE IN NET POSITION</b>	<u>\$54,754</u>	<u>\$54,754</u>
<b>NET POSITION, BEGINNING</b>	1,231,196	1,231,196
Prior period Adjustment	<u>0</u>	<u>0</u>
<b>NET POSITION, ENDING</b>	<u><u>\$1,285,950</u></u>	<u><u>\$1,285,950</u></u>

**SOUTH DAKOTA ECONOMIC  
DEVELOPMENT PARTNERSHIP PROGRAM**

**STATEMENT OF CASH FLOWS**

**For the Three Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$54,754	\$54,754
Adjustments to Reconcile Net Income to Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Investment Income Receivable	0	0
	\$54,754	\$54,754
Net Cash provided from (used in) Operating Activities	\$54,754	\$54,754
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	\$54,754	\$54,754
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>\$54,754</b>	<b>\$54,754</b>
<b>CASH AND INVESTMENTS - BEGINNING</b>	<b>1,231,196</b>	<b>1,231,196</b>
<b>CASH AND INVESTMENTS - ENDING</b>	<b>\$1,285,950</b>	<b>\$1,285,950</b>

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

**For the Three Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

**CASH & INVESTMENTS BALANCE**

Fund Cash and Investments Balance	6/30/2017	\$1,231,196.47
Plus: Investment Council Interest		\$23,589.87
Contribution		\$87,462.21
Less:		
Wagner Area Growth, Inc.		(\$15,181.55)
Zeal Center for Entrepreneurship		(\$28,655.47)
Hartford Area Devp. Corp. (IEDC Basic Course)		(\$741.32)
South Eastern Council of Governments		(\$2,344.00)
Central South Dakota Enhancement District		(\$2,344.00)
Northeast Council of Governments Devp. Corp.		(\$2,344.00)
Black Hills Councils of Local Governments Planning & Devp. District III		(\$2,344.00)
Dedicated Fund Cash and Investments Balance	9/30/2017	\$1,285,950.21

**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	7,117.59	\$56,900 Authorized
			\$49,782 Disbursed
De Smet Development Corp.	10/8/2013	3,287.90	\$42,820 Authorized
*Moved \$9,941 to uncommitted balance on 12/9/14			\$29,592 Disbursed
Faulkton Area Economic Development Corp.	12/10/2013	15,666.00	\$52,220 Authorized
			\$36,554 Disbursed
Lake Francis Case Development Corp.	12/10/2013	7,811.50	\$62,275 Authorized
			\$54,464 Disbursed
Wounded Knee Development Corp.	12/10/2013	0.00	\$109,800 Authorized
*Approved \$55,800 increase on 11/12/14			\$54,000 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	9,055.56	\$78,000 Authorized
			\$68,944 Disbursed
Yankton Area Progressive Growth (IEDC Basic Course)	3/9/2015	42,484.10	\$141,614 Authorized
			\$99,130 Disbursed
City of Wall	6/2/2015	62,098.00	\$125,496 Authorized
			\$63,398 Disbursed
Zeal Center for Entrepreneurship (Prev. South Dakota Business Tech. Center)	6/2/2015	28,655.46	\$95,518 Authorized
			\$66,863 Disbursed
Viborg Economic Development Corporation	12/8/2015	24,915.30	\$41,526 Authorized
			\$16,610 Disbursed
Brookings Economic Development Corporation	3/8/2016	79,800.00	\$133,000 Authorized
			\$53,200 Disbursed
Centerville Economic Development Corporation	3/8/2016	7,804.00	\$13,006 Authorized
			\$5,202 Disbursed
Sioux Falls Development Foundation	6/14/2016	168,589.00	\$280,982 Authorized
			\$112,393 Disbursed
Greater Rapid City Area EDC	6/14/2016	92,992.00	\$154,987 Authorized
			\$61,995 Disbursed
Hartford Area Devp. Corp. (IEDC Basic Course) *Moved \$211.32 to uncommitted balance in FY-18	6/13/2017	0.00	\$953 Authorized
			\$741 Disbursed
South Eastern Development Corp. (RLF)	6/13/2017	125,000.00	\$125,000 Authorized
			\$0 Disbursed
First District Association of Local Governments (RLF)	6/13/2017	250,000.00	\$250,000 Authorized
			\$0 Disbursed

