

South Dakota

REDI

Revolving Economic Development
& Initiative Fund

June 30, 2008
Annual Financial Report

South Dakota

GOVERNOR'S OFFICE OF

ECONOMIC DEVELOPMENT



www.SDreadytowork.com

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Pierre, South Dakota 57501-3369
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www.SDReadyToWork.com



GOVERNOR'S OFFICE OF

ECONOMIC DEVELOPMENT

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Dear South Dakotans:

2008 was a good year for economic development in South Dakota. This proves once again that in tough national economic times, South Dakota is able to weather the storm better than other states.

This year, our REDI (Revolving Economic Development & Initiative) Fund saw steady growth. We diversified our loan portfolio, approved 83 percent more dollars than last year, and helped 15 companies grow their business in our state.

Companies in the renewable energy field, particularly wind energy, were a solid one-third of our REDI Fund loan activity this past year. This demonstrates that South Dakota is poised to participate in the emerging energy industry.

The following report is a record of the past year's activity of the Board of Economic Development (BED). The finance programs provide businesses access to necessary resources to remain competitive in today's markets.

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

Our finance programs continue to be a catalyst for economic development in this state and we are proud to share our successes of 2008.

Sincerely,

Kim Olson, Director
Governor's Office of Economic Development



Department of
Tourism & State
Development

Office of Tourism TravelSD.com
Governor's Office of Economic Development SDreadytowork.com
Tribal Government Relations SDtribelrelations.com
Arts Council artscouncil.sd.gov
State Historical Society SDhistory.org
Housing Development Authority SDHDA.org

2010
INITIATIVE
2010initiative.com

Loan Portfolio

Board of Economic Development Activity Loans Approved Fiscal Year 2008

COMPANY	PROJECTED JOBS*	REDI FUND LOAN AMOUNT	TOTAL PROJECT AMOUNT	COMMUNITY
Aberdeen Dev. Corp./Coventry Healthcare	200	\$1,600,000	\$3,600,000	Aberdeen
Aberdeen Dev. Corp./MFG	708	\$4,500,000	\$21,218,869	Aberdeen
Canton Econ. Dev. Corp./Adams Thermal	146	\$1,600,000	\$3,600,000	Canton
Cattail Company, LLP	82	\$2,000,000	\$6,800,000	Sisseton
Central State Fire Apparatus, LLC	45	\$400,000	\$1,183,000	Lyons
EMI, LLC	30	\$750,000	\$3,080,000	Mitchell
GeoFurnance Manufacturing, Inc.	27	\$182,480	\$597,180	DeSmet
Hoag Land Company, LLC	17	\$163,000	\$923,000	Rapid City
JH Investments, LLC	50	\$1,200,000	\$3,250,000	Vermillion
MEMSense, LLC	5	\$90,000	\$225,000	Rapid City
Nutraferma, Inc.	34	\$1,000,000	\$10,000,000	Sioux City
Rosebud Manufacturing, Co.	17	\$234,500	\$1,119,000	Madison
Tower Tech Systems, Inc.	145	\$1,500,000	\$23,990,000	Brandon
Watertown Dev. Corp./Nutting	30	\$1,550,000	\$4,686,035	Watertown
Westrom, LLC	17	\$208,250	\$595,000	Hot Springs
<hr/>				
FY 2008 Total: 15 loans	1,553	\$16,978,230	\$84,867,084	

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

REDI Fund Company Activity
September 1987 through June 2008

<u>Company</u> <u>(County in Bold)</u>	<u>Total Loan</u> <u>Amount</u>	<u>Total Project</u> <u>Amount</u>	<u>Projected</u> <u>FTE</u> <u>Jobs</u>
AURORA			
B&H Holding Company	\$108,000	\$243,000	24
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
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	<u>\$315,000</u>	<u>\$1,450,000</u>	<u>54</u>
	\$8,893,813	\$86,949,624	1531.5
BON HOMME			
Broin Enterprises, Inc.	\$112,000	\$312,000	14
BROOKINGS			
Biogenetics Services, Inc.	\$131,988	\$560,000	14.5
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
Maize Properties, Inc. I	\$50,000	\$340,786	16
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
Prince Manufacturing Corp.	\$400,000	\$2,750,000	50

