

# South Dakota

# REDI

Revolving Economic Development  
& Initiative Fund

June 30, 2007  
Annual Financial Report

South Dakota

GOVERNOR'S OFFICE OF

ECONOMIC DEVELOPMENT



[www.SDreadytowork.com](http://www.SDreadytowork.com)

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



GOVERNOR'S OFFICE OF

ECONOMIC DEVELOPMENT

www.SDreadytework.com

711 E. Wells Ave., Pierre, SD 57501-3369

Phone 1-800-872-6190 | 605-773-3301 | Fax 605-773-3256

Dear South Dakotans:

This past year has been a great one for business opportunity and expansion. In the Governor's Office of Economic Development, we are fortunate to be able to work closely with companies that are directly contributing to South Dakota's economic growth. Our finance programs provide necessary support to many companies so they can create quality jobs and pursue additional opportunity.

In this preliminary report you will see the past year's activity of the Board of Economic Development (BED). By utilizing our programs, South Dakota companies have access to resources necessary to compete in today's knowledge driven markets.

The complete Annual Report will be published in January with more comprehensive statistical information and analysis of these funds' activities.

Thank you for your interest in our efforts and for partnering with us to make South Dakota an even better place to live, work and build.

Sincerely,

Kim Olson, Director  
Governor's Office of Economic Development



Department of  
Tourism & State  
Development

Office of Tourism & State Development  
Governor's Office of Economic Development  
1001 Governor's Plaza  
Pierre, SD 57501  
Phone 605-773-3301  
Fax 605-773-3256  
www.sdreadytework.com

2010

www.sdreadytework.com

# Loan Portfolio

## Board of Economic Development Activity

### Fiscal Year 2007

COMPANY	PROJECTED JOBS*	REDI FUND LOAN AMOUNT	TOTAL PROJECT AMOUNT	COMMUNITY
2400 North Lincoln Management Corp.	89	\$315,000	\$700,000	North Sioux City
B & H Holding Company	24	\$108,000	\$243,000	Plankinton
BioChem Building Applications #1	25	\$300,000	\$1,200,000	Spearfish
Brown Commercial Construction Co.	15	\$440,000	\$980,000	North Sioux City
CSJ Properties, LLC	8	\$100,000	\$445,000	North Sioux City
Counterpart #3	60	\$558,775	\$2,205,745	Brookings
DBI Holdings, LLC	45	\$500,000	\$1,930,000	Watertown
Integra Plastics	20	\$181,000	\$825,000	Madison
Lake Area Improvement Corp/Gehl	25	\$247,500	\$550,000	Madison
M&D Investment Group, LLC	14	\$201,330	\$875,000	Spearfish
MDS Manufacturing Company, Inc	48	\$300,000	\$1,274,213	Parkston
Midstates Printing, Inc #3	129	\$1,000,000	\$3,350,000	Aberdeen
Omnitech, Inc.	30	\$214,650	\$477,000	Sioux Falls
Pacer Corporation #2	19	\$450,000	\$1,113,000	Custer
Phase Technologies Partners, LLC	27	\$290,000	\$1,158,527	Rapid City
Portfolio Systems Analysis (Bancmetrics)	11	\$100,000	\$650,000	Brookings
Ranchers Welding	30	\$250,000	\$1,533,000	Gregory
SODA Partners, LLC #3	85	\$1,100,000	\$2,693,618	Brandon
Twin City Fan Companies, LTD #2	25	\$233,564	\$519,032	Brookings
Vantage Point Solutions	46	\$1,000,000	\$4,000,000	Mitchell
Werkmeister Welding	28	\$300,000	\$800,000	Armour
Yankton Area Progressive/ L&M Radiator	53	\$830,000	\$2,261,497	Yankton
<b>FY 2007 Total: 22 loans</b>	<b>856</b>	<b>\$9,269,819</b>	<b>\$29,783,632</b>	
<b>FY 1987-2007</b>				
<b>Grand Total</b>	<b>27,469</b>	<b>\$167,212,444</b>	<b>\$820,051,801</b>	

\* Full-time equivalent jobs to be created within three years after loan closing.

