

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
WEDNESDAY, FEBRUARY 10, 2016, 2:30 P.M. CT**

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**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
WEDNESDAY, FEBRUARY 10, 2016, 2:30 P.M. CT**

*Board  
Members:*

*Jeff Erickson*

*Dale Clement*

*Tony Klein*

*Sharon  
Casey*

*John Calvin*

*Michael  
Luken*

*Greg  
Heineman*

*Tim Kessler*

*Ted Husted*

*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 January 12, 2016 and February 2, 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. [      p.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 \_\_\_\_\_

**Loan Review**

**Loan Review Summary – Watertown Development Company/Nutting**

Motion to approve the loan review and recommendation as presented.

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

**Old Business**

**CMW Industrial Properties, LLC/SpecSys, Inc.**

Motion to approve a commitment extension to June 30, 2016.

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

**RTI, LLC/RTI Holdings, LLC**

Motion to approve an increased loan amount as presented.

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

**Ringneck Energy & Feed, LLC**

Motion to approve a 90 day grant agreement extension.

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

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

**New Business**

**Vermillion Area Chamber of Commerce & Development Company**

Motion to approve the waiver for a loan over \$1,000,000.

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

Motion to approve the loan request from Vermillion Area Chamber of Commerce & Development Company in the amount of \$2,764,428. 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 \_\_\_\_\_.

**Adjourn**

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



**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD  
WEDNESDAY, FEBRUARY 10, 2016, 2:30 P.M. CT**

**REGULAR SESSION AGENDA**

- 2:30 P.M. Call To Order, Chairman Jeff Erickson
- 2:35 P.M. **Agenda**  
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**  
RECOMMENDED ACTION: Motion to approve the minutes of January 12, 2016 and February 2, 2016, as presented.
- Monthly Financials**  
RECOMMENDED ACTION: No action taken.
- 2:45 P.M. Commissioner's Comments
- Spec Building Discussion
- 3:00 P.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.
- 4:00 P.M. **Report from Executive Session**  
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
- Watertown Development Company/Nutting
  - CMW Industrial Properties, LLC/SpecSys, Inc.
  - RTI, LLC/RTI Holdings, LLC
  - Ringneck Energy & Feed, LLC
  - Vermillion Area Chamber of Commerce & Development Company

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, JANUARY 12, 2016, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Greg Heineman, Ted Husted, Don Kettering, Pat Prostrullo, Tom Jones, Norbert Sebade and Scott Parsley

Staff Present

Commissioner Pat Costello, Deputy Commissioner Aaron Scheibe, Cassie Stoeser, Ashley Moore and Dale Knapp

Other Staff Present

Sam Helma - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

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

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Tony Klein and seconded by Ted Husted to approve the minutes of the meetings held December 8, 2015 and January 4, 2016, as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by John Calvin and seconded by Sharon Casey to enter into executive session at 9:45 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:07 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 Mike Luken and seconded by Don Kettering to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

WM3D SD Properties, LLC

A motion was made by Pat Prostrullo and seconded by Mike Luken to approve the updated classification as presented.

Motion passed by a roll call vote.

New Business

Aberdeen Development Corporation/Magnum Trucking, Inc.

A motion was made by Don Kettering and seconded by Ted Husted 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 passed by a voice vote.

Bills

A motion was made by Sharon Casey and seconded by John Calvin to approve the bill payable to Clay County Abstract & Title Company in the amount of \$2,750.00.

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 10:15 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  
TUESDAY FEBRUARY 2, 2016, 2:00 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 LaJena Gruis

Other Staff Present

Sam Helma - BankWest, Inc., Mike Bietz - BankWest, Inc.

Call to Order

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

Agenda

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

Motion passed by a roll call vote.

Executive Session

A motion was made by Pat Prostrollo and seconded by Don Kettering 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 2:40 p.m. The Chairman reported that the Board of Economic Development Credit Committee entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

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

Motion passed by a roll call vote.

Loan reviews

Credit Committee recommends to the Board approving the loan review and recommendation as presented.

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

Motion passed by a roll call vote.

Old Business

CMW Industrial Properties, LLC/SpecSys, Inc.

Credit Committee recommends to the Board approving a commitment extension to June 30, 2016.

A motion was made by Norbert Sebade and seconded by Pat Prostrollo.

Motion passed by a roll call vote.

RTI, LLC/RTI Holdings, LLC

Credit Committee recommends to the Board approving an increased loan amount as presented.

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

New Business

Vermillion Area Chamber of Commerce & Development Company

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

A motion was made by Pat Prostrullo and seconded by Norbert Sebade.

Motion passed by a roll call vote with Don Kettering abstaining.

Adjourn

A motion was made by Dale Clement and seconded by Pat Prostrullo to adjourn the meeting at 2:45 p.m.