Company (County in Bold)	Total Loan Amount	Loan Balance	Total Project Amount	Projected FTE Jobs
BROOKINGS (Con't.)				
South Dakota Soybean Processors	\$1,050,000	\$0	\$37,700,000	68.00
TCF Industries, Inc.	\$200,000	\$0	\$937,500	61.50
TCF & Blower II	\$850,000	\$0	\$3,700,000	170.00
	\$10,911,438	\$1,577,913	\$78,025,628	1,656.00
BROWN				
Aberdeen Development Corporation I	\$75,000	\$0	\$250,000	27.50
Aberdeen Development Corporation II	\$1,350,000	\$0	\$3,200,000	N/A
Aberdeen Development Corporation III	\$1,000,000	\$889,718	\$3,000,000	200.0
Aberdeen Development Corporation IV	\$1,500,000	\$0	\$6,300,000	125.0
Aberdeen Development Corporation V	\$300,000	\$0	\$730,000	100.0
Aberdeen Machine Tool Inc.	\$99,000	\$0	\$221,000	18.00
APA Optics, Inc.	\$300,000	\$0	\$6,375,000	106.00
Cabinets Dakotah	\$25,000	\$0	\$60,000	6.00
Colorworks, LLC	\$50,000	\$0	\$410,000	18.00
FMC Corporation	\$200,000	\$0	\$580,000	35.00
Micro-Voice, Inc.	\$162,000	\$0	\$443,500	60.00
Midcom, Inc. II	\$1,000,000	\$0	\$4,825,000	201.00
Midstates Printing, Inc.	\$100,000	\$0	\$1,691,325	39.75
Mutual of Omaha Insurance Co.	\$675,000	\$487,279	\$1,570,678	250.00
NECOG-DC (RRLF) *	\$500,000	\$0	\$500,000	0.0
sentr@NET, LLC	\$250,000	\$0	\$1,180,000	40.00
Sheldahl, Inc.	\$250,000	\$0	\$2,850,000	50.00
TCF Aerovent, Inc.	\$500,000	\$0	\$8,735,000	186.00
Tempus Nutritionals, Inc.	\$210,000	\$187,888	\$545,000	30.00
Vallon, Inc.	\$430,000	\$0	\$2,308,555	91.00
Western Printing	\$100,000	\$0	\$555,000	65.00
	\$9,076,000	\$1,564,885	\$46,330,058	1,648.25
BUTTE				
Integrity Meats	\$125,000	\$0	\$500,000	24.00
CHARLES MIX				
Aristo Industries, Inc.	\$41,000	\$0	\$91,500	20.00
Boyd's Gunstock Industries, Inc. I	\$35,000	\$0	\$155,000	15.50
Boyd's Gunstock Industries, Inc. II	\$40,000	\$0	\$88,900	17.00
Dakotah, Inc. III	\$300,000	\$0 **	\$3,070,000	60.00
Filters Co., Inc.	\$200,000	\$0	\$600,000	50.00
	\$616,000	\$0	\$4,005,400	162.50
CLAY				
Performance Engineering and Manufacturing, Inc. I	\$125,000	\$0	\$800,000	30.00
Performance Engineering and Manufacturing, Inc. II	\$180,000	\$0	\$2,340,083	40.00

