

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, OCTOBER 13, 2015, 11:00 A.M. CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, OCTOBER 13 2015, 11:00 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 meeting held September 15, 2015 and October 1, 2015, as presented.

Motion made by _____ and seconded by _____.

Annual Report/Audit Report

Motion to approve the 2014 Annual Report/Audit Report 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 _____.

Loan Reviews

Loan Review Summary – Aberdeen Development Company, PEDCO/Eagle Creek and WM3DSD, LLC

Motion to approve the loan reviews and recommendations as presented.

Motion made by _____ and seconded by _____.

Old Business

CED Campbell County Wind Farm Holdings, LLC

Motion to approve changing the project owner back to Campbell County Wind Farm, LLC.

Motion made by _____ and seconded by _____.

PEDCO/Pulse Processors

Motion to approve the increased project costs as presented.

Motion made by _____ and seconded by _____.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

New Business

R & R Holdings, LLC

Motion to approve the loan request from R & R Holdings, LLC in the amount of \$606,000. Secured by a shared first on the 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 made by _____ and seconded by _____.

Ring-Neck Energy & Feed, LLC

Motion to approve the Reinvestment Payment application of Ring-Neck Energy & Feed, 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 \$1,183,845, but not to exceed 50 percent of State Sales/Use Tax paid on eligible project costs, is approved for Ring-Neck Energy & Feed, 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 _____.

Adjourn

Motion made by _____ and seconded by _____.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
TUESDAY, OCTOBER 13, 2015, 11:00 A.M. CT**

REGULAR SESSION AGENDA

- 11:00 A.M. Call To Order, Chairman Jeff Erickson
- 11:05 A.M. **Agenda**
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**
RECOMMENDED ACTION: Motion to approve the minutes of September 15, 2015 and October 1, 2015, as presented.
- Approve Annual Report/Audit Report**
RECOMMENDED ACTION: Motion to approve the 2015 Annual Report/Audit Report as presented.
- 11:10 A.M. Commissioner's Comments
- 11:15 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.
- 11:40 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
Loan Review Summary
CED Campbell County Wind Farm Holdings, LLC
PEDCO/Pulse Processors
R & R Holdings, LLC
Ring-Neck Energy & Feed, LLC

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, SEPTEMBER 15, 2015, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Tim Kessler, Don Kettering, Tom Jones, Norbert Sebade, Bruce Rampelberg, Brian Gosch and Spencer Hawley

Staff Present

Commissioner Pat Costello, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, Cherissa Wright and Dale Knapp

Other Staff Present

Mike Bietz and Sam Helma - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

Chairman Erickson called the meeting to order at 9:35 a.m.

Agenda

A motion was made by Mike Luken and seconded by Tim Kessler to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by John Calvin and seconded by Tony Klein to approve the minutes of the meeting held August 11, 2015 and the meetings held September 3, 2015, as presented.

Motion passed by a roll call vote.

South Dakota Division of Banking – Report from Examination

A motion was made by Dale Clement and seconded by John Calvin to accept the exam as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Tim Kessler and seconded by Sharon Casey 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 10:33 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.

Loan Review

Bel Brands USA, Inc.

A motion was made by Tim Kessler and seconded by John Calvin to approve the loan review and recommendation as presented.

Motion passed by a roll call vote.

Old Business

Arlington Community Development Corporation

A motion was made by Norbert Sebade and seconded by Don Kettering to approve extending the Grant Agreement until December 31, 2015.

Motion passed by a roll call vote.

Bellmark Properties, Inc.

A motion was made by Tony Klein and seconded by Dale Clement to approve the amended application as presented.

Motion passed by a roll call vote.

CMW Industrial Properties, LLC/SpecSys, Inc.

A motion was made by Tim Kessler and seconded by Sharon Casey to approve a commitment extension to December 31, 2015.

Motion passed by a roll call vote.

Northeast Council of Governments Development Corporation

A motion was made by Dale Clement and seconded by Mike Luken to approve maintaining a 3:1 match and reducing the GOED grant based on the final USDA loan.

Motion passed by a roll call vote.

PEDCO/Eagle Creek

A motion was made by Tony Klein and seconded by Tim Kessler to approve a financial waiver until September 30, 2015 and an ongoing waiver until July 31 of each year.

Motion passed by a roll call vote Don Kettering abstaining.

Kerry K. Engle Separate Property Trust

A motion was made by Dale Clement and seconded by Mike Luken to approve altering life insurance requirements for personal guarantors.

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

PEDCO/Pulse Processors

A motion was made by Tim Kessler and seconded by Dale Clement to approve allowing a subordinate mortgage.

Motion passed by a roll call vote.

New Business

Showplace Wood Products

A motion was made by Mike Luken and seconded by Sharon Casey to approve the waiver for a loan over \$1,000,000.

Motion passed by a roll call vote.

A motion was made by Norbert Sebade and seconded by Dale Clement to approve the loan request from Showplace Wood Products in the amount of \$4,185,000. Secured by a first position on the new building and a first position on equipment.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.
Motion passed by a roll call vote.

Economic Development Partnership Program
Aberdeen Development Corporation (RLF) and Rural Electric Economic Development, Inc. (RLF)

A motion was made by Sharon Casey and seconded by John Calvin to approve the Economic Development Partnership Program grants for the following borrowers as recommended by staff and Grant Committee:

Aberdeen Development Corporation (RLF)

- Approve an Economic Development Partnership grant award to the Aberdeen Development Corporation (RLF) in the amount of \$100,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Rural Electric Economic Development, Inc. (RLF)

- Approve an Economic Development Partnership grant award to the Rural Electric Economic Development, Inc. (RLF) in the amount of \$250,000.00, contingent upon securing a 4:1 match, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program
City of Belle Fourche

A motion was made by Tim Kessler and seconded by Mike Luken to approve the Local Infrastructure Improvement Program grant for the following borrower as recommended by staff and Grant Committee:

City of Belle Fourche

- Approve a Local Infrastructure Improvement grant award to the City of Belle Fourche in the amount of \$350,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a roll call vote.

Grant County

A motion was made by Sharon Casey and seconded by Dale Clement to deny the Local Infrastructure Improvement Program grant as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Watertown Development Company

A motion was made by Nobert Sebade and seconded by Tim Kessler to deny the Local Infrastructure Improvement Program grant as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Bills

A motion was made by Mike Luken and seconded by John Calvin to approve the bill payable to May, Adam, Gerdes & Thompson LLP in the amount of \$2,606.50.

Motion passed by a roll call vote.

Adjourn

A motion was made by Tony Klein and seconded by Don Kettering to adjourn the meeting at 10:45 a.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or
Tony Klein, Treasurer

**CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
THURSDAY, OCTOBER 1, 2015, 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

Mike Bietz and 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 Don Kettering and seconded by Pat Prostrollo to approve the agenda as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Dale Clement and seconded by Don Kettering to enter into executive session at 1:07 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 1:45 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 Don Kettering and seconded by Dale Clement to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Reviews

Aberdeen Development Corporation, PEDCO/Eagle Creek and WM3D SD Properties, LLC

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

A motion was made by Pat Prostrollo and seconded by Don Kettering.

Motion passed by a roll call vote.

Old Business

PEDCO/Pulse Processors

Credit Committee recommends to the Board approving the increased project costs as presented.

A motion was made by Norbert Sebade and seconded by Dale Clement.

Motion passed by a roll call vote.

New Business

R & R Holdings, LLC

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

A motion was made by Pat Prostrullo and seconded by Don Kettering.

Motion passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Pat Prostrullo to adjourn the meeting at 1:50 p.m.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

South Dakota

REDI

Revolving Economic Development &
Initiative Fund

June 30, 2015 Annual
Financial Report



ready to work

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
SOUTH DAKOTA

711 E. Wells Ave. Pierre, South Dakota
57501-3369
(605) 773-3301 Fax: (605) 773-3256
www.SDReadyToWork.com

Board of Economic Development Members

Jeff Erickson- Chairman Mr. Erickson is currently Co-owner and Manager of Erickson Family Holdings, LLC, and Border Plains, LLC. He was previously President and Chief Executive Officer of Great Western Bank. He was responsible for an 8.3 billion dollar bank. He is currently the Chairman of the South Dakota Banking Commission and Chairman of the Governor's Office Board of Economic Development (REDI). He was the Chairman of Governor Dennis Daugaard's Transition Team (2010), and has also served as Vice Chairman of the South Dakota Ellsworth Development Authority, Focus Watertown Chairman, Watertown Development Company Chairman, Watertown Area Chamber of Commerce Board Member and President, and a Board Member of the Sioux Falls Development Foundation. A graduate of Northern State University in Aberdeen, South Dakota, he was named "Distinguished Alumni of 2008". In addition, Jeff is a graduate of the Pacific Coast Banking School at the University of Washington in Seattle, Washington; and a graduate of the University of Iowa Executive Development Program in Iowa City, Iowa. Mr. Erickson has worked in the financial services industry for 30+ years. He has been married to his wife, Linda, for 38 years and has four children; Kim, Beth, Scott and Jamie. He also has ten grandchildren. In addition to enjoying time spent with his family, he enjoys sharing sporting events with friends, either as a spectator or participant. He and his family believe in giving back to the communities they live in by volunteering both time and money to worthwhile causes

Tim Kessler- Vice-Chairman Mr. Kessler is a lifelong resident of Aberdeen. He purchased the 71-year-old family business from his father in the late 1980s. A third-generation owner of Kessler's grocery, one of the largest food and drug stores in the Dakotas, Kessler also owns Big Shot Pheasant Fields near Aberdeen. Kessler served for 17 years (1992-2010) on the South Dakota Game, Fish and Parks Commission. He graduated from Northern State University in Aberdeen. Tim also serves on the Pheasants Forever, Inc. and Quail Forever National Board of Directors.