1,038,294.37

**UNRESTRICTED**

Total Cash and Investments	\$1,285,950
Less Cash and Investments-Restricted for Approved Loans/Grants	\$1,038,294
 Total Unrestricted Cash and Investments	 <u>\$247,656</u>

**SOUTH DAKOTA**  
**REINVESTMENT PAYMENT PROGRAM**  
**FINANCIAL REPORT**  
**(Compiled)**  
**September 30, 2017**

## CONTENTS

	<u>Page</u>
<b>ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
<b>LOAN INFORMATION</b>	5



# 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 Reinvestment Payment Program  
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Reinvestment Payment Program as of September 30, 2017, and the related statements of revenues, expenses and changes in net assets and cash flows for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

We are not independent with respect to South Dakota Reinvestment Payment Program.

*Clausen & Rice, LLP*

Pierre, South Dakota  
November 3, 2017

**SOUTH DAKOTA**  
**REINVESTMENT PAYMENT PROGRAM**  
**STATEMENT OF NET ASSETS**

**September 30, 2017**

**See Accountant's Compilation Report**

**ASSETS**

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

**LIABILITIES**

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

**NET POSITION**

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

**SOUTH DAKOTA**

**REINVESTMENT PAYMENT PROGRAM**

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

**For the Three Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Investment Income	\$0	\$0
Transfer in - RPP	771,082	771,082
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	0	0
Other Expenses	0	0
Grants and Subsidies	<u>771,082</u>	<u>771,082</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>\$0</b>	<b>\$0</b>
<b>NONOPERATING REVENUE</b>		
Reclamation of Grants	<u>0</u>	<u>0</u>
<b>CHANGE IN NET POSITION</b>	<b>\$0</b>	<b>\$0</b>
<b>NET POSITION, BEGINNING</b>	<b>0</b>	<b>0</b>
Prior period Adjustment	<u>0</u>	<u>0</u>
<b>NET POSITION, ENDING</b>	<b><u><u>\$0</u></u></b>	<b><u><u>\$0</u></u></b>

**SOUTH DAKOTA**

**REINVESTMENT PAYMENT PROGRAM**

**STATEMENT OF CASH FLOWS**

**For the Three Month Period Ending September 30, 2017**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$0	\$0
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	\$0
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	\$0	\$0
<b>CASH AND INVESTMENTS - BEGINNING</b>	<hr/> 0	<hr/> 0
<b>CASH AND INVESTMENTS - ENDING</b>	<hr/> <hr/> \$0	<hr/> <hr/> \$0

**SOUTH DAKOTA**

**REINVESTMENT PAYMENT PROGRAM**

**LOAN INFORMATION**

For the Three Month Period Ending September 30, 2017

See Accountant's Compilation Report

**CASH & INVESTMENTS BALANCE**

Fund Cash and Investments Balance	5/31/2017	\$0
Plus: Investment Council Interest		0
Transfer from Department of Revenue		0
Less:		0
		0
Dedicated Fund Cash and Investments Balance	6/30/2017	\$0

**CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED**

**RESTRICTED**

Company Name	Approval Date	Amount Remaining	
Novita Aurora, LLC	8/13/2013	0	\$771,082 Authorized
			\$771,082 Disbursed
Day County Wind II, LLC	8/12/2014	4,419,600	\$4,419,600 Authorized
			\$0 Disbursed
3M Brookings - Project #2	10/3/2014	1,323,960	\$1,323,960 Authorized
			\$0 Disbursed
Ring-Neck Energy & Feed, LLC	10/13/2015	1,997,738	\$1,997,738 Authorized
*Approved \$813,893 increase on 4/12/16			\$0 Disbursed
GCC Dacotah, Inc.	3/8/2016	1,602,210	\$1,602,210 Authorized
			\$0 Disbursed
Royal Canin US	12/13/2016	638,500	\$638,500 Authorized
			\$0 Disbursed
Ag Processing Inc a Cooperative	12/13/2016	5,925,000	\$5,925,000 Authorized
			\$0 Disbursed
Red's All Natural, LLC	2/14/2017	192,436	\$192,436 Authorized
			\$0 Disbursed
Ottertail Power Company	2/14/2017	4,720,500	\$4,720,500 Authorized
			\$0 Disbursed
SD Sun, LLC	5/9/2017	742,797	\$742,797 Authorized
			\$0 Disbursed
SD Sun II, LLC	5/9/2017	742,797	\$742,797 Authorized
			\$0 Disbursed
Win Chill, LLC	6/13/2017	360,000	\$360,000 Authorized
			\$0 Disbursed
Agropur, Inc.	8/8/2017	7,254,497	\$7,254,497 Authorized
			\$0 Disbursed
		<b>\$29,920,035</b>	

D

STATE OF SOUTH DAKOTA  
CONSULTING CONTRACT

Agreement made and entered into this 1st day of December, 2017, by and between SD Governor's Office of Economic Development, a state agency, of 711 E Wells Ave, Pierre, SD, 57501, (the "State") and Brandon Campea, of BPro Inc, 124 W. Dakota Ave, Pierre, SD 57501, (605)224-8114 (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 those services described in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein.
2. The Consultant's services under this Agreement shall commence on December 1<sup>st</sup>, 2017 and end on November 30th, 2018, unless sooner terminated pursuant to the terms hereof.
3. Exhibit B – Additional Technology Provisions.
4. 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.
5. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$1,500.00. The State will not pay Consultant's expenses as a separate item. Payment will be made pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26.
6. 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.

7. 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 occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000.00 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. Professional Liability Insurance or Miscellaneous Professional Liability Insurance:

The Consultant agrees to procure and maintain professional liability insurance or miscellaneous professional liability insurance with a limit not less than \$1,000,000.00.

C. Business Automobile Liability Insurance:

The Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

D. Worker's Compensation Insurance:

The Consultant shall procure and maintain workers' compensation and employers' liability 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 nonrenewal 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.

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

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. The Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment or suspension, or declared ineligible from participating in transactions by the federal government or any state or local government department or agency. Consultant further agrees that it will immediately notify the State if during the term of this Agreement Consultant or its principals become subject to debarment, suspension or ineligibility from participating in

transactions by the federal government, or by any state or local government department or agency.

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 Cassie Stoeser on behalf of the State, and by Brandon Campea, 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. 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.

19. **DISCLAIMER.** In Witness Whereof, the parties signify their agreement effective the date below first written by the signatures affixed below. By signing this agreement, the Bureau of Information and Telecommunications (BIT) is representing that as the State's technology governing organization it has reviewed only the technical provisions of this agreement.

STATE

CONSULTANT

BY: \_\_\_\_\_  
Aaron P. Scheibe, Deputy Commissioner

BY: \_\_\_\_\_  
(NAME)

Governor's Office of Economic Development

\_\_\_\_\_  
(TITLE)

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(DATE)

BY: \_\_\_\_\_  
(BIT Commissioner David Zolnowsky) BIT Commissioner David Zolnowsky/ BIT Deputy  
Commissioner Jim Edman))

\_\_\_\_\_  
(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 \_\_\_\_\_.

## EXHIBIT A

### STATE OF SOUTH DAKOTA CONSULTING CONTRACT

BPRO INC.  
124 W. Dakota Ave  
Pierre, SD 57501  
Consultant Phone #605-224-8114

SD Governor's Office of Economic Development  
711 E Wells Avenue  
Pierre, SD 57501

#### WORK PLAN

*The Consultant will provide resources for maintaining systems owned by South Dakota Governor's Office of Economic Development.*