Motion passed by a roll call vote

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Dale Clement, Secretary or  
Tony Klein, Treasurer



**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND  
FINANCIAL REPORT  
(Compiled)  
December 31, 2015**

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# Clausen & Rice, LLP

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## 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 December 31, 2016 and for the six 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  
January 20, 2016

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

**December 31, 2015**

**See Accountant's Compilation Report**

<b>ASSETS</b>	
Cash and Investments-Unrestricted	\$58,362,458
Cash and Investments-Designated for Approved REDI Loans	13,469,612
Cash-SD Jobs	<u>1,391,172</u>
Total Cash and Investments	\$73,223,242
Accounts Receivable-Bankwest	116,360
Loans Receivable - REDI, net of allowance of \$587,357	36,796,626
Loan Interest Receivable	15,973
Net Pension Asset	136,978
Equipment	1,750
Due From Other Funds	500,000
Investment Income Receivable	<u>1,148,169</u>
<b>TOTAL ASSETS</b>	<u><u>\$111,939,098</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources Related to Pensions	<u>121,211</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>121,211</u>
<b>LIABILITIES</b>	
Accounts Payable	\$14,262
Wages and Benefits Payable	\$25,507
Accrued Leave Payable	\$12,876
Due To Other Funds	<u>\$19,124</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$71,769</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources Related to Pensions	<u>158,643</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>158,643</u>
<b>NET POSITION</b>	
Investment in Capital Assets	1,750
Unrestricted	<u>111,828,147</u>
<b>TOTAL NET POSITION</b>	<u><u>\$111,829,897</u></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$112,060,309</u></u>

**SOUTH DAKOTA REVOLVING**

**ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

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

**For the Period Ending December 31, 2015**

**See Accountant's Compilation Report**

	<u>Current Period</u>	<u>Year to Date</u>
<b>OPERATING REVENUE</b>		
Interest Income on Loans - REDI	\$46,197	\$306,873
Ethanol Income - REDI	0	0
Other Income - REDI	85,060	121,759
Building South Dakota Income	0	52,851
<b>LESS OPERATING EXPENSES</b>		
Administrative Expenses	49,870	334,093
Bad Debt Expense	(9,477)	(289,868)
Other Expenses	1,813	9,178
Transfer to Ag.	0	0
Building South Dakota Grants	0	0
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>\$89,051</b>	<b>\$428,080</b>
<b>NONOPERATING REVENUE</b>		
Investment Income	291,187	1,148,169
<b>CHANGE IN NET POSITION</b>	<b>\$380,238</b>	<b>\$1,576,249</b>
<b>NET POSITION, BEGINNING</b>	<b>111,449,659</b>	<b>110,253,648</b>
Prior period Adjustment	0	0
<b>NET POSITION, ENDING</b>	<b><u>\$111,829,897</u></b>	<b><u>\$111,829,897</u></b>

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

**STATEMENT OF CASH FLOWS**

For the Period Ending December 31, 2015

See Accountant's Compilation Report

	Current Period	Year to Date
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$380,238	\$1,576,249
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	(5,913,655)	(2,097,103)
(Increase) Decrease in Loan		
Interest Receivable	6,842	20,483
(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	(291,187)	(260,904)
(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
	(\$5,817,762)	(\$261,275)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Prior Period Adjustment	0	0
	(\$5,817,762)	(\$261,275)
<b>NET INCREASE IN CASH AND INVESTMENTS</b>		
<b>CASH AND INVESTMENTS - BEGINNING</b>	79,041,004	73,484,517
<b>CASH AND INVESTMENTS - ENDING</b>	\$73,223,242	\$73,223,242

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND  
ADDITIONAL LOAN INFORMATION - REDI  
For the Period Ending December 31, 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	2,267,800
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>\$ 13,469,612</u>

\*\* First advance funded in December 2015 (\$6,232,200)

**See Accountant's Compilation Report**

REDI LOANS ADVANCED, DURING	Dec	Advanced Date	Loan Amount
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
Sioux Falls Development Foundation - Partial Advance		12/16/2015	\$6,232,200

REDI LOANS PAID OFF, DURING	Dec	Pay-off Date	Original Loan Amount
<u>Company Name</u>		<u>Date</u>	<u>Amount</u>
Lake Area Improvement Corporation		12/22/2015	\$132,512
Manitex Load King		12/29/2015	\$722,713

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

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

**SOUTH DAKOTA REVOLVING  
ECONOMIC DEVELOPMENT AND INITIATIVE FUND  
ADDITIONAL LOAN INFORMATION - SDJP  
For the Period Ending December 31, 2015  
See Accountant's Compilation Report**

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

Dedicated SDJP Fund Cash and Investments Balance	11/30/2015	\$1,391,172
Plus: Investment Council Interest		0
South Dakota Jobs		0
		0
Less:		0
		0
		0
Dedicated SDJP Fund Cash and Investments Balance	12/31/2015	<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>\$1,354,692</u>