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>BROOKINGS(Con't.)</b>			
Rainbow Play Systems, Inc.	\$400,000	\$2,954,500	83
Rainbow Play Systems, Inc. II	\$1,500,000	\$6,500,000	100
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	<u>\$233,564</u>	<u>\$519,032</u>	<u>25</u>
	\$11,851,777	\$83,750,405	1764
<b>BROWN</b>			
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
Cabinets Dakotah	\$25,000	\$60,000	6
Colorworks, LLC	\$50,000	\$410,000	18
FMC Corporation	\$200,000	\$410,000	18
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	
NE Venture, Inc. II	\$233,333		
NECOG-DC (RRLF)	\$500,000	\$410,000	18
Sheldahl, Inc.	\$1,000,000	\$2,850,000	50
TCF Aerovent, Inc.	\$500,000	\$8,735,000	186
Tempus Nutritionals, Inc.	\$210,000	\$545,000	30
Western Printing	<u>\$100,000</u>	<u>\$555,000</u>	<u>65</u>
	\$8,485,000	\$26,935,000	901.5
<b>CHARLES MIX</b>			
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.	<u>\$200,000</u>	<u>\$600,000</u>	<u>50</u>
	\$616,000	\$4,005,400	162.5
<b>CLAY</b>			
Performance Engineering and Manufacturing, Inc	\$125,000	\$800,000	30
Performance Engineering and Manufacturing, Inc	\$180,000	\$2,340,083	40
JH Investments, LLC	<u>\$1,250,000</u>	<u>\$4,095,000</u>	<u>25</u>
	\$1,555,000	\$7,235,083	95

**REDI Fund Company Activity**  
**Company**  
**(County in Bold)**

	<b>Total Loan Amount</b>	<b>Total Project Amount</b>	<b>Projected FTE Jobs</b>
<b>CODINGTON</b>			
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
BVH, LLC	\$110,000	\$367,500	18
DBI Holdings, LLC	\$500,000	\$1,930,000	45
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
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
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
Watertown Development Corp. III	\$295,000	\$883,713	54
Watertown Development Corp. IV	<u>\$1,910,000</u>	<u>\$14,545,340</u>	<u>157</u>
	\$14,940,144	\$76,879,122	2576.5
<b>CUSTER</b>			
Pacer Corporation #2	\$450,000	\$1,113,000	19

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>DAVISON</b>			
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 Eq. Center, Inc.	\$220,000	\$600,000	33
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	<u>\$1,000,000</u>	<u>\$4,000,000</u>	<u>46</u>
	\$5,234,400	\$24,689,475	912.5
<b>DAY</b>			
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	<u>\$322,000</u>	<u>\$600,000</u>	<u>55</u>
	\$1,773,000	\$4,881,162	347
<b>DEUEL</b>			
Midwest Converter Supply, Inc.	\$120,000	\$334,689	23
SFI Machine Products, Inc.	<u>\$123,000</u>	<u>\$423,500</u>	<u>19</u>
	\$243,000	\$758,189	42
<b>DOUGLAS</b>			
Prairie States Equipment/Petro-Steel, Inc.	\$156,000	\$352,000	23
Werkmeister Welding	<u>\$300,000</u>	<u>\$800,000</u>	<u>28</u>
	\$456,000	\$1,152,000	51
<b>FALL RIVER</b>			
Art Advantage, Inc.	\$275,000	\$656,000	35
Dakota Cinch, Inc.	\$150,000	\$610,000	64
Mineral Technology Corporation	<u>\$120,000</u>	<u>\$985,000</u>	<u>15</u>
	\$545,000	\$2,251,000	114