Company (County in Bold)	Total Loan Amount	Loan Balance	Total Project Amount	FTE Jobs
CLAY (Con't.)				
JH Investments, LLC *	\$1,250,000	\$0	\$4,095,000	25.0
	\$1,555,000	\$0	\$7,235,083	95.00
CODINGTON				
Angus-Palm Industries, Inc. I	\$465,000	\$0	\$1,998,000	170.00
Angus-Palm Industries, Inc. II	\$465,000	\$0	\$1,850,000	69.00
Angus-Palm Industries, Inc. III	\$289,000	\$0	\$1,026,520	55.00
Angus-Palm Industries, Inc. IV	\$975,000	\$0	\$3,080,000	324.00
BVH, LLC	\$110,000	\$0	\$367,500	18.00
CoEv, Inc.	\$1,250,000	\$0	\$4,120,000	249.00
Dakota Bodies, Inc.	\$78,000	\$0	\$177,709	19.00
Dakota Finishing Co.	\$55,000	\$0	\$125,000	12.00
Dakota Tube, Inc. I	\$137,106	\$0	\$357,680	27.00
Dakota Tube, Inc. II	\$350,000	\$0	\$770,000	60.00
Dakota Tube, Inc. III	\$200,000	\$0	\$650,000	41.00
Dakota Tube, Inc. IV	\$250,000	\$0	\$575,000	50.00
DC Machining, Inc.	\$51,795	\$0	\$115,100	18.00
Duralite, Inc.	\$75,000	\$0	\$325,000	16.50
Dynamic Engineering	\$220,568	\$0	\$505,235	45.00
ESCO Mfg., Inc.	\$158,000	\$0	\$383,700	34.00
First District Dev. Corp.	\$500,000	\$290,000	500,000	0.0
Global Technologies, Inc.	\$186,975	\$0	\$415,500	23.00
Hesco, Inc./Specialty Mills	\$87,000	\$0	\$389,000	15.50
Integrity Tool and Die, Inc.	\$125,000	\$0	\$300,000	30.00
McFleeg of South Dakota*	\$300,000	\$0	\$3,981,025	10.0
MidAmerica Mutual Life Insurance Co.	\$500,000	\$0	\$2,068,500	125.00
OEM	\$650,000	\$0	\$3,050,000	123.50
OEM II	\$1,500,000	\$1,443,679	\$7,530,000	102.00
Persona, Inc.	\$281,700	\$0	\$736,600	82.00
PREMIER Bankcard, Inc.	\$1,175,000	\$0	\$4,516,000	398.50
Superior Homes, LLC	\$500,000	\$429,567	\$2,600,000	30.0
Terex-Telelect, Inc.	\$500,000	\$0	\$16,400,000	100.00
Tower Systems, Inc. I	\$135,000	\$0	\$550,000	32.50
Tower Systems, Inc. II	\$90,000	\$0	\$200,000	18.00
Twin City Die Castings Co.	\$500,000	\$0	\$1,145,000	125.00
Watertown Development Corp. I	\$1,250,000	\$978,214	\$2,500,000	112.00
Watertown Development Corp. II	\$75,000	\$63,642	\$332,000	35.00
Watertown Development Corp. III	\$295,000	\$252,457	\$883,713	54.00
Watertown Development Corp. IV	\$1,910,000	\$1,892,126	\$14,545,340	157.0
	\$15,690,144	\$5,349,685	\$79,069,122	2,780.50
DAVISON				
American Foods Group, Inc. II/Mitchell	\$220,600	\$0	\$2,440,000	45.00
American Foods Group, Inc. III/Mitchell	\$250,000	\$0	\$850,000	62.00
Boyd's Gunstock Industries, Inc. III	\$125,000	\$0	\$325,200	25.00
Boyd's Gunstock Industries, Inc. IV	\$135,000	\$0	\$449,400	28.00

REDI Fund Company Activity
September 1987 through June 2008

<u>Company</u> <u>(County in Bold)</u>	<u>Total Loan</u> <u>Amount</u>	<u>Total Project</u> <u>Amount</u>	<u>Projected</u> <u>FTE</u> <u>Jobs</u>
AURORA			
B&H Holding Company	\$108,000	\$243,000	24
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
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	<u>\$315,000</u>	<u>\$1,450,000</u>	<u>54</u>
	\$8,893,813	\$86,949,624	1531.5
BON HOMME			
Broin Enterprises, Inc.	\$112,000	\$312,000	14
BROOKINGS			
Biogenetics Services, Inc.	\$131,988	\$560,000	14.5
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
Maize Properties, Inc. I	\$50,000	\$340,786	16
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
Prince Manufacturing Corp.	\$400,000	\$2,750,000	50