Dr. Dale Clement- Secretary Dr. Clement graduated from Tarkio College in Missouri in 1954. He then served in the Army from 1955-1957. Dr. Clement earned a Masters of Arts degree in Finance from the University of Nebraska in 1958 followed by a PhD from the University of Nebraska-Lincoln in Finance in 1965. He was a professor of Finance at the University of South Dakota from 1963-1989 and Dean of the Business School from 1968-1989. Dale served as Chief Financial Officer of the Black Hills Corporation from 1989-1997. He was the Founding Director and President of the J T Vucurevich Foundation from 1990-to present. Dr. Clement was awarded an Honorary Doctorate from Tarkio College in Missouri. The Dean's l-wing of the School of Business at USD was named in his honor for 26 years of service. He was named to the Board of Economic Development the day Governor Mickelson died. Dr. Clement and his wife Barbara have two children.

Tony Klein- Treasurer Mr. Klein is an original member of the Board of Economic Development. Mr. Klein started Klein's Office Equipment in 1963 in Pierre and operated it until 1994. He is also the owner and manager of numerous commercial real estate properties and is presently self-employed as a real estate appraiser for 17 years. Mr. Klein has served as a Hughes County commissioner for 7 years and has served on the boards of numerous charitable foundations. Mr. Klein has also served as Jaycee president and State VP, along with the Pierre Chamber of Commerce Board member & past president

Sharon Casey is an original member of the Board of Economic Development, appointed by Governor Mickelson. She is a businesswoman, formerly co-owner of Casey Drug and Jewelry.

Sharon remains active in her local Lake Francis Casc Development Corporation as a board member, a St. James Catholic Church Parish council member and building committee member, Kiwanis Club member, South Dakota Art Museum, Employer Support for the Guard Reserve (ESGR), and past President of the Chamberlain Chamber of Commerce. Sharon placed foreign exchange students and teachers with Youth for Understanding from 1971 to 1980. During that time they hosted exchange students from Brazil, Yugoslavia, Norway, Philippines, Holland and France. Sharon is a graduate of South Dakota State University. Sharon and her husband now enjoy catching up on the activities of their four children and 12 grandchildren and taking in frequent travels.

D. Greg Heineman is Chairman of the Board and CEO of Williams Insurance. He began his insurance career while a senior economics major at SDSU. Greg has served as the President of the Sioux Falls Life Underwriters Association. In 1977 he was awarded the Art B. Mitchell award as the South Dakota Outstanding Young Life Underwriter. Greg has won numerous production awards and served on many advisory boards for insurance companies throughout his career. Greg has served as President of the Make-A-Wish foundation of SD, a member of the Sioux Falls Area Foundation, Catholic Diocese Foundation for Eastern SD and Sioux Falls Catholic Schools Foundation. He has also been active in fundraising at the community, Catholic Church, and Sioux Falls Catholic Schools. In addition to Williams Insurance, Greg and his son Mike own the Sioux Falls Skyforce of the NBA Development League. He and his son Nick own Look's Market. Greg's oldest son Robb is the CEO and part of the ownership group for Sporting Kansas City of Major League Soccer. Greg's wife Phyllis is a South Dakota State Senator and has served in the Legislature for 14 years. In addition to three sons, Greg and Phyllis, who have been married 44 years, have three daughters-in-law and seven grandchildren.

Mike Luken is a native of Watertown, South Dakota. He has been involved in farming in Northeast South Dakota, custom combining, and reconditioning the former Memorial Hospital to develop affordable housing in the community. He's also started numerous businesses that include a tanning salon, Glacial Lakes Bottling and Marketing, and Express Photo with locations in both Watertown and Sioux Falls. Mr. Luken was also part of the Discount Farm Center and later was hired by ABT to manage the operation. Currently Mr. Luken sells real estate for Hofsticzer Real Estate in Watertown. He is the past chairman of the Board for the Watertown Area Chamber of Commerce and was appointed to the Watertown Municipal Utilities Board by Mayor Gary Williams and was past president. Current Mayor Steve Thorson also re-appointed Mike to serve another 5 year term to the Watertown Municipal Utilities Board. Mr. Luken is also involved in many other civic and private organizations.

John Calvin is currently the CEO and sole owner of J. Scott Industries, an operating company in Watertown that makes significant investments in and helps small businesses. Before starting J. Scott Industries, Mr. Calvin owned Angus Palm Industries in Watertown, which he later sold to the employees. Angus Industries was approved for the first REDI Fund loan in 1987. This company manufactures quality roll-over protective systems, cabs and custom steel fabrications. Mr. Calvin held many Senior Executive positions in the Lockheed Martin Corporation, along with positions in other publicly traded companies. Throughout his career he has been involved in countless other business ventures. John received high Masonic honors in both Scottish Rite and York Rite. John served as the cabinet secretary of the Office of Tourism and State Development from April 2003 to December 2003. Currently John is a member of the Board of Directors of Prairie Lakes Healthcare System. Mr. Calvin is a graduate of the University of Michigan with a degree in pre-law studies; he also did graduate seminars at Columbia and Rutgers Universities.

Don Kettering is a South Dakota born, farm raised, Brentford High School, Northern State College BA and South Dakota State University MA educated, United States Army trained and has worked in agricultural banking for the past 38 years. Don and his wife have two children and five grandchildren. He has lived and worked in the Yankton community for almost forty years. Don enjoys hunting, fishing, golf, gardening, and woodworking as pastime activities. Working with community and State organizations that promote growth and opportunities for others has been very gratifying for him.

Ted Husted is the former President of Wall Drug Store. He graduated from the University of North Dakota in 1980 with a BA Degree in Political Science and Economics. He also successfully completed the 3 year OPM Program at Harvard Business School. Ted also serves on the Governor's Tourism Board and enjoys being involved in South Dakota politics. Ted is married, has two sons in college, and lives in Wall, South Dakota. He believes that, "South Dakota is a great place to raise a family, be in business, and retire."

Pat Prostrollo was born and raised in Madison, SD and graduated from USD in 1975. After college he moved to Couer d' Alene, Idaho and worked for a year and a half. In 1976 he joined his father, Jerry Prostrollo in the automobile business in Madison, SD. In 1982 he purchased the Chevrolet/Buick dealership in Huron SD and 10 years later he moved back to Madison and became a partner with his father in their GM-Chrysler-Ford dealerships. In 1995 Pat purchased the GM-Ford-Chrysler dealerships from his father and still owns them today. Pat and his wife Deb and have 2 grown children and 5 grandchildren

Tom Jones is currently owner of Jones' Food Center in Viborg since 1979. He was previous owner of Jones' Food Centers in Lake Andes, Alcester, Springfield, Parker, Vermillion and Missouri Valley, IA. Tom graduated from Huron College in December 1962 with a degree in Bachelor of Arts and in May of 1969 from South Dakota State University with a Master's Degree in Education Administration. Mr. Jones also was previous owner of Sunny Side Plaza in Hartford, Southeastern Overhead Door, Ltd in Mitchell and Beresford and Dakota Ace Hardware in Viborg. Tom has previously served as a Viborg City Council Member, Chairman of the Viborg Economic Development Board, 4-H Turner County Horse Leader, Chairman of the South Dakota 4-H Horse Board, Active Money Raiser for Make-A-Wish, South Dakota Sports Hall of Fame Advisory Board, South Dakota Hall of Fame Board Member, South Dakota Rodeo Association Board, United State Team Penning Association Board, National Cutting Horse Association, Masonic Member of Joppa Lodge, El Riad Shrine Member, South Dakota House of Representative from 2011-2012 and the South Dakota Senate from 2012-13. Tom also has served as a head and assistant basketball coach at the college and high school level. He has also been named Business Man of the Year, is in the Huron College Hall of Fame, was an All American College Football player, and was Coach of the Year at the college and high school levels. Tom and his wife Linda have 2 daughters and 5 grandchildren.

Norbert Sebade graduated from BHSU with a degree in Business Administration. He spent 43 years in banking and retired in 2010 as Regional President of First Interstate Bank. Norbert has served on the Children's Home Foundation. He is Chairman of the South Dakota Health & Education Authority and serves on the South Dakota Community Foundation. He serves on the First Interstate Greater Wall Foundation. Norbert and his wife Jane have two children and two grandchildren.

Non-Voting Legislative Members

Scott Parsley serves as Assistant General Manager for Member Services at East River Electric Power Cooperative, headquartered in Madison, South Dakota. East River is a rural electric power supply cooperative which serves wholesale electricity to 25 retail member systems, which in turn serve over 115,000 homes and businesses. The 40,000 square mile service area covers 41 counties in eastern South Dakota and 22 counties in western Minnesota. Scott has worked for East River for 28 years. He served as staff assistant at East River before being named to his current position in 1990. In 2014 Scott was elected to the South Dakota Senate representing District 8, Moody, Lake, Miner and Sanborn counties in east central South Dakota. Scott is a native of Brookings, South Dakota. After serving in the Navy, he earned his B.A. degree from Dordt College in Sioux Center, Iowa. Scott serves on the American Coalition for Ethanol (ACE) Board, the Habitat for Humanity Board, the Voices for Children's Board, and the Dakota Resources Board. He currently is Vice-President on the Board of Directors of Consumer Federation of America and was the former President of the South Dakota 4-H Foundation Board of Directors. He also played a key role in the development of the Prairie Winds project. Scott and his wife, Valerie, have a son, Nicholas, and two daughters: Caitlin and Christina.

Bruce Rampelberg retired from a long time career in the banking business where he served as President of 3 banks. He is in his third term as South Dakota Senator for District 30 and serves on 4 committees; Education and Agriculture and as Chairman of Health and the Retirement Laws Committees. He was chairman of Ellsworth Task Force during the BRAC that attempted to close Ellsworth Air Force Base and was the first Chairman of South Dakota Ellsworth Development Authority. Over the years he has served as chairman on numerous community boards and fund raising campaigns including chairman of both the Rapid City and Grand Forks, ND Chamber of Commerce boards and chairman of a \$5 million Hospice House campaign. In addition, he was Chairman of the South Dakota Bankers Association and Treasurer of the South Dakota Housing Development Authority. He currently serves as President of the Development for the Disabled Inc. board, director on the Dakota Resources board and is the Development Director for Black Hills Vision. He is a member of Rotary and is a Deacon at First Christian Church. Bruce is married to Sandee and they have two grown sons and three grandchildren.