*The functions of maintaining systems are defined as follows:*

- *Fix System errors.*
- *Client Facilitation (Example: Answer general client questions, phone calls, e-mails).*
- *System Facilitation (Example: Working with clients on questions, training clients on the use of a system)*
- *Adhoc reporting.*
- *Analysis, Design or Coding with intent to add value to an existing system. (Example: add a new permanent report, modify an existing report or screen, or add a new field).*

*Before work is done on systems included within this contract, approval must be obtained from the system authorization contact. If the vendor receives a request for work from anyone other than the system authorization contact, the vendor shall verify the request and obtain approval from the system authorization contact before the work is started.*

## EXHIBIT B

State of South Dakota

### CONSULTANT CONTRACT

#### ADDITIONAL PROVISIONS

##### 1. CONFIDENTIALITY OF INFORMATION:

For purposes of this paragraph, "State Proprietary Information" shall include all information disclosed to the Consultant by the State. The Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities shall not disclose any State Proprietary Information to any third person for any reason without the express written permission of a State officer or employee with authority to authorize the disclosure. The Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities shall not: (i) disclose any State Proprietary Information to any third person unless otherwise specifically allowed under this agreement; (ii) make any use of State Proprietary Information except to exercise rights and perform obligations under this agreement; (iii) make State Proprietary Information available to any of its employees, officers, agents or third party Consultants except those who have a need to access such information and who have agreed to obligations of confidentiality at least as strict as those set out in this agreement. The Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities is held to the same standard of care in guarding State Proprietary Information as it applies to its own confidential or proprietary information and materials of a similar nature, and no less than holding State Proprietary Information in the strictest confidence. The Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities shall protect the confidentiality of the State's information from the time of receipt to the time that such information is either returned to the State or destroyed to the extent that it cannot be recalled or reproduced. The Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities agree to return all information received from the State to State's custody upon the end of the term of this agreement, unless otherwise agreed in a writing signed by both parties. State Proprietary Information shall not include information that (i) was in the public domain at the time it was disclosed to the Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities ; (ii) was known to the Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities without restriction at the time of disclosure from the State; (iii) that was disclosed with the prior written approval of State's officers or employees having authority to disclose such information; (iv) was independently developed by the Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities without the benefit or influence of the State's information; (v) becomes known to the Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities without restriction from a source not connected to the

State of South Dakota. State's Proprietary Information can include names, social security numbers, employer numbers, addresses and other data about applicants, employers or other clients to whom the State provides services of any kind. Consultant understands that this information is confidential and protected under State law. The parties mutually agree that neither of them nor any Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities shall disclose the contents of this agreement except as required by applicable law or as necessary to carry out the terms of the agreement or to enforce that party's rights under this agreement. Consultant acknowledges that the State and its agencies are public entities and thus may be bound by South Dakota open meetings and open records laws. It is therefore not a breach of this agreement for the State to take any action that the State reasonably believes is necessary to comply with South Dakota open records or open meetings laws.

2. CHANGE MANAGEMENT PROCESS:

From time to time it may be necessary or desirable for either the State or the Contractor to propose changes in the Services provided. Such changes shall be effective only if they are in writing and contain the dated signatures of authorized representatives of both parties. Unless otherwise indicated, a change or amendment shall be effective on the date it is signed by both parties. Automatic upgrades to any software used by the Contractor to provide any services that simply improve the speed, efficiency, reliability, or availability of existing services and do not alter or add functionality, are not considered "changes to the Services" and such upgrades will be implemented by the Contractor on a schedule no less favorable than that provided by the Contractor to any other customer receiving comparable levels of services.

3. WORK PRODUCTS:

The Consultant shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all Services furnished by the Consultant and any subcontractors, if applicable, under this Agreement. It shall be the duty of the Consultant to assure that the services and the system are technically sound and in conformance with all pertinent Federal, State and local statutes, codes, ordinances, resolutions and other regulations. The Consultant shall, without additional compensation, correct or revise any errors or omissions in its work products.

Consultant hereby acknowledges and agrees that all reports, plans, specifications, technical data, miscellaneous drawings, agreements, State Proprietary Information, State Data, End User Data, Personal Health Information, and all information contained therein provided to the State by the Consultant in connection with its performance 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 or other material which are a part of the work under this Agreement will not be copyrighted without written approval of the State. In the unlikely event that any copyright does not fully belong to the State, the State none the less reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and otherwise use, and to authorize others to use, any such work for government purposes.