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>GRANT</b>			
BER Communications Corp. / Midwest Card Ser	\$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	<u>\$60,000</u>	<u>\$250,000</u>	<u>12</u>
	\$3,701,000	\$28,322,027	629.5
<b>GREGORY</b>			
Parker Enterprises, Inc.	\$100,000	\$366,000	50
Ranchers Welding	<u>\$500,000</u>	<u>\$1,533,000</u>	<u>30</u>
	\$600,000	\$1,899,000	80
<b>HAAKON</b>			
Midland Telemarketing	\$30,000	\$70,000	13.5
Scotchman Industries, Inc.	<u>\$125,000</u>	<u>\$845,000</u>	<u>17</u>
	\$155,000	\$915,000	30.5
<b>HAMLIN</b>			
Davis Family South Dakota Inc.	\$5,000,000	10,000,000	184
Davisco International, Inc.	<u>\$300,000</u>	<u>\$1,233,000</u>	<u>21</u>
	\$5,300,000	\$11,233,000	205
<b>HUGHES</b>			
Global Harvest Birdseed of SD, LLC	\$450,000	\$1,150,000	37
JR&R Partnership	\$180,000	\$527,000	16
Pierre Economic Development Corp.	<u>\$440,000</u>	<u>\$1,100,000</u>	<u>100</u>
	\$1,070,000	\$2,777,000	153
<b>HUTCHINSON</b>			
MDS Manufacturing Company, Inc.	\$300,000	\$1,274,213	48
Reliance Parts Corp.	\$99,000	\$220,000	24
Wildcat Manufacturing Co., Inc.	\$100,000	\$332,500	23
Wildcat Mfg./Freeman Supply	<u>\$184,500</u>	<u>\$1,016,750</u>	<u>38</u>
	\$683,500	\$2,843,463	133
<b>HYDE</b>			
Highmore Cattle Auction	\$100,000	\$535,000	29

**REDI Fund Company Activity**

<u>Company</u> <u>(County in Bold)</u>	Total Loan Amount	Total Project Amount	Projected FTE Jobs
<b>JERAULD</b>			
LSI, Inc.	\$800,000	\$2,130,000	100
LSI, Inc. II	<u>\$750,000</u>	<u>\$3,800,000</u>	<u>40</u>
	\$1,550,000	\$5,930,000	140
<b>KINGSBURY</b>			
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
Lyle Signs, Inc.	\$110,000	\$275,000	15
Shinamerica, Inc.	<u>\$250,000</u>	<u>\$1,400,000</u>	<u>45</u>
	\$753,000	\$4,223,800	131.5
<b>LAKE</b>			
Baron Investments, LLC	\$100,000	\$1,062,000	20
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
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	<u>\$200,000</u>	<u>\$950,000</u>	<u>40</u>
	\$3,849,000	\$19,511,037	702



**REDI Fund Company Activity**

<b>Company</b> <b>(County in Bold)</b>	<b>Total Loan</b> <b>Amount</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>LAWRENCE</b>			
BioChem Building Applications #1	\$300,000	\$1,200,000	25
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
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.	<u>\$208,000</u>	<u>\$620,000</u>	<u>35</u>
	\$5,755,830	\$27,330,907	934
<b>LINCOLN</b>			
Canton Economic Development Corp. I	\$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
DeGeest Manufacturing Co.	\$50,000	\$210,000	12
K-Products, Inc.	\$500,000	\$3,450,000	100
Lennox Area Dev. Corp. (WARE Mfg.) (Parkvie	\$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
Tea Industries, Inc.	<u>\$150,000</u>	<u>\$333,000</u>	<u>80</u>
	\$7,555,301	\$36,102,724	1409
<b>MARSHALL</b>			
Sheldahl, Inc.	\$750,000	\$2,850,000	150
Truss-Pros, Inc.	\$171,000	\$575,000	13.75
Veblen Cheese Factory, Inc.	<u>\$292,500</u>	<u>\$650,000</u>	<u>33</u>
	\$1,213,500	\$4,075,000	196.75
<b>MCCOOK</b>			
Bridgewater Quality Meats	\$250,000	\$965,000	50
Feterl Acquisition Corporation	\$600,000	\$3,174,000	83
Rosebud Manufacturing Company, Inc.	<u>\$100,000</u>	<u>\$371,750</u>	<u>19.5</u>
	\$950,000	\$4,510,750	152.5