Spencer Hawley is the owner of Hawley Insurance Services in Brookings, SD and has been in the insurance business for 37 years. He is a graduate from South Dakota State University. He was a past recipient of the Gilbert T. Gilbertson Agent of the Year award for the Brookings Association and in 2009 received the Edward Downs Memorial award as agent of the year in South Dakota from the SD National Association of Insurance and Financial Advisors. Hawley is also Colonel (RET) Spencer Hawley, and is retired from the military after serving 30 years with the South Dakota Army National Guard. He received his commission from the Military Science Department of South Dakota State University in 1975 and was promoted to Colonel on July 10, 2000. He was appointed to the SD Game, Fish and Parks Commission in 2003. He served as the Chairman for the Game Fish and Parks Commission for 2 years until his term was up in March 2010. Hawley's many civic affiliations include Past President of the Brookings Chamber of Commerce committee; Past President of the SD Parks and Wildlife Foundation and Past President of the Brookings Economic Development Corporation. He is also a member and past State President of the Independent Insurance Agents of South Dakota. Colonel (RET) Hawley is past President of the National Guard Association of South Dakota. He currently is a regional representative for the South Dakota ESGR committee (Employer Support for the Guards and Reserves). He was elected to the SD House of Representatives in 2010 and currently is in his 3rd term. Representative Hawley is the House Minority leader and is on the House State Affairs and

House Commerce and Energy Committees and SD Legislative Executive board. He and his wife, Barbara Ann, have four children and 5 grandchildren.

Brian Gosch is the Majority Leader of the South Dakota House of Representatives. He chairs the State Affairs committee and had previously served as Speaker of the House, Speaker Pro Tempore, Majority Whip, Chair of the House Judiciary committee and Chair of the House Legislative Procedures Committee. He obtained his Juris Doctor from the University of South Dakota in 1996 and has practiced law in South Dakota since that time, mostly working for South Dakota Advocacy Services. He was also an adjunct professor at National American University teaching Business Law I & II. Brian is a member of the Uniform Laws Commission, South Dakota Code Commission, State Bar Consumer Protection Committee, Elder Abuse Task Force, and the Mayor's Committee for People with Disabilities. He has also served on the Governor's Criminal Justice Workgroups, South Dakota Child Support Commission. He chaired the Watershed Task Force and was the Vice Chair of a 2010 summer study.

Loan Portfolio

Board of Economic Development Activity

Loans Approved Fiscal Year 2015

COMPANY	PROJECTED JOBS	REDI FUND LOAN AMOUNT	TOTAL PROJECT AMOUNT	COMMUNITY
Cattail Company	60	\$441,900	\$1,914,238	Sisseton
CMW Industrial Properties, LLC	30	\$900,000	\$5,900,000	Watertown
Hansen Manufacturing Corp*	50, 100 retained	\$5,000,000	\$18,442,371	Sioux Falls
Kerry K Engle Separate Property Trust	40	\$607,500	\$1,350,000	Canton
Moffatt Products, Inc.	7	\$597,900	\$1,288,700	Watertown
PEDCO/South Dakota Pulse Processors	18	\$360,000	\$850,000	Harrold
RTI, LLC/NEVCO, LLC	7.5	\$250,000	\$570,000	Brookings
RTI, LLC/RTI Holdings, LLC	11.5	\$825,000	\$3,300,000	Brookings
SD Industries (2 loans)	17	\$639,637	\$1,421,415	Alexandria
SpecSys, Inc.	see CMW	\$350,000	see CMW	Watertown
Sioux Falls Development Foundation	850	\$8,500,000	\$29,000,000	Sioux Falls
Weisser Properties, LLC	20	\$945,000	\$2,100,000	Tea
FY 2015 Total: 12 loans	1,111, 100 retained	\$19,398,937	\$66,136,724	

*Withdrawn

**REDI Fund Company Activity
September 1987 through June 2014**

<u>Company</u> <u>(County in Bold)</u>	Total Loan Amount	Total Project Amount	Projected FTE Jobs
AURORA			
B&H Holding Company	\$108,000	\$243,000	24
Pure Pulp Products, Inc.	\$1,375,000	\$5,972,000	166
	<hr/>	<hr/>	<hr/>
	\$1,483,000	\$6,215,000	190
BEADLE			
American Foods Group, Inc. I	\$500,000	\$7,790,000	116
American Foods Group, Inc. II/Huron	\$279,400	\$1,220,000	57
American Foods Group, Inc. III/Huron	\$500,000	\$1,750,000	146
Dakota Turkey Growers, LLC	\$3,000,000	\$58,450,000	387
Dak-Lan, LLC	\$194,527	\$1,029,241	7
Horizontal Machining & Mfg	\$700,000	\$2,268,430	35
Huron Manufacturing Company	\$65,000	\$200,000	12
Industrial Manufacturing of SD, Inc. I	\$275,000	\$700,000	35
Industrial Manufacturing of SD, Inc. II	\$420,413	\$973,761	54
Industrial Manufacturing of SD, Inc. III	\$650,000	\$2,030,000	60
Midcom, Inc.	\$600,000	\$2,155,000	167.5
Overbuilt, Inc.	\$750,000	\$3,341,908	72
Prairie Trends, Inc.	\$50,000	\$300,000	17
Protective Coating Specialists, Inc.	\$100,000	\$240,000	30
Raven Industries, Inc. II/Huron	\$245,000	\$1,855,000	50
Riverside Manufacturing LLC	\$300,000	\$950,000	60
Shallbetter, Inc.	\$144,000	\$320,955	63
Trussbilt, Inc. I	\$700,000	\$3,223,000	151
Trussbilt, Inc. II	\$315,000	\$1,450,000	54
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	\$9,788,340	\$90,247,295	1573.5
BON HOMME			
Broin Enterprises, Inc.	\$112,000	\$312,000	14
Rush Company	\$750,000	\$2,014,250	36
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	\$862,000	\$2,326,250	50
BROOKINGS			
Bel Brands USA, Inc. (2 loans)	\$8,000,000	\$166,920,000	365
Biogenetics Services, Inc.	\$131,988	\$560,000	14.5
Brookings Economic Dev. Corp	\$550,000	\$3,465,000	11
Counterpart, Inc.	\$175,000	\$1,480,000	35
Counterpart, Inc. #3	\$558,775	\$2,205,745	60
Dakota Services, LLC I	\$150,000	\$535,000	29
Dakota Services, LLC II	\$200,000	\$787,000	39
Daktronics, Inc. I	\$112,500	\$250,000	33.5
Daktronics, Inc. II	\$400,000	\$900,000	96
Falcon Plastics, Inc III	\$348,000	\$3,620,000	50
Larson Manufacturing, Inc. I	\$750,000	\$3,056,901	92
Larson Manufacturing, Inc. II	\$750,000	\$2,350,000	87
Larson Manufacturing, Inc. III	\$1,500,000	\$6,270,000	191
Larson Manufacturing, Inc. IV	\$1,500,000	\$4,300,000	300
Lomar Development Company, LLP	\$1,023,750	\$2,600,000	50
Maize Properties, Inc. I	\$50,000	\$340,786	16

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
			Jobs
BROOKINGS(Con't.)			
Maize Properties, Inc. II	\$126,450	\$281,000	24
Maize Properties, Inc. III	\$208,000	\$603,441	19
Measurement Technologies	\$100,000	\$800,000	16
Metalworks, LLC	\$500,000	\$1,600,000	25
Prince Manufacturing Corp.	\$400,000	\$2,750,000	50
Rainbow Play Systems, Inc.	\$400,000	\$2,954,500	83
Rainbow Play Systems, Inc. II	\$1,500,000	\$6,500,000	100
RTI, LLC/NEVCO, LLC*	\$250,000	\$570,000	7.5
RTI, LLC/RTI Holdings, LLC*	\$825,000	\$3,300,000	11.5
Sitel Corporation	\$157,500	\$349,500	104.5
South Dakota Soybean Processors	\$1,050,000	\$37,700,000	68
TCF Industries, Inc.	\$200,000	\$937,500	61.5
TCF & Blower II	\$850,000	\$3,700,000	170
Twin City Fan Companies, LTD #2	\$233,564	\$519,032	25
	\$23,000,527	\$262,205,405	2234
BROWN			
Aberdeen Development Corporation I	\$75,000	\$250,000	27.5
Aberdeen Development Corporation II	\$1,350,000	\$3,200,000	N/A
Aberdeen Development Corporation III	\$1,000,000	\$3,000,000	200
Aberdeen Development Corporation V	\$300,000	\$730,000	100
Aberdeen Development Corporation VI	\$1,600,000	\$3,600,000	200
Aberdeen Development Corporation VII	\$4,500,000	\$21,218,869	708
Aberdeen Development Corporation VIII	\$100,000	\$300,000	40
Cabinets Dakotah	\$25,000	\$60,000	6
Colorworks, LLC	\$50,000	\$410,000	18
FMC Corporation	\$200,000	\$410,000	18
Glacial Lakes Energy, LLC	\$1,215,000	\$2,750,000	0
Midcom, Inc. II	\$1,000,000	\$410,000	18
Midstates Printing, Inc.	\$100,000	\$410,000	18
Midstates Printing, Inc. #3	\$1,000,000	\$3,350,000	129
Mutual of Omaha Insurance Co.	\$675,000	\$410,000	18
NE Venture, Inc. I	\$166,667	\$1,200,000	106
NE Venture, Inc. II	\$233,333	\$600,000	41
NECOG-DC (RRLF)	\$500,000	\$410,000	18
Sheldahl, Inc.	\$1,000,000	\$2,850,000	50
TCF Acrovent, Inc.	\$500,000	\$8,735,000	186
Tempus Nutritionals, Inc.	\$210,000	\$545,000	30
Western Printing	\$100,000	\$555,000	65
	\$15,900,000	\$55,403,869	1996.5
BRULE			
Lake Francis Case Dev. Co./A Square	\$300,000	\$675,072	24
	\$300,000	\$675,072	24
CHARLES MIX			
Aristo Industries, Inc.	\$41,000	\$91,500	20
Boyd's Gunstock Industries, Inc. I	\$35,000	\$155,000	15.5
Boyd's Gunstock Industries, Inc. II	\$40,000	\$88,900	17
Dakotah, Inc. III	\$300,000	\$3,070,000	60
Filters Co., Inc.	\$200,000	\$600,000	50
	\$616,000	\$4,005,400	162.5