Consultant hereby agrees to provide to BIT, for safekeeping, a copy of source code for each executive branch state agency computer system that is developed or maintained by the Consultant. The source code provided will be the latest version that currently runs in a production environment. The Consultant will also provide to BIT any computer system source code for non-executive branch state agencies if requested by the agency owning the system.

#### 4. CURING OF BREACH OF AGREEMENT

In the event of a breach of these representations and warranties, Consultant shall immediately, after telephonic notice from the State, begin work on curing such breaches. If such problem remains unresolved after three days, at State's discretion, Consultant may send, at Consultant's sole expense, at least one qualified and knowledgeable representative to the State's site where the system is located. This representative will continue to address and work to remedy the deficiency, failure, malfunction, defect, or problem at the site. The rights and remedies provided in this paragraph are in addition to any other rights or remedies provided in this Agreement or by law.

#### 5. DEFECTIVE SOFTWARE MEDIA

Consultant warrants that each copy of the software provided by Consultant is and will be free from physical defects in the media that tangibly embodies the copy. Consultant shall replace, at Consultant's expense (including shipping and handling costs), any software provided by Consultant that does not comply with this warranty.

#### 6. USE OF SUBCONTRACTORS:

The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The State reserves the right to reject any person from the contract presenting insufficient skills or inappropriate behavior.

The Consultant will include provisions in its subcontracts requiring any subcontractors to comply with the applicable provisions of this Agreement; any code developed by a subcontractor must be as secure as code developed by the contractor, 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. The State, at its option, may require the vetting of any subcontractors. The Consultant is required to assist in this process as needed.

The Consultant also agrees to take reasonable steps including, but not limited to, all steps explicitly required elsewhere in this agreement and all other steps as are reasonable under the circumstances to ensure that its employees or agents actions or omissions do not cause a breach of the terms of this agreement.

7. HOST STAFF:

The Contractor will ensure that employees or agents who perform work under this Agreement have read, understood, and received appropriate instruction as to how to comply with the security provisions of this Agreement and have undergone all background screenings, and possess all qualifications required by the State prior to being granted access to source code, State data, or facilities which house State systems. Any contractor employee, agent, or subcontractor who performs work under this Agreement and has access to source code, State data, or facilities which house State systems will be required to sign the BIT Security Acknowledgement Form.

8. IT STANDARDS:

Any software or hardware provided under this agreement will comply with state standards which can be found at <http://bit.sd.gov/standards/>.

9. SECURITY:

The Consultant shall take all actions necessary to protect State information from exploits, inappropriate alterations, access or release, and malicious attacks.

By signing this agreement, the Consultant warrants that:

- A. All known security issues are resolved.
- B. Assistance will be provided to the State by the Consultant in performing an investigation to determine the nature of any security issues that are discovered or are reasonably suspected after acceptance. This investigation can include security scans made at the State's discretion.
- C. State technology standards, policies, and best practices will be followed. State technology standards can be found at <http://bit.sd.gov/standards/>.

10. MALICIOUS CODE



The Vendor covenants that it:

- A. The Software does not contain any code that does not support a software requirement.
- B. Will not insert into the Software or any media on which the Licensed Software is delivered any virus, rogue program, time bomb, worm, Trojan Horse, back doors, Easter eggs or other malicious or intentionally destructive code and
- C. Will use commercially reasonable efforts consistent with industry standards to scan for and remove any Malicious Code from the Software before installation. In the event any Malicious Code is discovered in the Software as delivered by the Vendor to the State under this contract, the Vendor shall provide the State at no charge with a clean copy of the applicable Software that does not contain such Malicious Code or otherwise correct the affected portion of the services provided to the State under this contract. The remedies in this paragraph are in addition to such other and additional remedies as the State may have at law equity or otherwise
- D. Will resolve all known security issues.