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>MCPHERSON</b>			
Day Break, Inc.	\$25,000	\$50,000	17.5
Eureka Development Corporation I	\$290,000	\$390,000	71
Eureka Development Corporation II	<u>\$125,000</u>	<u>\$473,000</u>	<u>160</u>
	\$440,000	\$913,000	248.5
<b>MEADE</b>			
Cor-Bon Bullets, Inc.	\$60,000	\$455,000	36
Glenwood/Loan Tree	\$13,500	\$30,000	6
NIP Manufacturing, Inc.	\$75,000	\$388,500	10
Sturgis Industrial Dev. Corp. I	\$175,000	\$362,500	25
Sturgis Industrial Dev. Corp. II	\$300,250	\$709,300	98
Sturgis Industrial Dev. Corp. III	\$110,000	\$308,000	12
Tower Stools	<u>\$25,000</u>	<u>\$100,000</u>	<u>11</u>
	\$758,750	\$2,353,300	198
<b>MINER</b>			
Jan's Frozen Foods	\$325,000	\$1,630,000	67
WrapIt Corporation	\$100,000	\$2,811,160	90.5
Miner Co. Revitalization	<u>\$725,000</u>	<u>\$1,647,296</u>	<u>46</u>
	\$1,150,000	\$6,088,456	203.5
<b>MINNEHAHA</b>			
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
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 (Neoverures), 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
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

**REDI Fund Company Activity****Company****(County in Bold)****MINNEHAHA(Con't)**

	<b>Total Loan Amount</b>	<b>Total Project Amount</b>	<b>Projected FTE Jobs</b>
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
Luverne Truck Equipment Inc.	\$400,000	\$1,300,000	305
Maguire Tank, Inc.	\$175,000	\$1,350,000	31
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
Sencore, Inc.	\$350,000	\$780,000	70
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
Tei-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.	<u>\$750,000</u>	<u>\$2,223,250</u>	<u>127</u>
	\$26,178,536	\$108,777,944	5125

**MOODY**

Dakota Layers Coop. I	\$400,000	\$9,290,000	21
Dakota Layers Coop II	<u>\$1,500,000</u>	<u>\$4,941,996</u>	<u>40</u>
	\$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 Molding, Inc.	\$120,000	\$450,000	20
Black Hills Silver, Inc.	\$90,000	\$221,396	14

**REDI Fund Company Activity****Company****(County in Bold)****PENNINGTON(Con't)**

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
Conseco Fin. Serv. Corp. IV	\$1,000,000	\$3,566,000	200
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 Ventures, Inc. I	\$50,000	\$150,000	
Dakota Ventures, Inc. II	\$75,000	\$225,000	
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
GFI America, Inc. II	\$1,000,000	\$3,125,000	115
Gunderson Manufacturing Company	\$60,000	\$160,000	12
H-S Precision, Inc. I	\$175,000	\$825,000	42
H-S Precision, Inc. II	\$125,000	\$300,000	25
H-S Precision, Inc. III	\$180,000	\$400,000	30
Hi-Qual Manufacturing, Inc. I	\$300,000	\$1,600,000	43
Landstrom's	\$700,000	\$9,185,000	140
Lytleware Enterprises	\$55,000	\$196,000	11
Magnum Diamond I	\$80,000	\$250,000	11
Magnum Diamond II	\$90,000	\$208,950	22
MPI, Inc.	\$825,000	\$1,871,420	168
Phase Technologies Parnters, 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.	<u>\$1,275,000</u>	<u>\$7,905,000</u>	<u>124</u>
	\$19,076,075	\$89,662,328	3682

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>PERKINS</b>			
Wheeler Manufacturing Co., Inc.	\$100,000	\$311,000	20
Wheeler Manufacturing Co., Inc. II	<u>\$150,000</u>	<u>\$350,000</u>	30
	\$250,000	\$661,000	50
<b>ROBERTS</b>			
Cattail Company, LLP	\$150,000	\$1,050,000	33
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
Tri-State Ethanol Company	<u>\$450,000</u>	<u>\$18,000,000</u>	19
	\$2,363,818	\$23,228,390	455
<b>SANBORN</b>			
Van Dyke Supply Company, Inc.	\$1,000,000	\$1,000,000	100
<b>SPINK</b>			
Markley Millwork	\$65,000	\$420,000	13
Redfield Industrial Dev. Corp./ACI	<u>\$355,000</u>	<u>\$605,000</u>	75
	\$420,000	\$1,025,000	88
<b>TODD</b>			
Rosebud Community Landfill	\$22,500	\$111,000	4
<b>TURNER</b>			
Bowden's Automated Products	\$100,000	\$300,000	50
ProCon Products, Inc.	<u>\$20,000</u>	<u>\$64,149</u>	4
	\$120,000	\$364,149	54
<b>UNION</b>			
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