REDI Fund Company Activity

Company (County in Bold)	Total Loan Amount	Total Project Amount	Projected FTE Jobs
CLAY			
Performance Engineering and Manufacturing, Inc. I	\$125,000	\$800,000	30
Performance Engineering and Manufacturing, Inc. II	\$180,000	\$2,340,083	40
JH Investments, LLC	\$1,250,000	\$4,095,000	25
JH Investments, LLC II	\$1,200,000	\$3,250,000	50
	\$2,755,000	\$10,485,083	145
CODINGTON			
Angus-Palm Industries, Inc. I	\$465,000	\$1,998,000	170
Angus-Palm Industries, Inc. II	\$465,000	\$1,850,000	69
Angus-Palm Industries, Inc. III	\$289,000	\$1,026,520	55
Angus-Palm Industries, Inc. IV	\$975,000	\$3,080,000	324
Benchmark Foam, Inc.	\$1,500,000	\$4,602,628	12
BVH, LLC	\$110,000	\$367,500	18
CMW Industrial Properties, LLC	\$900,000	\$5,900,000	30
CurMar, LLC	\$778,257	\$2,269,221	50
DBI Holdings, LLC	\$500,000	\$1,930,000	45
DBI Holdings, LLC	\$2,178,500	\$4,696,175	115
Dakota Bodies, Inc.	\$78,000	\$177,709	19
Dakota Finishing Co.	\$55,000	\$125,000	12
Dakota Tube, Inc. I	\$137,106	\$357,680	27
Dakota Tube, Inc. II	\$350,000	\$770,000	60
Dakota Tube, Inc. III	\$200,000	\$650,000	41
Dakota Tube, Inc. IV	\$250,000	\$575,000	50
DC Machining, Inc.	\$51,795	\$115,100	18
Duralite, Inc.	\$75,000	\$325,000	16.5
Dynamic Engineering	\$220,568	\$505,235	45
ESCO Mfg., Inc.	\$158,000	\$383,700	34
First District Dev. Corp.	\$500,000	500,000	0
Global Technologies, Inc.	\$186,975	\$415,500	23
Hesco, Inc./Specialty Mills	\$87,000	\$389,000	15.5
Integrity Tool and Die, Inc.	\$125,000	\$300,000	30
McFleeg of South Dakota	\$300,000	\$3,981,025	10
MidAmerica Mutual Life Insurance Co.	\$500,000	\$2,068,500	125
Moffatt Products, Inc.*	\$579,900	\$1,822,700	7
OEM	\$650,000	\$3,050,000	123.5
OEM II	\$1,500,000	\$7,530,000	102
Persona, Inc.	\$281,700	\$736,600	82
PREMIER Bankcard, Inc.	\$1,175,000	\$4,516,000	398.5
SpecSys, Inc.*	\$350,000	see CMW	see CMW
Superior Homes, LLC	\$500,000	\$2,600,000	30
Terex-Telelect, Inc.	\$500,000	\$16,400,000	100
Tower Systems, Inc. I	\$135,000	\$550,000	32.5
Tower Systems, Inc. II	\$90,000	\$200,000	18
Twin City Die Castings Co.	\$500,000	\$1,145,000	125
Watertown Development Corp. I	\$1,250,000	\$2,500,000	112
Watertown Development Corp. II	\$75,000	\$332,000	35

REDI Fund Company Activity

Company (County in Bold)	Total Loan Amount	Total Project Amount	Projected FTE Jobs
CODINGTON(Con't.)			
Watertown Development Corp. III	\$295,000	\$883,713	54
Watertown Development Corp. IV	\$1,910,000	\$14,545,340	157
Watertown Development Corp. V	\$1,550,000	\$4,686,035	30
	\$22,776,801	\$100,855,881	2820.5
CUSTER			
Pacer Corporation #2	\$450,000	\$1,113,000	19
	\$450,000	\$1,113,000	19
DAVISON			
American Foods Group, Inc. II/Mitchell	\$220,600	\$1,220,000	45
American Foods Group, Inc. III/Mitchell	\$250,000	\$850,000	62
Boyd's Gunstock Industries, Inc. III	\$125,000	\$325,200	25
Boyd's Gunstock Industries, Inc. IV	\$135,000	\$449,400	28
Boyd's Gunstock Industries, Inc. V	\$250,000	\$919,615	50
Dealer's Livestock Eqp. Center, Inc.	\$220,000	\$600,000	33
FMI, LLC	\$750,000	\$3,080,000	30
Mitchell Area Dev. Corp./Verifications	\$700,000	\$2,240,000	150
TCF Industries, Inc./Axial Division	\$558,800	\$3,279,800	85
TCF & Blower Co., LTD	\$300,000	\$3,300,000	60
Thermoset Products, Inc.	\$1,100,000	\$3,400,000	50
Trail King Industries, Inc.	\$125,000	\$2,251,900	165
Trail King Industries, Inc. II	\$250,000	\$633,560	113.5
Vantage Point Solutions	\$1,000,000	\$4,000,000	46
Yelroc Neuro, Inc./eyeBrain Medical, Inc.	\$181,102	\$465,529	11
	\$6,165,502	\$27,015,004	953.5
DAY			
Dakota Fiberglass, Inc.	\$150,000	\$376,000	19.5
Dakotah, Inc. I	\$54,000	\$120,000	39
Dakotah, Inc. IV	\$730,000	\$1,967,250	146
ESCO Manufacturing, Inc. II	\$127,000	\$982,912	30.5
Steelworks, Inc.	\$90,000	\$235,000	19
Webster Area Development Corp. I	\$300,000	\$600,000	38
Webster Area Development Corp. II	\$322,000	\$600,000	55
	\$1,773,000	\$4,881,162	347
DEUEL			
Midwest Converter Supply, Inc.	\$120,000	\$334,689	23
SFI Machine Products, Inc.	\$123,000	\$423,500	19
TJJ Properties, LLC	\$300,000	\$912,705	16
	\$543,000	\$1,670,894	58
DEWEY			
Lakota Archery, LLC	\$100,000	\$265,075	16
	\$100,000	\$265,075	16
DOUGLAS			
Prairie States Equipment/Petro-Steel, Inc.	\$156,000	\$352,000	23
Werkmeister Welding	\$300,000	\$800,000	28
	\$456,000	\$1,152,000	51

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
			Jobs
FALL RIVER			
Art Advantage, Inc.	\$275,000	\$656,000	35
Dakota Cinch, Inc.	\$150,000	\$610,000	64
Mineral Technology Corporation	\$120,000	\$985,000	15
Westrom	\$208,250	\$595,000	17
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	\$753,250	\$2,846,000	131
GRANT			
BER Communications Corp. / Midwest Card Services	\$185,000	\$428,000	110.5
Dakota Granite	\$350,000	\$2,153,522	60
Dakotah, Inc. II	\$100,000	\$350,000	80
Medware of SD/Mikros USA, Inc.	\$250,000	\$804,000	75
Montage, Inc. I	\$70,000	\$225,000	14
Montage, Inc. II	\$240,000	\$511,505	30
Sleepy Hollow Millwork	\$196,000	\$600,000	60
United Hardware Distributing Co. I	\$2,250,000	\$23,000,000	188
United Hardware Distributing Co. II	\$60,000	\$250,000	12
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	\$3,701,000	\$28,322,027	629.5
GREGORY			
Parker Enterprises, Inc.	\$100,000	\$366,000	50
Ranchers Welding	\$500,000	\$1,533,000	30
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	\$600,000	\$1,899,000	80
HAAKON			
Midland Telemarketing	\$30,000	\$70,000	13.5
Scotchman Industries, Inc.	\$125,000	\$845,000	17
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	\$155,000	\$915,000	30.5
HAMLIN			
Davis Family South Dakota Inc.	\$5,000,000	10,000,000	184
Davisco International, Inc.	\$300,000	\$1,233,000	21
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	\$5,300,000	\$11,233,000	205
HANSEN			
SD Industries, Inc.* (2 loans)	\$639,637	\$1,421,415	17
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	\$639,637	\$1,421,415	17
HUGHES			
Global Harvest Birdseed of SD, LLC	\$450,000	\$1,150,000	37
JR&R Partnership	\$180,000	\$527,000	16
MW Properties, LLC	\$700,000	\$2,913,308	17
Pierre Economic Development Corp.	\$440,000	\$1,100,000	100
Pierre Economic Dev. Corp./Eagle Creek	\$2,000,000	\$5,259,300	157
Pierre Economic Dev. Corp./SD Pulse Processors*	\$360,000	\$850,000	18
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	\$4,130,000	\$11,799,608	345
HUTCHINSON			
MDS Manufacturing Company, Inc.	\$300,000	\$1,274,213	48
MDS Manufacturing Company, Inc. II	\$600,000	\$2,323,851	40
Reliance Parts Corp.	\$99,000	\$220,000	24
Wildcat Manufacturing Co., Inc.	\$100,000	\$332,500	23
Wildcat Mfg./Freeman Supply	\$184,500	\$1,016,750	38
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	\$1,283,500	\$5,167,314	173
HYDE			
IHighmore Cattle Auction	\$100,000	\$535,000	29
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	\$100,000	\$535,000	29

