

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 12, 2016, 9:30 A.M. CT**

TABLE OF CONTENTS

- A. Regular Session Agenda
- B. Minutes
- C. Monthly Financials
- D. Executive Session Agenda
- E. Monthly Status Report
- F. Watch List
- G. WM3D SD Properties, LLC
- H. Aberdeen Development Corporation/Magnum Trucking, Inc.
- I. Bills

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 12, 2016, 9:30 A.M. CT**

*Board
Members:*

Jeff Erickson

Dale Clement

Tony Klein

*Sharon
Casey*

John Calvin

*Michael
Luken*

*Greg
Heineman*

Tim Kessler

Ted Hustead

*Don
Kettering*

*Pat
Prostrollo*

Tom Jones

*Norbert
Sebade*

Non-Voting

*Bruce
Rampelberg*

Scott Parsley

Brian Gosch

*Spencer
Hawley*

**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 December 8, 2015 and January 4, 2016, as presented.

Motion made by _____ and seconded by _____

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 taken.

Motion to approve the chairman's report from executive session.

Motion made by _____ and seconded by _____

Old Business
WM3D SD Properties, LLC

Motion to approve the updated classification as presented.

Motion made by _____ and seconded by _____

New Business

Aberdeen Development Corporation/Magnum Trucking, Inc.

Motion to approve the loan request from Aberdeen Development Corporation/Magnum Trucking, Inc. in the amount of \$350,000. Secured by a sole first position on the real estate and an assignment of lease for the property.

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 Clay County Abstract & Title Company in the amount of \$2,750.00.

Motion made by _____ and seconded by _____

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

Adjourn

Motion made by _____ and seconded by _____.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
TUESDAY, JANUARY 12, 2016, 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 December 8, 2015 and January 4, 2016, as presented.
- Monthly Financials**
RECOMMENDED ACTION: No action taken.
- 9:40 A.M. Commissioner's Comments
- 9:50 A.M. **Executive Session**
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 10:20 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
WM3D SD Properties, LLC
Aberdeen Development Corporation/Magnum Trucking, Inc.
- Bills
Clay County Abstract & Title Company - \$2,750.00

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 Business & Technology Center at 2329 N. Career Avenue, Sioux Falls, South Dakota.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, DECEMBER 8, 2015, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, John Calvin, Mike Luken, Don Kettering, Pat Prostrollo, Norbert Sebade, Bruce Rampelberg, Scott Parsley and Brian Gosch

Staff Present

Commissioner Pat Costello, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore and Katelyn Hump

Other Staff Present

Sam Helma - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

Chairman Erickson called the meeting to order at 9:36 a.m.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Dale Clement and seconded by John Calvin to approve the minutes of the meetings held November 10, 2015, November 19, 2015 and November 30, 2015, as presented.

Motion passed by a roll call vote.

BPro Inc. Contract

A motion was made by Mike Luken and seconded by John Calvin to approve BPro Inc. contract as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Pat Prostrollo and seconded by Don Kettering 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 10:18 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 taken.

A motion was made by Don Kettering and seconded by Mike Luken to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

PEDCO/Pulse Processors

A motion was made by Dale Clement and seconded by Norbert Sebade to approve a commitment extension to June 30, 2016.

Motion passed by a roll call vote.

RTI, LLC/NEVCO, LLC and RTI, LLC/RTI Holdings, LLC

A motion was made by Norbert Sebade and seconded by Pat Prostrollo to approve a commitment extension to March 31, 2016.

Motion passed by a roll call vote.

South Dakota Technology Business Center

A motion was made by Don Kettering and seconded by Dale Clement to approve a commitment extension to March 31, 2016.

Motion passed by a roll call vote.

New Business

Economic Development Partnership Program IEDC Basic Training

Sisseton Wahpeton Oyate Tribe

A motion was made by John Calvin and seconded by Pat Prostrollo to approve an Economic Development Partnership grant award to the Sisseton Wahpeton Oyate Tribe the amount of \$1,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for IEDC Basic Training as recommend by staff and Grant Committee.

Motion passed by a roll call vote.

Economic Development Partnership Program

Viborg Economic Development Corporation

A motion was made by Dale Clement and seconded by Don Kettering to approve an Economic Development Partnership grant award to the Viborg Economic Development in the amount of \$41,525.50, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding as recommended by staff and Grant Committee

Motion passed by a roll call vote.

Rosebud Economic Development Corporation

A motion was made by Pat Prostrollo and seconded by Don Kettering to deny an Economic Development Partnership grant award to Rosebud Economic Development Corporation as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program

City of Dell Rapids and Sully County

A motion was made by Norbert Sebade and seconded by Pat Prostrollo to approve the Local Infrastructure Improvement Program grants for the following borrowers as recommended by staff and Grant Committee:

City of Dell Rapids

- Approve a Local Infrastructure Improvement grant award to the City of Dell Rapids in the amount of \$300,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Sully County

- Approve a Local Infrastructure Improvement grant award to Sully County in the amount of \$400,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

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 10:25 a.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or
Tony Klein, Treasurer

**CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
MONDAY, JANUARY 4, 2016, 1:00 P.M. CT**

Members Present

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

Staff Present

Commissioner Pat Costello, Deputy Commissioner Aaron Scheibe, Cassie Stoesser and Ashley Moore

Other Staff Present

Sam Helma - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:03 p.m.