11. DENIAL OF ACCESS OR REMOVAL OF AN APPLICATION FROM PRODUCTION

During the life of this contract the application can be denied access to or removed from the production system at BIT's discretion. The reasons for the denial of access or removal of the application from the production system can include, but are not limited to, security, functionality, unsupported third party technologies, or excessive resource consumption. At the discretion of the State contractual payments may be suspended while the application is denied access to or removed from the production system if the problem is caused by the Vendor's actions or inactions. Access to the production system and any updates to the production system will be made only with BIT's prior approval. It is expected that any fixes will be tested on the test system and not on the production system. It is expected that the Vendor shall provide BIT with proof of the fix proposed before BIT provides access to the production system. The certification by BIT of the fix on the test system does not guarantee the Vendor access to the production system. BIT shall sign a non-disclosure agreement with the Vendor if revealing its fix will put the Vendor's intellectual property at risk. If the Vendor is unable to produce the project deliverables due to the Vendor actions or inactions within thirty (30) days of the application's denial of access or removal from the production system and the Vendor does not employ the change management process to alter the project schedule or deliverables within the same thirty (30) days then at the

State's discretion the contract may be terminated and Vendor is required to refund to the State all contractual payments made to that point.

12. BACKUP COPIES:

The State may make and keep backup copies on the condition that:

- a) The State keeps possession of the backup copies;
- b) The backup copies are only used as bona fide backups.

13. USE OF ABSTRACTION TECHNOLOGIES:

The Vendor's application must use appropriate abstraction technologies, such as relative pathing. By way of example, hardcoded server names and hardcoded IP addresses are not permitted.

Use of hard-coded resources will result in a failure to pass pre-production testing and may cause the application to fail or be shut down at any time without warning. In all such cases, correcting the hardcoding violations shall be the responsibility of the Vendor and will not be a project change chargeable to the State.

Exceptions to this policy may be requested by the Vendor in writing provided they include a mitigation plan that documents the need for the exception, the process by which the application will be maintained, and evidence of on-going maintenance sufficient to assure resources to fix the application are in place should it fail due to the hard-coded resources. Two (2) weeks must be allowed for the State to review such an exception request and approval shall be granted or denied based on the State's determination of what is in the best interest of the overall state technology needs for security, consistency, availability, reliability, and supportability.

14. PERFORMANCE OF ADDITIONAL WORK:

The Vendor will perform additional work on their application at the hourly rate of \$70.00. This work can be authorized by any of the State signatories to this contract. This additional work will not be considered a project change chargeable to the State if it is for reasons of correcting security deficiencies, meeting the functional requirements established for the application, unsupported third party technologies or excessive resource consumption. Completion of this additional work can be a requirement for an application to go into or stay in production.

15. SECURITY ACKNOWLEDGEMENT FORM

The Consultant will be required to sign the Security Acknowledgement form which is attached to this Agreement as       . The signed Security Acknowledgement form must be submitted to the State and approved by the

South Dakota Bureau of Information and Telecommunications and communicated to the Consultant by the State contact before work on the contract may begin. This form constitutes the agreement of Consultant to be responsible and liable for ensuring that the Consultant, Consultant's employee(s), and Subcontractor's, Agents, Assigns and or Affiliated Entities and all of their employee(s), participating in the work will abide by the terms of the Information Technology Security Policy- Contractor (ITSP) attached to this Agreement as [REDACTED]. Failure to abide by the requirements of the ITSP or the Security Acknowledgement form can be considered a breach of this Agreement at the discretion of the State. It is also a breach of this Agreement, at the discretion of the State, if the Consultant does not sign another Security Acknowledgement form covering any employee(s) and any Subcontractor's, Agents, Assigns and or Affiliated Entities employee(s), any of whom are participating in the work covered by this Agreement, and who begin working under this Agreement after the project has begun. Any disciplining of the Consultant's, Consultant's employee(s) or Subcontractor's, Agents, Assigns and or Affiliated Entities employee(s) due to a failure to abide by the terms of the Security Acknowledgement Form will be done at the discretion of the Consultant or Subcontractor's, Agents, Assigns and or Affiliated Entities and in accordance with the Consultant's or Subcontractor's, Agents, Assigns and or Affiliated Entities personnel policies. Regardless of the actions taken by the Consultant and Subcontractor's, Agents, Assigns and or Affiliated Entities, the State shall retain the right to require at its discretion the removal of the employee(s) from the project covered by this agreement.