REDI Fund Company Activity**Projected**

Company (County in Bold)	Total Loan Amount	Total Project Amount	FTE Jobs
BROOKINGS(Con't.)			
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
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
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>
	\$14,585,000	\$51,753,869	1809.5
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.	<u>\$200,000</u>	<u>\$600,000</u>	<u>50</u>
	\$616,000	\$4,005,400	162.5
CLAY			
Performance Engineering and Manufacturing, Inc	\$125,000	\$800,000	30
Performance Engineering and Manufacturing, Inc	\$180,000	\$2,340,083	40
JH Investments, LLC	\$1,250,000	\$4,095,000	25
JH Investments, LLC II*	<u>\$1,200,000</u>	<u>\$3,250,000</u>	<u>50</u>
	\$2,755,000	\$10,485,083	145

REDI Fund Company Activity**Company**
(County in Bold)**Total Loan**
Amount**Total Project**
Amount**Projected**
FTE
Jobs**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
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	\$1,910,000	\$14,545,340	157
Watertown Development Corp. V*	<u>\$1,550,000</u>	<u>\$4,686,035</u>	<u>30</u>
	\$16,490,144	\$81,565,157	2606.5

CUSTER

Pacer Corporation #2

\$450,000

\$1,113,000

19

REDI Fund Company Activity			Projected
Company	Total Loan	Total Project	FTE
(County in Bold)	Amount	Amount	Jobs
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
EMI, 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	<u>\$1,000,000</u>	<u>\$4,000,000</u>	<u>46</u>
	\$5,984,400	\$26,549,475	942.5
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	<u>\$322,000</u>	<u>\$600,000</u>	<u>55</u>
	\$1,773,000	\$4,881,162	347
DEUEL			
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
DOUGLAS			
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
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, LLC	<u>\$208,250</u>	<u>\$595,000</u>	<u>17</u>
	\$753,250	\$2,846,000	131

REDI Fund Company Activity			
<u>Company</u>	Total Loan	Total Project	Projected
<u>(County in Bold)</u>	Amount	Amount	FTE
			Jobs
GRANT			
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
GREGORY			
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
HAAKON			
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
HAMLIN			
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
HUGHES			
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
HUTCHINSON			
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
HYDE			
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
JERAULD			
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
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.	<u>\$250,000</u>	<u>\$1,400,000</u>	<u>45</u>
	\$935,480	\$4,820,980	155.5
LAKE			
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	\$200,000	\$950,000	40
Rosebud Manufacturing Co., Inc. II	<u>\$234,500</u>	<u>\$1,119,000</u>	<u>17</u>
	\$4,083,500	\$20,630,037	719

REDI Fund Company Activity			Projected
<u>Company</u>	Total Loan	Total Project	FTE
<u>(County in Bold)</u>	Amount	Amount	Jobs
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
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>
	\$5,455,830	\$25,742,407	899
LINCOLN			
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
Canton Economic Development Corp. IV*	\$1,600,000	\$3,600,000	146
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>
	\$9,155,301	\$39,702,724	1555
MARSHALL			
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
MCCOOK			
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

REDI Fund Company Activity			Projected
Company	Total Loan	Total Project	FTE
(County in Bold)	Amount	Amount	Jobs
MCPHERSON			
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
MEADE			
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. Crop. 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
MINER			
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
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
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 (Neovertures), 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**Projected**

<u>Company</u> <u>(County in Bold)</u>	Total Loan Amount	Total Project Amount	FTE Jobs
MINNEHAHA(Con't)			
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
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
Tower Tech Systems, Inc.*	\$1,500,000	\$23,990,000	145
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>
	\$28,078,536	\$133,950,944	5315
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
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
Hoag Land Company, LLC*	\$163,000	\$923,000	17
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
MEMSense, LLC	\$90,000	\$225,000	5
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>
	\$19,329,075	\$90,810,328	3704