**REDI Fund Company Activity**

<u>Company</u> <u>(County in Bold)</u>	<b>Total Loan</b> <b>Amount</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>UNION(Con't.)</b>			
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
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
Tower Engineering	\$55,000	\$265,000	12
Tristate Laminated Doors/Components	<u>\$150,000</u>	<u>\$1,200,000</u>	<u>37</u>
	\$10,105,500	\$73,975,584	2988
<b>WALWORTH</b>			
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.	<u>\$148,000</u>	<u>\$330,000</u>	<u>51</u>
	\$514,000	\$1,321,700	216
<b>YANKTON</b>			
Applied Engineering, Inc.	\$250,000	\$1,600,000	39
Areawide Business Council - RRLF	\$500,000	\$500,000	0
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	<u>\$830,000</u>	<u>\$2,261,497</u>	<u>53</u>
	\$3,727,000	\$12,119,786	516
<b>EDFA-APEX I</b>	\$1,000,000	\$3,500,000	N/A
<b>EDFA -APEX II</b>	\$125,000	\$625,000	N/A
<b>EDFA- APEX III</b>	\$200,000	\$950,000	N/A
<b>SDDC</b>	\$3,000,000	\$3,000,000	N/A
<b>VASF (available funds)</b>	3,000,000	\$3,000,000	N/A
<b>VATSF (available funds)</b>	\$3,000,000	\$3,000,000	N/A
	<u>\$10,325,000</u>	<u>\$14,075,000</u>	
<b>FY 1987-2007</b>			
<b>GRAND TOTAL: *** (See Note)</b>	<u>\$167,212,444</u>	<u>\$820,051,801</u>	<u>27,469</u>

\*not closed  
\*\*defaulted

\*\*\* NOTE: Totals only includes loans approved and funded. All loans approved, but never funded (and officially withdrawn) are listed separately on the following pages.

**Withdrawn Loans**

Aberdeen Development Corporation IV	\$1,500,000	\$6,300,000	125
Aberdeen Machine Tool Inc.	\$99,000	\$221,000	18
Acrylics by Jane of SD Inc.	\$170,000	\$600,000	31.5
APA Optics, Inc.	\$300,000	\$6,375,000	106
Bioverse, Inc.	\$200,000	\$620,000	27
Bell Farms, LLP	\$500,000	\$3,000,000	8
Cimpl Meats, Inc.	\$200,000	\$700,000	8
Clark Area New Horizons, LLC	\$765,000	\$1,700,000	78
CoEv, Inc.	\$1,250,000	\$4,120,000	249
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
EMPI Inc.	\$450,000	\$1,100,000	175.5
EPS Technologies	\$213,750		
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
Hilton Development Corporation	\$350,000	\$6,190,000	37.75
Hi-Qual Manufacturing, Inc. II	\$500,000	\$2,000,000	58
Integrity Meats	\$125,000	\$500,000	24
Intercity Holding Co	\$225,000	\$500,000	
Jack First Inc.	\$31,500	\$70,000	
Lund Industries, Inc.	\$1,000,000	\$1,000,000	
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
Paytrust, Inc.	\$1,000,000	\$4,044,000	203
Portfolio Analysis Systems, Inc	\$100,000	\$650,000	34
PPD USA, Inc.	\$500,000	\$500,000	166
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
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
Special Teams, Inc.	\$350,000	\$600,000	62
Synergy Solutions, Inc.	\$200,000	\$461,400	50

TCF & Blower Companies, Ltd.	\$300,000		
TCF & Blower Companies, Ltd.	\$400,000		
TDS Dakota Land Holdings, LLC	\$1,750,000	\$7,567,000	287
Telnet Systems, Inc	\$250,000	\$677,000	225
Tri-State Ethanol Company	\$450,000	\$18,000,000	25
Ultimate Direction, Inc	\$50,000		
Vallon Inc.	\$430,000	\$2,308,555	91
WhBMC Group, Inc	\$226,250	\$512,500	46
Workrite Uniform Company	\$225,000	\$225,000	
MFS Partnership (Entrepreneur Support Fund)	\$50,000		
	<u>\$23,548,525</u>	<u>\$147,556,494</u>	<u>4138</u>