REDI Fund Company Activity

Company (County in Bold)	Total Loan Amount	Total Project Amount	Projected FTE Jobs
JERAULD			
LSI, Inc.	\$800,000	\$2,130,000	100
LSI, Inc. II	\$750,000	\$3,800,000	40
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	\$1,550,000	\$5,930,000	140
KINGSBURY			
Alvord-Polk, Inc.	\$130,000	\$1,060,000	28
Arlington Development Corp.	\$163,000	\$388,800	23
CMI Architectural Products, Inc.	\$100,000	\$1,100,000	20.5
GeoFurnace Manufacturing, Inc.	\$182,480	\$597,180	24
Lyle Signs, Inc.	\$110,000	\$275,000	15
Shinamerica, Inc.	\$250,000	\$1,400,000	45
Shinamerica, Inc.	\$446,850	\$998,880	20
D.T. Holding Company, Inc.	\$380,000	\$2,372,875	38
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	\$1,762,330	\$8,192,735	213.5
LAKE			
Baron Investments, LLC	\$100,000	\$1,062,000	20
Custom Touch Homes, LLC	\$720,000	\$2,489,000	48
Falcon Plastics, Inc. I	\$400,000	\$1,350,000	55.5
Falcon Plastics, Inc. II	\$125,000	\$636,541	25
Gehl Company	\$255,000	\$2,504,831	51
Integra Plastics, Inc. I	\$140,000	\$625,000	28
Integra Plastics, Inc. II	\$75,000	\$175,000	15
Integra Plastics, Inc III	\$181,000	\$753,840	20
Integra Plastics, Inc. IV	\$1,000,000	\$9,581,700	26
Lake Area Improvement Corp I	\$262,500	\$625,000	70
Lake Area Improvement Corp II	\$265,000	\$1,165,000	30
Lake Area Improvement Corp III	\$247,500	\$550,000	25
Lasercut	\$90,000	\$200,000	20
May & Scofield, Inc.	\$140,000	\$580,000	30
New Custom Touch Homes, Inc. I	\$125,000	\$280,000	25
New Custom Touch Homes, Inc. II	\$75,000	\$280,000	15
Paragon Custom Homes, Inc.	\$168,000	\$567,125	30
Persona, Inc. II	\$450,000	\$2,253,000	90
PPD USA, INC. II	\$50,000	\$645,600	10
PPD USA, INC. (UHMW)	\$100,000	\$1,153,100	12.5
Raven Industries, Inc.	\$400,000	\$3,155,000	90
Rosco Manufacturing Company	\$200,000	\$950,000	40
Rosebud Manufacturing Co., Inc. II	\$234,500	\$1,119,000	17
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	\$5,803,500	\$32,700,737	793
LAWRENCE			
Deadwood Central RR Co.	\$80,000	\$235,000	13
F.L. Thorpe & Co., Inc.	\$256,500	\$713,000	70
Gems By Jim, Inc.	\$100,000	\$460,000	20
Lehman Trikes, USA	\$1,150,000	\$3,903,000	52
M&D Investment Group, LLC	\$201,330	\$948,700	14
NIP Manufacturing, Inc.	\$75,000	\$388,500	10

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
			Jobs
LAWRENCE(Con't.)			
OEM Worldwide II	\$1,250,000	\$11,195,170	310
Paramount Technical Products	\$130,000	\$742,163	31
PG Technology	\$500,000	\$2,500,000	50
Precision Blending of Idaho	\$405,000	\$850,000	15
RAMVAC Corporation	\$100,000	\$550,000	12
Spearfish Economic Development Corp.	\$1,000,000	\$3,025,374	277
Tri-State, LTD.	\$208,000	\$620,000	35
	\$5,455,830	\$26,130,907	909
LINCOLN			
Adams Holding, LLC	\$1,206,067	\$2,680,149	33
Agile Manufacturing, LLC	\$684,968	\$3,955,500	25
Canton Economic Development Corp.	\$1,250,000	\$6,200,000	150
Canton Economic Development Corp. II	\$995,000	\$5,852,000	70
Canton Economic Development Corp. III	\$1,575,000	\$4,775,000	89
Canton Economic Development Corp. IV	\$1,600,000	\$3,600,000	146
CMI Terex Corporation	\$2,205,000	\$4,860,000	6
DeGeest Manufacturing Co.	\$50,000	\$210,000	12
K-Products, Inc.	\$500,000	\$3,450,000	100
Kerry K. Engle Separata Property Trust*	\$607,500	\$1,350,000	40
Lennox Area Dev. Corp. (WARE Mfg.) (Parkview)	\$750,000	\$4,650,000	100
Showplace Wood Products, Inc. I	\$500,000	\$2,482,900	99
Showplace Wood Products, Inc. II	\$464,801	\$1,401,779	65
Showplace Wood Products, Inc. III	\$320,500	\$1,627,529	308
Showplace Wood Products, Inc. IV	\$500,000	\$2,731,794	173
Showplace Wood Products, Inc. V	\$500,000	\$2,388,722	163
Showplace Wood Products, Inc. VI	\$278,100	\$618,000	168
Tea Industries, Inc.	\$150,000	\$333,000	80
Weisser Properties, LLC*	\$945,000	\$2,100,000	20
	\$15,081,936	\$55,266,373	1847
MARSHALL			
Sheldahl, Inc.	\$750,000	\$2,850,000	150
Truss-Pros, Inc.	\$171,000	\$575,000	13.75
Veblen Cheese Factory, Inc.	\$292,500	\$650,000	33
	\$1,213,500	\$4,075,000	196.75
MCCOOK			
Bridgewater Quality Meats	\$250,000	\$965,000	50
Buhler Industries, Inc.	\$1,300,000	\$3,000,000	47
Feterl Acquisition Corporation	\$600,000	\$3,174,000	83
Rosebud Manufacturing Company, Inc.	\$100,000	\$371,750	19.5
	\$2,250,000	\$7,510,750	199.5
MCPHERSON			
Day Break, Inc.	\$25,000	\$50,000	17.5
Eureka Development Corporation I	\$290,000	\$390,000	71
Eureka Development Corporation II	\$125,000	\$473,000	160
	\$440,000	\$913,000	248.5
MEADE			
Cor-Bon Bullets, Inc.	\$60,000	\$455,000	36
Glenwood/Loam Tree	\$13,500	\$30,000	6

REDI Fund Company Activity

Company (County in Bold)	Total Loan Amount	Total Project Amount	Projected FTE Jobs
MEADE(Con't)			
Sturgis Industrial Dev. Corp. I	\$175,000	\$362,500	25
Sturgis Industrial Dev. Corp. II	\$300,250	\$709,300	98
Sturgis Industrial Dev. Crop. III	\$110,000	\$308,000	12
Tower Stools	\$25,000	\$100,000	11
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	\$683,750	\$1,964,800	188
MINER			
Jan's Frozen Foods	\$325,000	\$1,630,000	67
WrapIt Corporation	\$100,000	\$2,811,160	90.5
Miner Co. Revitalization	\$725,000	\$1,647,296	46
WM3D SD Properties, LLC	\$468,750	\$800,000	63
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	\$1,618,750	\$6,888,456	266.5
MINNEHAHA			
American Western Corporation	\$450,000	\$1,000,000	90
AmeriPharm Inc.	\$1,000,000	\$4,750,000	201
Bell Paper Box, Inc.	\$200,000	\$750,000	66
Carl V. Carlson*	\$1,420,000	\$4,696,175	30
Central States Fire Apparatus, LLC	\$400,000	\$1,183,000	45
Component Manufacturing Company	\$240,000	\$600,000	37
Crimson Fire, Inc.	\$1,250,000	\$3,075,500	15
Del's Cabinets, Inc.	\$45,000	\$100,000	12.5
Design Tanks, Inc.	\$900,000	\$2,013,750	58
Dressen Custom Trailers, Inc.	\$73,636	\$298,636	15
Electronic Systems, Inc. I	\$245,000	\$545,000	39
Electronic Systems, Inc. II	\$305,000	\$1,255,000	61
Elston Equipment, Inc.	\$33,750	\$75,000	14
Forever New (Neovenures), Inc.	\$40,000	\$110,000	8.5
Gateway, Inc. IV	\$2,000,000	\$14,840,000	645
Graco, Inc.	\$750,000	\$8,442,000	119
Harbor Group Investments, LLC	\$810,000	\$1,900,000	59
Hematech, LLC I	\$200,000	\$835,000	30.5
Hematech, LLC II	\$325,000	\$709,600	21
High Performance Engineering	\$67,000	\$165,000	10
Hutchinson Technology, Inc. I	\$1,500,000	\$3,500,000	350
Hutchinson Technology, Inc. II	\$1,500,000	\$3,740,000	377
InterActive, Inc.	\$40,000	\$90,000	28.5
Labelcrafters of South Dakota, Inc. I	\$17,500	\$43,000	4
Labelcrafters of South Dakota, Inc. II	\$20,000	\$265,000	4
LodgeNet Entertainment Corp.	\$1,000,000	\$14,114,364	225
Lou-Rich, Inc.	\$91,400	\$209,000	24
Lumber Exchange, LLC	\$3,500,000	\$9,581,700	0
Luverne Truck Equipment Inc.	\$400,000	\$1,300,000	305
Maguire Tank, Inc.	\$175,000	\$1,350,000	31
Marmen Energy Company	\$5,000,000	\$48,000,000	250
Midwest Precision Tool & Die, Inc.	\$250,000	\$2,589,400	50
Mitographers, Inc.	\$175,000	\$750,000	28
Nordic Advantage, Inc.	\$1,500,000	\$3,350,000	300
Omnitech, Inc	\$214,650	\$477,000	30
Raven Industries, Inc. II	\$105,000	\$795,000	23