#### 16. BACKGROUND CHECKS

The State of South Dakota requires all employee(s) of the Consultant, Subcontractors, Agents, Assigns and or Affiliated Entities who write or modify State of South Dakota-owned software, alter hardware, configure software of state-owned technology resources, have access to source code and/or protected personally identifiable information or other confidential information or have access to secure areas to undergo fingerprint-based background checks. These fingerprints will be used to check the criminal history records of the State as well as the Federal Bureau of Investigation's criminal history records. These background checks must be performed by the State with support from the State's law enforcement resources. The State will supply the finger print cards and prescribe the procedure to be used to process the finger print cards. Project plans should allow two (2) to four (4) weeks to complete this process. If work assignments change after the initiation of the project covered by this agreement so that employee(s) of the Consultant, Subcontractor's, Agents, Assigns and or Affiliated Entities will be writing or modifying State of South Dakota owned software, altering hardware, configuring software of state owned technology resources, have access to source code and/or protected personally identifiable information or other confidential information or have access to secure areas then, background checks must be performed on any employees who will complete any of the referenced tasks. The State reserves the right to require the Consultant to

prohibit any employee, Subcontractors, Agents, Assigns and or Affiliated Entities from performing work under this Agreement that the State, in its sole discretion, believes is detrimental to the project or is considered by the State to be a security risk, based on the results of the background check. The State will provide the Consultant with notice of its determination.

17. REJECTION OR EJECTION OF CONSULTANT, AND CONSULTANT'S SUBCONTRACTORS, AGENTS, ASSIGNS AND/OR AFFILIATED ENTITIES EMPLOYEE(S)

The State, at its option, may require the vetting of any of the Consultant, and Consultant's Subcontractors, Agents, Assigns and/or Affiliated Entities. The Consultant is required to assist in this process as needed. The State reserves the right to reject any person from the project who the State believes would be detrimental to the project or is considered by the State to be a security risk.

The State reserves the right to require the Consultant to remove from the project any person the State believes is detrimental to the project or is considered by the State to be a security risk. The State will provide the Consultant with notice of its determination, and the reasons removal is deemed necessary. If the State signifies that a potential security violation exists with respect to the request, the Consultant shall immediately remove the individual from the project.

18. SECURITY INCIDENT NOTIFICATION

The Consultant will implement, maintain and update Security Incident procedures that comply with all State standards and Federal requirements. A Security Incident is a violation of any BIT security or privacy policies or contract agreements involving sensitive information, or the imminent threat of a violation. The BIT security policies can be found in the Information Technology Security Policies attached as Appendix [REDACTED]. The State requires notification of a Security Incident involving any of the State's sensitive data in the Contractor's possession. The parties agree that, to the extent probes and reconnaissance scans common to the industry constitute Security Incidents, this Agreement constitutes notice by Consultant of the ongoing existence and occurrence of such Security Incidents for which no additional notice to the State shall be required. Probes and scans include, without limitation, pings and other broadcast attacks in the Consultant's firewall, port scans, and unsuccessful log-on attempts, as long as such probes and reconnaissance scans do not result in a Security Incident as defined above. Except as required by other legal requirements the Consultant shall only provide notice of the incident to the State. The State will determine if notification to the public will be by the State or by the Consultant. The method and content of the notification of the affected parties will be coordinated with, and is subject to approval by the State, unless required otherwise by legal requirements. If the State decides that the Consultant will be distributing, broadcasting to or otherwise releasing information on the Security Incident to the news media, the State will decide to whom the information will be sent and the State must approve the

content of any information on the Security Incident before it may be distributed, broadcast or otherwise released. The Consultant must reimburse the State for any costs associated with the notification, distributing, broadcasting or otherwise releasing information on the Security Incident.