REDI Fund Company Activity			
Company	Total Loan	Total Project	Projected
(County in Bold)	Amount	Amount	FTE
			Jobs
PERKINS			
Wheeler Manufacturing Co., Inc.	\$100,000	\$311,000	20
Wheeler Manufacturing Co., Inc. II	<u>\$150,000</u>	<u>\$350,000</u>	<u>30</u>
	\$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
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>	<u>19</u>
	\$4,363,818	\$30,028,390	537
SANBORN			
Van Dyke Supply Company, Inc.	\$1,000,000	\$1,000,000	100
SPINK			
Markley Millwork	\$65,000	\$420,000	13
Redfield Industrial Dev. Corp./ACI	<u>\$355,000</u>	<u>\$605,000</u>	<u>75</u>
	\$420,000	\$1,025,000	88
TODD			
Rosebud Community Landfill	\$22,500	\$111,000	4
TURNER			
Bowden's Automated Products	\$100,000	\$300,000	50
ProCon Products, Inc.	<u>\$20,000</u>	<u>\$64,149</u>	<u>4</u>
	\$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

REDI Fund Company Activity			Projected
Company	Total Loan	Total Project	FTE
(County in Bold)	Amount	Amount	Jobs
UNION(Con't.)			
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
Nutraferma, Inc.*	\$1,000,000	\$10,000,000	34
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>
	\$11,105,500	\$83,975,584	3022
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.	<u>\$148,000</u>	<u>\$330,000</u>	<u>51</u>
	\$514,000	\$1,321,700	216
YANKTON			
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
EDFA-APEX I	\$1,000,000	\$3,500,000	N/A
EDFA -APEX II	\$125,000	\$625,000	N/A
EDFA- APEX III	\$200,000	\$950,000	N/A
SDDC	\$3,000,000	\$3,000,000	N/A
VASF (available funds)	3,000,000	\$3,000,000	N/A
VATSF (available funds)	\$3,000,000	\$3,000,000	N/A
	<u>\$10,325,000</u>	<u>\$14,075,000</u>	
FY 1987-2008			
GRAND TOTAL: *** (See Note)	<u>\$182,890,674</u>	<u>\$900,152,885</u>	<u>28,794</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
BioChem Building Applications #1	\$300,000	\$1,200,000	25
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
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
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>\$24,848,525</u>	<u>\$152,322,494</u>	<u>4363</u>

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

AUDIT REPORT

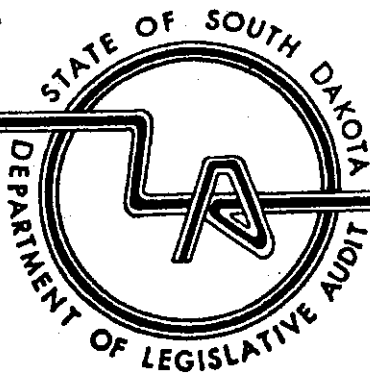
Fiscal Year Ended June 30, 2008



**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
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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, 2008 and have issued our report thereon dated November 4, 2008. 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 a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 Findings and Recommendations as Finding No. 04001200801 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.

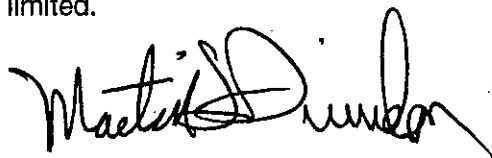
Compliance and Other Matters

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 4, 2008.

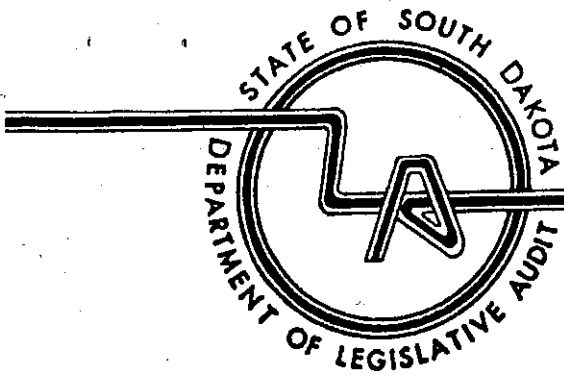
The South Dakota Revolving Economic Development and Initiative Fund's response to the finding identified in our audit is described in the accompanying schedule of Current Audit Findings and Recommendations. We did not audit the South Dakota Revolving Economic Development and Initiative Fund's response 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 4, 2008



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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, 2008 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.