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

**AUDIT REPORT**

**Fiscal Year Ended June 30, 2007**



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

**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND  
TABLE OF CONTENTS**

<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>1</b>
<b>Independent Auditor's Report .....</b>	<b>3</b>
<b>Financial Statements:</b>	
<b>Statement of Net Assets .....</b>	<b>5</b>
<b>Statement of Revenues, Expenses, and Changes in Fund Net Assets .....</b>	<b>6</b>
<b>Statement of Cash Flows .....</b>	<b>7</b>
<b>Notes to the Financial Statements .....</b>	<b>8</b>
<b>Current Audit Finding and Recommendations .....</b>	<b>12</b>



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

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 M. Michael Rounds  
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited the financial statements of the South Dakota Revolving Economic Development and Initiative Fund as of and for the fiscal year ended June 30, 2007 and have issued our report thereon dated November 6, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting as a basis for designing our auditing procedures 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 Revolving Economic Development and Initiative Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control

deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Current Audit Finding and Recommendations as finding number 04001200702 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency described above to be a material weakness.

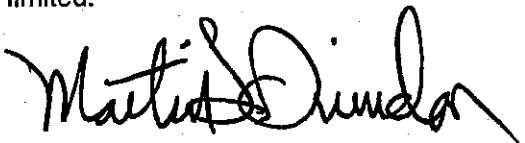
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Dakota Revolving Economic Development and Initiative Fund's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the South Dakota Revolving Economic Development and Initiative Fund in a separate letter dated November 6, 2007.

The South Dakota Revolving Economic Development and Initiative Fund's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Recommendations. We did not audit the South Dakota Revolving Economic Development and Initiative Fund's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and members of the South Dakota Legislature and is not intended to be and should not be used by anyone other than those specified. However, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA  
Auditor General

November 6, 2007



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 M. Michael Rounds  
Governor of South Dakota

and

South Dakota Board of Economic Development

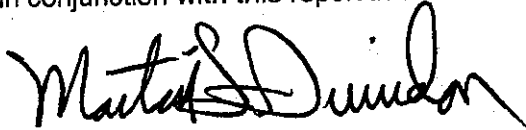
We have audited the accompanying financial statements of the South Dakota Revolving Economic Development and Initiative Fund, as of and for the fiscal year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of the South Dakota Board of Economic Development's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the South Dakota Revolving Economic Development and Initiative Fund, are intended to present the financial position, and changes in financial position and cash flows of the business type activities of the State that is attributable to the transactions of the South Dakota Revolving Economic Development and Initiative Fund. They do not purport to, and do not, present fairly the financial position of the State of South Dakota as of June 30, 2007, and the changes in its financial position and its cash flows, where applicable, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities for the South Dakota Revolving Economic Development and Initiative Fund as of June 30, 2007 and the respective changes in financial position and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2007 on our consideration of the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts, and 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 the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Martin L. Guindon, CPA  
Auditor General

November 6, 2007

**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND  
STATEMENT OF NET ASSETS  
June 30, 2007**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents (Note 2)	\$ 39,880,003
Securities Lending Collateral (Note 9)	6,887,702
Loan Interest Receivable	76,621
Investment Income Receivable	502,115
Loans Receivable (Net) (Note 5)	7,196,039
Motor Fuel Tax Refunds Receivable	6,029
<b>Total Current Assets</b>	<u>54,548,509</u>

Noncurrent Portion of Loans Receivable (Net) (Note 5)	<u>34,485,865</u>
---	-------------------

<b>TOTAL ASSETS</b>	<u>\$ 89,034,374</u>
---------------------	----------------------

**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 15,204
Wages Payable	25,843
Grants Payable	50,535
Accrued Leave Liability (Note 8)	20,603
Due to Other Funds	3,359
Securities Lending Collateral Liability (Note 9)	6,887,702
<b>Total Current Liabilities</b>	<u>7,003,246</u>

Noncurrent Portion of Accrued Leave Liability (Note 8)	<u>18,655</u>
--	---------------

<b>TOTAL LIABILITIES</b>	<u>7,021,901</u>
--------------------------	------------------

**NET ASSETS**

Unrestricted	<u>82,012,473</u>
--------------	-------------------

<b>TOTAL NET ASSETS</b>	<u>\$ 82,012,473</u>
-------------------------	----------------------

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