Agenda

A motion was made by Pat Prostrollo and seconded by Dale Clement to approve the agenda as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Don Kettering and seconded by Norbert Sebade to enter into executive session at 1:04 p.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the Credit Committee out of executive session at 1:18 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 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

WM3D SD Properties, LLC

Credit Committee recommends to the Board approving the updated classification as presented.

A motion was made by Dale Clement and seconded by Don Kettering.

Motion passed by a roll call vote.

New Business

Aberdeen Development Corporation/Magnum Trucking, Inc.

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

A motion was made by Don Kettering 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 1:20 p.m.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
FINANCIAL REPORT
(Compiled)
November 30, 2015**

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

We have compiled the accompanying financial statements of South Dakota Revolving Economic Development and Initiative Fund (an Enterprise Fund of the State of South Dakota) as of November 30, 2015 and for the five months then ended, which collectively comprise the Entity's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the 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 additional loan information on pages 5 through 7 is not a required part of the basic financial statements but are supplementary information. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to South Dakota Revolving Economic Development and Initiative Fund.

Clausen & Rice, LLP

Pierre, South Dakota
December 16, 2015

CONTENTS

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

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

November 30, 2015

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$57,948,020
Cash and Investments-Designated for Approved REDI Loans	19,701,812
Cash-SD Jobs	<u>1,391,172</u>
Total Cash and Investments	\$79,041,004
Accounts Receivable-Bankwest	116,360
Loans Receivable - REDI, net of allowance of \$596,834	30,882,970
Loan Interest Receivable	22,815
Net Pension Asset	136,978
Equipment	1,750
Due From Other Funds	500,000
Investment Income Receivable	<u>856,983</u>

TOTAL ASSETS \$111,558,860

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	<u>121,211</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>121,211</u>

LIABILITIES

Accounts Payable	\$14,262
Wages and Benefits Payable	\$25,507
Accrued Leave Payable	\$12,876
Due To Other Funds	<u>\$19,124</u>

TOTAL LIABILITIES \$71,769

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	<u>158,643</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>158,643</u>

NET POSITION

Investment in Capital Assets	1,750
Unrestricted	<u>111,447,909</u>

TOTAL NET POSITION \$111,449,659

TOTAL LIABILITIES AND NET POSITION \$111,680,071

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Period Ending November 30, 2015

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$54,417	\$260,676
Ethanol Income - REDI	0	0
Other Income - REDI	5,563	36,699
Building South Dakota Income	0	52,851
LESS OPERATING EXPENSES		
Administrative Expenses	66,205	284,223
Bad Debt Expense	(28,009)	(280,391)
Other Expenses	93	7,366
Transfer to Ag.	0	0
Building South Dakota Grants	0	0
NET INCOME (LOSS) FROM OPERATIONS	\$21,691	\$339,028
NONOPERATING REVENUE		
Investment Income	292,632	856,983
CHANGE IN NET POSITION	\$314,323	\$1,196,011
NET POSITION, BEGINNING	111,135,336	110,253,648
Prior period Adjustment	0	0
NET POSITION, ENDING	<u>\$111,449,659</u>	<u>\$111,449,659</u>

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

STATEMENT OF CASH FLOWS

For the Period Ending November 30, 2015

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$314,323	\$1,196,011
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	(403,030)	3,816,552
(Increase) Decrease in Loan Interest Receivable	(3,998)	13,641
(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	(292,632)	30,283
(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
	(\$385,337)	\$5,556,487
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	(\$385,337)	\$5,556,487
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	79,426,341	73,484,517
CASH AND INVESTMENTS - ENDING	\$79,041,004	\$79,041,004

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - REDI
For the Period Ending November 30, 2015
See Accountant's Compilation Report

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
CMW Industrial Properties, LLC	11/12/2014	350,000
RTI, LLC/NEVCO, LLC	11/12/2014	250,000
PEDCO/South Dakota Pulse Processors	12/9/2014	360,000
RTI, LLC/RTI Holdings, LLC	1/12/2015	825,000
Kerry K Engle Separate Property Trust	3/9/2015	607,500
Sioux Falls Development Foundation	6/2/2015	8,500,000
Shoemaker Properties, LLC	7/16/2015	343,312
Wentz Commercial Properties, LLC	7/16/2015	397,000
Bellmark Properties, Inc.	8/11/2015	778,000
Gage Brothers Concrete Products, Inc.	8/11/2015	2,500,000
Showplace Wood Products	9/15/2015	4,185,000
R&R Holdings, LLC	10/13/2015	606,000
Total		<u>\$ 19,701,812</u>

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING	Nov	Advanced Date	Loan Amount
<u>Company Name</u>		<u> </u>	<u> </u>
Moffatt Products, Inc.		11/4/2015	\$562,271

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

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

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

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - SDJP
For the Period Ending November 30, 2015
See Accountant's Compilation Report**

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	10/31/2015	\$1,391,172
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	11/30/2015	<u>\$1,391,172</u>

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

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Specialized Machine, LLC.	4/8/2014	0	\$4,000 Authorized
			\$4,000 Disbursed
Sapa Extrusions, Inc.	9/9/2014	24,280	\$24,280 Authorized
			\$0 Disbursed
TruXedo, Inc.	4/14/2015	12,200	\$12,200 Authorized
			\$0 Disbursed
		<u>\$36,480</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,391,172
Less Cash and Investments-Restricted for Approved Loans/Grants	\$36,480
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u><u>\$1,354,692</u></u>

**Board of Economic Development
January 12, 2016**

BILLS REQUIRING APPROVAL FOR PAYMENT

Clay County Abstract & Title Company	\$2,750.00	Vermillion EDC
--------------------------------------	------------	----------------