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
MINNEHAHA(Con't)			Jobs
Sencore, Inc.	\$350,000	\$780,000	70
Sioux Falls Development Foundation	\$668,250	\$1,960,000	132
SODA Partners, LLC #3	\$1,100,000	\$2,693,618	85
SolCom, Inc.	\$669,000	\$2,619,000	100
Specialized Card Services I	\$750,000	\$2,056,582	150
Specialized Card Services II	\$400,000	\$1,888,889	170
Specialized Card Services III	\$850,000	\$889,750	80
Specialized Card Services IV	\$1,500,000	\$5,992,717	300
Specialized Card Services V	\$1,300,000	\$5,187,888	260
StarMark, Inc.	\$315,000	\$700,000	63
South Eastern Development Foundation	\$500,000	\$500,000	0
Sioux Falls Development Foundation/Foundation Park*	\$8,500,000	\$29,000,000	850
Tel-Drug	\$1,400,000	\$6,200,000	214
Tiger Corporation	\$381,600	\$954,000	118
Total Fire Protection, Inc.	\$300,000	\$2,025,000	30
Valentine Technology, Inc.	\$200,000	\$1,050,000	75
Wheeler Tank Manufacturing, Inc.	\$200,000	\$550,000	39
Wheeler Tank Manufacturing, Inc. II	\$100,000	\$330,000	22
Yellow Freight System, Inc.	\$750,000	\$2,223,250	127
	\$46,476,786	\$205,098,819	6491
MOODY			
Dakota Layers Coop. I	\$400,000	\$9,290,000	21
Dakota Layers Coop II	\$1,500,000	\$4,941,996	40
	\$1,900,000	\$14,231,996	61
PENNINGTON			
Accuracy Inc.	\$50,000	\$393,000	15
All-Mark/Claussen, Inc.	\$76,050	\$169,000	53.5
American Concrete Equipment Corp.	\$450,000	\$1,440,000	41
Baker Timber Products, Inc.	\$250,000	\$640,000	31
Biofoam Corporation	\$200,000	\$750,000	60.5
Black Hills Fiberglass, LLC	\$1,000,000	\$3,465,000	36
Black Hills Molding, Inc.	\$120,000	\$450,000	20
Black Hills Silver, Inc.	\$90,000	\$221,396	14
Casto Travel, Inc.	\$185,000	\$405,000	67
Conseco Fin. Serv. Corp. I	\$2,000,000	\$5,000,000	347
Conseco Fin. Serv. Corp. II	\$1,500,000	\$5,022,656	225
Conseco Fin. Serv. Corp. III	\$250,000	\$1,352,590	90
Custom Packaging Systems, Inc. I	\$177,500	\$685,000	85
Custom Packaging Systems, Inc. II	\$100,000	\$400,000	20
Custom Packaging Systems, Inc. III	\$100,000	\$248,000	55
Custom Packaging Systems, Inc. IV	\$50,000	\$112,000	83
Dakota Fire Systems, Inc.	\$225,000	\$666,130	15
Dakota Ventures, Inc. I	\$50,000	\$150,000	0
Dakota Ventures, Inc. II	\$75,000	\$225,000	0
Deadwood BioFuels, LLC	\$524,480	\$2,700,000	30
Envirocare, Inc.	\$40,000	\$91,900	34
Fenske Printing, Inc.	\$400,000	\$1,500,000	42
GFI America, Inc. I	\$1,500,000	\$10,125,000	235

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
PENNINGTON(Con't.)			Jobs
GFI America, Inc. II	\$1,000,000	\$3,125,000	115
Gunderson Manufacturing Company	\$60,000	\$160,000	12
H.F. Webster, Inc.	\$260,000	\$577,000	10
H-S Precision, Inc. I	\$175,000	\$825,000	42
H-S Precision, Inc. II	\$125,000	\$300,000	25
II-S Precision, Inc. III	\$180,000	\$400,000	30
Hi-Qual Manufacturing, Inc. I	\$300,000	\$1,600,000	43
Hoag Land Company, LLC	\$163,000	\$923,000	17
Landstrom's	\$700,000	\$9,185,000	140
Lyteware Enterprises	\$55,000	\$196,000	11
Magnum Diamond I	\$80,000	\$250,000	11
Magnum Diamond II	\$90,000	\$208,950	22
MEMSense, LLC	\$90,000	\$225,000	5
MPI, Inc.	\$825,000	\$1,871,420	168
Phase Technologies Partners, LLC	\$290,000	\$1,158,527	27
Precision Prototype	\$50,000	\$172,600	7
RIDCO, Inc.	\$500,000	\$1,680,000	103
Riss Brothers Millwork, Inc. I	\$100,000	\$1,130,000	28
Riss Brothers Millwork, Inc. II	\$150,000	\$544,000	34
Riss Brothers Millwork, Inc. III	\$205,000	\$655,000	55
Risstone Casegoods, Inc.	\$280,000	\$630,000	82
RMA	\$72,525	\$221,167	77.5
SCI Technology, Inc.	\$1,500,000	\$15,203,122	417
Spiegel Teleservices, Inc.	\$1,750,000	\$7,445,000	360.5
Terryberry Company	\$150,000	\$1,350,000	30
West River Foundation - RRLF	\$500,000	\$500,000	0
Workrite Uniform Co.	\$1,275,000	\$7,905,000	124
	\$20,338,555	\$94,652,458	3595
PERKINS			
Wheeler Manufacturing Co., Inc.	\$100,000	\$311,000	20
Wheeler Manufacturing Co., Inc. II	\$150,000	\$350,000	30
	\$250,000	\$661,000	50
ROBERTS			
Cattail Company, LLP	\$150,000	\$1,050,000	33
Cattail Company, LLP II	\$2,000,000	\$6,800,000	82
Cattail Company, LLC III	\$441,900	\$1,914,238	60
One-Ten Corporation	\$250,000	\$1,768,000	210
Northeast SD Economic Development	\$500,000	\$500,000	0
Schiltz Foods, Inc.	\$323,541	\$718,980	73
Sisseton Development Company	\$400,000	\$901,133	120
Sisseton Econ. Dev./Power Sentry	\$290,277	\$290,277	N/A
	\$4,355,718	\$13,942,628	578
SANBORN			
Van Dyke Supply Company, Inc.	\$1,000,000	\$1,000,000	100
	\$1,000,000	\$1,000,000	100

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
			Jobs
SPINK			
Markley Millwork	\$65,000	\$420,000	13
Redfield Industrial Dev. Corp./ACI	\$355,000	\$605,000	75
	\$420,000	\$1,025,000	88
TODD			
Rosebud Community Landfill	\$22,500	\$111,000	4
	\$22,500	\$111,000	4
TURNER			
Bowden's Automated Products	\$100,000	\$300,000	50
ProCon Products, Inc.	\$20,000	\$64,149	4
	\$120,000	\$364,149	54
UNION			
2400 North Lincoln Management Corp.	\$315,000	\$700,000	89
AaLadin Industries, Inc. I	\$43,000	\$175,183	34
AaLadin Industries, Inc. II	\$205,000	\$603,740	41
Alkota Cleaning Systems, Inc.	\$200,000	\$621,000	25
Beef Products, Inc.	\$200,000	\$2,391,814	33
Brown Commercial Construction Co.	\$440,000	\$980,000	15
CSJ Properties, LLC	\$100,000	\$445,000	8
Direct Transit, Inc. I	\$200,000	\$677,081	49
Direct Transit, Inc. II	\$500,000	\$2,524,000	173
Enviro Safe Air, Inc.	\$120,000	\$300,000	24.5
Gateway, Inc. I	\$700,000	\$8,697,051	245
Gateway, Inc. II	\$250,000	\$1,242,715	154
Gateway, Inc. III	\$1,000,000	\$11,000,000	1213
Heartland Quality Foods/IAMS Co., Inc.	\$357,500	\$4,200,000	62
ibp, Inc. I	\$800,000	\$3,100,000	100
ibp, Inc. II	\$3,000,000	\$25,100,000	578
Manitex Load King	\$1,012,500	\$2,610,000	28
MDMT, Inc.	\$320,000	\$1,000,000	39
Prince Manufacturing Corporation	\$400,000	\$3,935,000	50
Southeast Farmers Elevator	\$750,000	\$4,818,000	6.5
Steck Wholesale Foods, Inc.	\$450,000	\$1,800,000	20
Tower Engineering	\$55,000	\$265,000	12
Tristate Laminated Doors/Components	\$150,000	\$1,200,000	37
	\$11,568,000	\$78,385,584	3036
WALWORTH			
Blaze Technologies, Inc.	\$40,000	\$66,700	8
DMCO, Inc.	\$36,000	\$145,000	7
Mobridge Economic Dev. Corp.	\$290,000	\$780,000	150
One World Distribution, Inc.	\$148,000	\$330,000	51
	\$514,000	\$1,321,700	216

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
YANKTON			Jobs
Applied Engineering, Inc.	\$250,000	\$1,600,000	39
Arenwide Business Council – RRLF	\$500,000	\$500,000	0
Dakota Real Properties, LLC	\$563,705	\$2,304,823	32
Ehresmann Engineering, Inc.	\$125,000	\$350,000	15
Excelltech, Inc.	\$81,000	\$182,000	14
Hastings Manufacturing	\$500,000	\$1,576,000	55
M-Tron	\$296,000	\$1,200,000	126
Shur Company I	\$255,000	\$940,685	48
Shur Company II	\$150,000	\$533,204	30
Shur Company III	\$240,000	\$646,400	50.5
Summit Precision, Inc.	\$500,000	\$2,330,000	85
Yankton Area Progressive/L&M Radiator- I	\$830,000	\$2,261,497	53
Yankton Area Progressive/L&M Radiator- II	\$924,525	\$2,239,940	105
	<u>\$5,215,230</u>	<u>\$16,664,549</u>	<u>653</u>
FY 1987-2015			
GRAND TOTAL:	<u><u>\$232,033,942</u></u>	<u><u>\$1,209,686,395</u></u>	<u><u>32,208</u></u>

*Approved, not yet Funded

NOTE: Totals only include loans approved and funded. All loans approved, but never funded (and officially withdrawn) are listed seperately below.