- A. The Consultant shall notify the State Contact within twelve (12) hours of the Consultant becoming aware that a Security Incident has occurred.

If notification of a Security Incident to the State Contact is delayed because it may impede a criminal investigation or jeopardize homeland or federal security, notification must be given to the State within twelve (12) hours after law-enforcement provides permission for the release of information on the Security Incident.

- B. Notification of a Security Incident at a minimum is to consist of the nature of the data exposed, the time the incident occurred and a general description of the circumstances of the incident. If not all of the information is available for the notification within the specified time period Consultant shall provide the State with all of the available information along with the reason for the incomplete notification. A delay in excess of twelve (12) hours is acceptable only if it is necessitated by other legal requirements.

- C. At the State's discretion within \_\_\_\_\_ the consultant must provide to the State all data available including: (i) Name of and contact information for the Consultant's Point of Contact for the Security Incident; (ii) date and time of the Security Incident; (iii) date and time the Security Incident was discovered; (iv) description of the Security Incident including the data involved, being as specific as possible; (v) the potential number of records, and if unknown the range of records; (vi) address where the Security Incident occurred; and, (vii) the nature of the technologies involved. If not all of the information is available for the notification within the specified time period Consultant shall provide the State with all of the available information along with the reason for the incomplete information. A delay in excess of twelve (12) hours is acceptable only if it is necessitated by other legal requirements.

For the purposes of this Agreement the Security Incident definition in the State's Information Technology Security Policy does not apply.

## 19. HANDLING OF SECURITY INCIDENT

At the State's discretion the Consultant will preserve all evidence including but not limited to communications, documents, and logs. The Consultant will also:

- (i) fully investigate the incident,
- (ii) cooperate fully with the State's investigation of, analysis of, and response to the incident,

- (iii) make a best effort to implement necessary remedial measures as soon as it is possible and,
- (iv) document responsive actions taken related to the Security Incident, including any post-incident review of events and actions taken to implement changes in business practices in providing the services covered by this agreement.

At the State's discretion and at the Consultant's expense the Consultant will use a credit monitoring service, call center, forensics company, advisors, or public relations firm services that are acceptable to the State. At the State's discretion the Consultant shall offer [REDACTED] year's credit monitoring to each person whose data was compromised. The State will set the scope of any investigation. The State can require a risk assessment of the Consultant, the State mandating the methodology to be used as well as the scope. At the State's discretion a risk assessment may be performed by a third party at the Consultant's expense.

If the Consultant is required by federal law or regulation to conduct a Security Incident or data breach investigation, the results of the investigation must be reported to the State within twelve (12) hours of the investigation report being completed. If the Consultant is required by federal law or regulation to notify the affected parties, the State must also be notified, unless otherwise required by legal requirements.

Notwithstanding any other provision of this agreement, and in addition to any other remedies available to the State under law or equity, the Consultant will reimburse the State in full for all costs incurred by the State in investigation and remediation of the Security Incident including, but not limited, to providing notification to regulatory agencies or other entities as required by law or contract. The Consultant shall also pay any and all legal fees, audit costs, fines, and other fees imposed by regulatory agencies or contracting partners as a result of the Security Incident.

M

**Board of Economic Development  
November 14, 2017**

**BILLS REQUIRING APPROVAL FOR PAYMENT**

Kaschmitter Appraisals, Inc.	\$3,000.00	WM3D SD Appraisal
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Kaschmitter Appraisals, Inc.

(605) 336-1552

Tax ID # 46-0450757

405 W 34th St

# Invoice

Date	Invoice #
10/19/2017	11598

Bill To
SD Board of Economic Development c/o BankWest, Inc. P.O. Box 998 Pierre, SD 57501

Description	Amount
Commercial Appraisal 606 W Industrial Rd - Howard, SD Non Tax Customer	3,000.00  0.00

Phone #	Fax #
605-336-1552	605-336-2660

**Total** \$3,000.00