Company (County in Bold)	Total Loan Amount	Total Project Amount	Projected FTE Jobs
Withdrawn Loans			
Aberdeen Development Corporation IV	\$1,500,000	\$6,300,000	125
Acrylics by Jane of SD Inc.	\$170,000	\$600,000	31.5
Adams Holding, LLC II	\$2,000,000	\$4,500,000	50
Anderson Seed Co., Inc.	\$256,650	\$3,374,218	22
APA Optics, Inc.	\$300,000	\$6,375,000	106
Bar -Sto Precision Machine	\$175,000	\$389,500	18
BioChem Building Applications #1	\$300,000	\$1,200,000	25
Bioverse, Inc.	\$200,000	\$620,000	27
Bell Farms, L.L.P	\$500,000	\$3,000,000	8
Cimpl Meats, Inc.	\$200,000	\$700,000	8
CJ Stengel, Inc.	\$200,000	\$1,341,425	4
Clark Area New Horizons, LLC	\$765,000	\$1,700,000	78
CoEv, Inc.	\$1,250,000	\$4,120,000	249
Conseco Fin. Serv. Corp. IV	\$1,000,000	\$3,566,000	200
CoSentry Dakotas, LLC	\$100,000	\$326,525	9
Dakota Machine Service, Inc.	\$70,000	\$180,000	11
Davisco Int. Inc	\$262,000	\$9,517,000	63
Dayton Rogers Manufacturing	\$750,000	\$4,502,964	90
DeSCo Architectural, Inc	\$75,000	\$75,000	31
Dove Performance Parts, Inc.	\$180,000	\$400,000	32.5
EMI Properties, LLC	\$898,450	\$3,606,282	27
EMPI Inc.	\$450,000	\$1,100,000	175.5
EPS Technologies	\$213,750	\$213,750	144
EPS Technologies	\$225,000	\$225,000	144
Faultless Nutting, Inc.	\$450,000	\$1,000,000	250
FIMCO, Inc.	\$575,000	\$9,357,024	83.25
Front Line Chemical, LLC	\$150,000	\$510,000	16
Hansen Manufacturing Corp.	\$5,000,000	\$18,442,371	50
Hilton Development Corporation	\$350,000	\$6,190,000	37.75
Hi-Qual Manufacturing, Inc. II	\$500,000	\$2,000,000	58
Integra Plastics, Inc. V	\$1,170,000	\$2,900,000	30
Integrity Meats	\$125,000	\$500,000	24
Intercity Holding Co	\$225,000	\$500,000	0
JMo Holdings, LLC	\$1,125,000	\$2,500,000	57
Jack First Inc.	\$31,500	\$70,000	13
LSI, Inc. III	\$1,200,000	\$9,408,940	75
Lund Industries, Inc.	\$1,000,000	\$1,000,000	155
Marquardt Transportation	\$100,000	\$315,859	179
Micro-Voice, Inc.	\$162,000	\$410,000	18
Minnkota Fisheries, Inc.	\$75,000	\$302,500	15
MPI	\$500,000	\$500,000	100
MSD Woodworking Company	\$32,500	\$113,000	18
Muller Industries, Inc.	\$150,000	\$554,000	30
NE Venture, Inc. III	\$200,000	\$600,000	41
NewCo, LLC	\$300,000	\$2,000,000	36
Northern Beef Packers Limited Partnership	\$5,000,000	\$124,699,322	566
Northland Laboratories	\$100,000	\$195,000	30
Nutraferma, Inc.	\$1,000,000	\$10,000,000	34
Paytrust, Inc.	\$1,000,000	\$4,044,000	203
Pierre Economic Dev. Corp./SD Pulse Processors I	\$360,000	\$800,000	27
Portfolio Analysis Systems, Inc	\$100,000	\$650,000	34
PPD USA, Inc.	\$500,000	\$500,000	166

<u>Company</u>	<u>Total Loan Amount</u>	<u>Total Project Amount</u>	<u>Projected FTE Jobs</u>
Rapid City Economic Dev Foundation	\$850,000	\$2,000,000	99
RBE Electronics	\$495,000	\$1,100,000	125
Ridgefield Farms of South Dakota	\$3,000,000	\$40,750,000	272
RKG, Inc.	\$150,000	\$585,000	46
RMA, Inc.	\$72,525	\$221,167	133.5
Rosenbauer South Dakota, LLC	\$990,000	\$2,628,411	30
Satern Properties, LLC	\$247,500	\$550,000	27
Schnell Welding & Machine	\$14,000	\$40,000	9.5
Sentra@NET, LLC	\$250,000	\$1,180,000	40
Sheldahl, Inc.	\$500,000	\$2,250,000	147.5
South Dakota Wheat Growers Assoc.	\$1,400,000	\$7,125,000	21
Special Teams, Inc.	\$350,000	\$600,000	62
Synergy Solutions, Inc.	\$200,000	\$461,400	50
TCF & Blower Companies, Ltd.	\$300,000	\$3,300,000	0
TCF & Blower Companies, Ltd.	\$400,000	\$1,315,000	0
TDS Dakota Land Holdings, LLC	\$1,750,000	\$7,567,000	287
Telnet Systems, Inc	\$250,000	\$677,000	225
Tower Tech Systems, Inc.	\$1,500,000	\$23,990,000	145
Tri-State Ethanol Company	\$450,000	\$18,000,000	19
Tri-State Ethanol Company	\$450,000	\$18,000,000	25
Twin City Fan Companies, Ltd	\$616,950	\$1,371,000	50
Ultimate Direction, Inc	\$50,000	\$357,000	0
Valfon Inc.	\$430,000	\$2,308,555	91
Vermillion Area COC and EDC	\$2,100,000	\$5,150,000	125
WhBMC Group, Inc	\$226,250	\$512,500	46
Watertown Development Corp. VI	\$359,450	\$1,700,000	30
Watertown Dev. Co./Focus Watertown	\$450,000	\$1,000,000	13
Webster Area Dev. Corp./Anderson Ind.	\$200,000	\$563,500	16
Wilson Trailer Sales, Inc.	\$3,000,000	\$12,350,000	138
Workrite Uniform Company	\$225,000	\$225,000	0
MFS Partnership (Entrepreneur Support Fund)	\$50,000	\$50,000	0
Total Withdrawn	\$54,848,525	\$415,922,213	6297

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

AUDIT REPORT

Fiscal Year Ended June 30, 2015



**State of South Dakota
Department of Legislative Audit
427 South Chapelle
c/o 500 East Capitol
Pierre, SD 57501-5070**

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
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427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3695
FAX (605) 773-6454

MARTIN L. GUINON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Dennis Daugaard
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Dakota Revolving Economic Development and Initiative Fund (REDI Fund), an enterprise fund of the State of South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the REDI Fund's basic financial statements and have issued our report thereon dated October 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Dakota Board of Economic Development's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Dakota Board of Economic Development's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Board of Economic Development's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Dakota Board of Economic Development's REDI Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

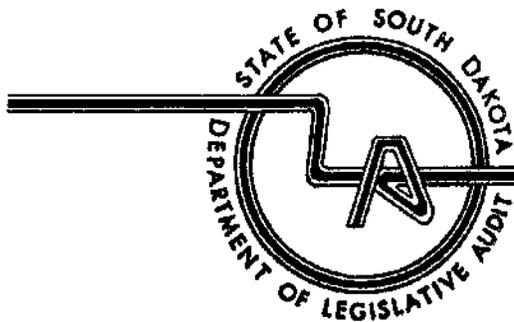
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA
Auditor General

October 2, 2015



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard
Governor of South Dakota

and

South Dakota Board of Economic Development

Report on the Financial Statements

We have audited the accompanying financial statements of the South Dakota Revolving Economic Development and Initiative Fund (REDI Fund), an enterprise fund of the State of South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the REDI Fund, an enterprise fund of the State of South Dakota, as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of New Accounting Standards

As described in Note 2 to the financial statements, the South Dakota Board of Economic Development implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. As discussed in Note 1 to the financial statements, the implementation of these standards resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

Emphasis of Matter

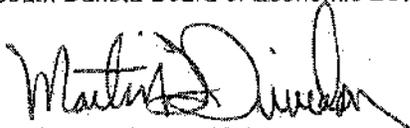
As discussed in Note 1, the financial statements present only the REDI Fund and do not purport to, and do not, present fairly the financial position of the State of South Dakota, as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the REDI Fund's basic financial statements. The listing of the Board of Economic Development Members and the schedules of Loan Portfolio: Loans Approved Fiscal Year 2015 and REDI Fund Company Activity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2015 on our consideration of the South Dakota Board of Economic Development's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Dakota Board of Economic Development's internal control over financial reporting and compliance.



Martin L. Guindon, CPA
Auditor General

October 2, 2015

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF NET POSITION
June 30, 2015

ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 2.C.)	\$ 74,309,858
Accounts Receivable – Bankwest	116,360
Due From Other Funds (Note 2.I.)	500,000
Loan Interest Receivable	36,456
Investment Income Receivable	188,223
Loans Receivable (Net) (Note 2.E.)	8,886,171
Total Current Assets	<u>84,017,068</u>
Noncurrent Assets:	
Due From Other Funds (Note 2.I.)	500,000
Equipment (Net) (Note 2.D.)	1,750
Net Pension Asset	136,978
Loans Receivable (Net) (Note 2.E.)	25,744,345
Total Noncurrent Assets	<u>26,383,073</u>
TOTAL ASSETS	<u>110,400,141</u>
DEFERRED OUTFLOWS OF REOURCES	
Deferred Outflows of Resources-Related to Pensions	121,211
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>121,211</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	14,262
Wages Payable	25,507
Accrued Leave Liability (Note 5)	12,876
Due to Other Funds	7,891
Total Current Liabilities	<u>60,336</u>
Noncurrent Portion of Accrued Leave Liability (Note 5)	<u>11,433</u>
TOTAL LIABILITIES	<u>71,769</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources-Related to Pensions	158,643
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>158,643</u>
NET POSITION	
Investment in Capital Assets	1,750
Restricted for Pension Benefits	99,546
Unrestricted	110,189,644
TOTAL NET POSITION	<u>\$ 110,290,940</u>

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2015

Operating Revenue:	
Interest Income on Loans	\$ 819,197
Pension Revenue	5,786
Other Income	188,098
Total Operating Revenue	<u>1,013,081</u>
Operating Expenses:	
Personal Services and Benefits	153,390
Travel	6,496
Contractual Services	259,025
Supplies and Materials	17,658
Depreciation Expense (Note 2.D.)	1,800
Provision for Loan Loss (Recovery)	(321,985)
Total Operating Expense	<u>116,384</u>
Operating Income	896,697
Nonoperating Revenue (Expense):	
Investment Income	710,892
Services Provided to Others (Note 2.F.)	(261,730)
Other Expenses	(79,390)
Total Nonoperating Revenue (Expense)	<u>369,772</u>
Income Before Transfers	1,266,469
Transfers:	
Transfers in -- Ethanol Fuel Fund (Note 2.H.)	2,000,000
Total Transfers	<u>2,000,000</u>
Change in Net Position	3,266,469
Beginning Net Position (Restated, Note 2.J.)	<u>107,024,471</u>
End of Year Net Position	<u>\$ 110,290,940</u>

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2015

Cash Flows From Operating Activities:	
Receipts for Loan Repayments	\$ 19,273,843
Payments for Loans Originated	(13,845,968)
Receipts from Customers and Users	188,098
Payments for Employee Services and Benefits	(189,046)
Payments for Interfund Services Used	(68,232)
Payments to Suppliers and for Claims	(219,450)
Net Cash Provided (Used) by Operating Activities	<u>5,139,245</u>
Cash Flows From Noncapital Financing Activities:	
Transfers In – Ethanol Fuel Fund	2,000,000
Transfers In - Building South Dakota	500,000
Services Provided to Others	(261,730)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,238,270</u>
Cash Flows From Investing Activities:	
Pooled Investment Income	708,748
Investment Costs	(79,391)
Net Cash Provided (Used) by Investing Activities	<u>629,357</u>
Net Increase in Cash and Cash Equivalents During the Fiscal Year	8,006,872
Cash and Cash Equivalents at Beginning of Year	<u>66,302,986</u>
Cash and Cash Equivalents at End of Year	<u>\$ 74,309,858</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 896,697
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation/Amortization Expense	1,800
Decrease/(Increase) in Assets:	
Loans Receivable	4,100,614
Loan Interest Receivable	99,240
Accounts Receivable – Bankwest	86,838
Net Pension Asset	(83,373)
Decrease/(Increase) Deferred Outflows of Resources:	(101,262)
Increase/(Decrease) in Liabilities:	
Accounts Payable	446
Wages Payable	(2,985)
Grants Payable	(4,000)
Accrued Leave Liability	(12,465)
Due to Other Funds	(948)
Increase/(Decrease) Deferred Inflows of Resources:	158,643
Total Adjustments	4,242,548
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,139,245</u>

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. AUTHORIZING LEGISLATION

The South Dakota Revolving Economic Development and Initiative Fund (REDI Fund) was created in 1987 by an act of the South Dakota Legislature. The REDI Fund was established for the purpose of making loans for economic development. The REDI Fund is a fund of the State of South Dakota and is administered by the Governor's Office of Economic Development (GOED) with oversight provided by the Board of Economic Development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The REDI Fund is accounted for as an enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The REDI Fund is a part of the State of South Dakota and, as such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

B. Basis of Accounting

The REDI Fund follows the accrual basis of accounting. This method of accounting recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings and services provided to others, are reported as nonoperating.

C. Cash and investments

Cash includes cash on hand and a participating interest in the State's internal investment pool held by the State Treasurer and is used for the purposes of reporting cash flows. The amount held in the State's internal investment pool is reported at fair value.

Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the SDIC's audit report which can be obtained by writing to the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501 or by calling (605)773-3595.

D. Capital Assets

Assets are capitalized based on policies established by the South Dakota Bureau of Finance and Management. Capital assets are capitalized at cost or estimated historical

cost, if the original cost is unavailable. Equipment is capitalized when the cost of individual items is \$5,000 or more. Depreciation on capital assets is computed using the straight line method over the estimated useful lives of the assets, which is 3 to 10 years for all assets. When assets are disposed of, the costs and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the results from operations in the period of disposal.

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance 7/01/14	Increases	Decreases	Balance 6/30/15
Equipment	\$ 27,599	\$ 0	\$ 13,199	\$ 14,400
Accumulated Depreciation	24,049	1,800	13,199	12,650
Capital Assets, Net	<u>\$ 3,550</u>	<u>\$ 1,800</u>	<u>\$ 0</u>	<u>\$ 1,750</u>

E. Loans Receivable

Loans receivable at June 30, 2015, is shown net of the allowance for doubtful loans of \$875,941.

F. Services Provided to Others

Earnings on the REDI Fund may be used for the administrative costs of the Division of Finance of the GOED per SDCL 1-16G-24. Earnings used for the administrative costs of the Division of Finance of the GOED totaled \$261,730 for the year ending June 30, 2015.

G. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

H. Transfers

During the 2011 legislative session, the legislature designated \$2,000,000 to the REDI Fund from the Ethanol Fuel Fund for fiscal years 2012 to 2016.

I. Due From Other Funds

During the 2014 legislative session, the legislature appropriated \$30,000,000 to the Building South Dakota Fund, of which no more than \$10 million can be distributed annually. Per SDCL 1-16G-48 the REDI Fund will receive 5% of the amount distributed. A current receivable in the amount of \$500,000 and a noncurrent receivable in the amount of \$500,000 have been reported for the year ending June 30, 2015 for the amounts to be received in fiscal years 2016 and 2017, respectively.

J. Recent Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and in November 2013 GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. The requirements of

this statement are effective for financial statements for fiscal years beginning after June 15, 2014. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions.

Accounting changes adopted to conform to the provisions of this Statement were applied retroactively by restating financial statements for all periods presented. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. The REDI Fund contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

Beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2015 as follows:

Net position June 30, 2014, as previously reported	\$ 106,950,917
Restatement for pension accounting:	
Net pension asset	53,605
Pension related deferred outflows of resources	<u>19,849</u>
Net position July 1, 2014, as restated	<u>\$ 107,024,471</u>

K. Restricted Net Position

The net position associated with reporting the REDI Fund's collective share of the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions as discussed in note 2.J. was reported as restricted net position as the assets have externally imposed constraints placed on them by the SDRS.

3. SOUTH DAKOTA JOBS GRANT PROGRAM ACTIVITY

During the 2013 legislative session, the South Dakota Jobs Grant Program was created within the REDI Fund. An original deposit of \$350,000 was deposited in the fiscal year ending June 30, 2013. The Board of Economic Development may provide grants to project owners for new or expanded facilities with project costs less than \$20,000,000 or for equipment upgrades with project costs less than \$2,000,000.

The following is a breakdown of the activity in the subfund for fiscal year 2015 and its corresponding net position at June 30, 2015:

	South Dakota Jobs Subfund
Beginning Net Position	\$ 1,822,960
Investment Income	<u>6,321</u>
Ending Net Position	<u>\$ 1,829,281</u>

4. COMMITMENTS

At June 30, 2015, the REDI Fund had the following commitments:

REDI Fund loans approved by the South Dakota
Board of Economic Development but not
disbursed at June 30, 2015 \$ 14,477,037

5. ACCRUED LEAVE LIABILITY

Annual leave is earned by all employees. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. Employees who have been continuously employed by the State of South Dakota for at least seven years prior to the date of their retirement, voluntary resignation, or death will receive payment for one-fourth of their accumulated sick leave balance, such payment not to exceed the sum of twelve weeks of employee's annual compensation. The total leave liability of \$24,309 at June 30, 2015, is shown as short and long-term liabilities on the Statement of Net Position.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued Leave Liability	\$ 36,744	\$ 21,150	\$ 33,585	\$ 24,309	\$ 12,876

6. RETIREMENT PLAN

The GOED participates in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer defined benefit pension plan established to provide retirement, disability, and survivor benefits for employees of the State and its political subdivisions. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information for the plan. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731. Additionally, the State of South Dakota's Comprehensive Annual Financial Report (CAFR) will report the State's proportionate share of the plan. The CAFR can be obtained by writing to the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501 or by calling (605)773-3595.

State law requires employees to contribute 6 percent of their salary to the plan and the employer to contribute an amount equal to the employee's contribution. The right to receive retirement benefits vests after three years of credited service. The GOED's contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013 were \$21,401, \$21,210, and \$18,698, respectively, equal to the required contributions each year.

At June 30, 2014, SDRS is 107% funded and accordingly has a net pension asset. At June 30, 2015, the GOED reported an asset of \$136,978 for the REDI Fund's proportionate share of the net pension asset. For the fiscal year ended June 30, 2015, pension revenue of \$5,786 was recorded. At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to the pension were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,590	\$
Changes in assumption	89,415	
Net difference between projected and actual earnings on pension plan investments		158,643
Contributions after the measurement date	20,206	
Total	<u>\$ 121,211</u>	<u>\$ 158,643</u>

7. PUBLIC ENTITY POOL FOR LIABILITY

The GOED is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The GOED is uninsured for property loss. The GOED participates in the various programs administered by the State of South Dakota. These risk management programs are funded through assessments charged to participating entities. The risk management programs include: 1) coverage for risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability) through the State's Public Entity Pool for Liability Fund, 2) coverage of employee medical claims through the State's health insurance program, 3) coverage for unemployment benefits through the State's Unemployment Insurance Fund, and 4) coverage for workers' compensation benefits through the State's Workers' Compensation Fund. Financial information relative to the self-insurance funds administered by the State is presented in the State of South Dakota Comprehensive Annual Financial Report.