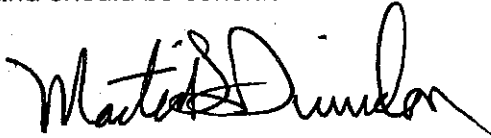
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2008, 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 South Dakota Revolving Economic Development and Initiative Fund as of June 30, 2008 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 4, 2008, 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 considered when assessing the results of our audit.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is fluid and cursive, with a large initial "M" and "G".

Martin L. Guindon, CPA
Auditor General

November 4, 2008

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF NET ASSETS
June 30, 2008

ASSETS:

Current Assets:

Cash and Cash Equivalents (Note 2C)	\$ 41,638,402
Accounts Receivable - Bankwest	70,683
Securities Lending Collateral (Note 6)	3,707,331
Loan Interest Receivable	96,706
Investment Income Receivable	440,963
Loans Receivable (Net) (Note 2F)	12,514,999
Equipment (Net) (Note 2E)	14,350
Motor Fuel Tax Refunds Receivable	5,328
Total Current Assets	58,488,762

Noncurrent Portion of Loans Receivable (Net) (Note 2F)	30,443,587
--	------------

TOTAL ASSETS	88,932,349
--------------	------------

LIABILITIES:

Current Liabilities:

Accounts Payable	10,845
Wages Payable	24,605
Accrued Leave Liability (Note 5)	24,931
Due to Other Funds	5,028
Securities Lending Collateral Liability (Note 6)	3,707,331
Total Current Liabilities	3,772,740

Noncurrent Portion of Accrued Leave Liability (Note 5)	22,322
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TOTAL LIABILITIES	3,795,062
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NET ASSETS:

Invested in Capital Assets	14,350
Unrestricted	85,122,937

TOTAL NET ASSETS	\$ 85,137,287
------------------	---------------

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 FUND NET ASSETS
For the Fiscal Year Ended June 30, 2008

Operating Revenue:	
Interest Income on Loans	\$ 1,154,292
Other Income	111,442
Total Operating Revenue	1,265,734
Operating Expenses:	
Personal Services and Benefits	398,424
Travel	24,965
Contractual Services	199,965
Supplies and Materials	9,784
Grants and Subsidies	299,682
Depreciation Expense (Note 1)	50
Total Operating Expenses	932,870
Operating Income (Loss)	332,864
Nonoperating Revenue (Expense):	
Investment Income	2,824,543
Other Income	180,682
Other Expense	(213,275)
Total Nonoperating Revenue (Expense)	2,791,950
Change in Net Assets	3,124,814
Beginning Net Assets	82,012,473
End of Year Net Assets	\$ 85,137,287

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, 2008

Cash Flows From Operating Activities:		
Receipts for Loan Repayments	\$ 8,105,569	
Payments for Loans Originated	(8,323,122)	
Other Receipts - Motor Fuel Taxes	181,382	
Receipts from Customers and Users	111,443	
Payments for Employee Services	(391,667)	
Payments for Interfund Services Used	(47,320)	
Payments to Suppliers and for Benefits and Claims	<u>(535,907)</u>	
Net Cash Provided (Used) by Operating Activities		(899,622)
Cash Flows From Capital and Related Financing Activities:		
Purchases of Capital Assets	<u>(14,400)</u>	
Net Cash Provided (Used) by Capital and Related Financing Activities:		(14,400)
Cash Flows From Investing Activities:		
Pooled Investment Income	2,885,696	
Security Lending Rebate Fees	<u>(213,275)</u>	
Net Cash Provided by Investing Activities		2,672,421
Net Increase in Cash and Cash Equivalents During the Fiscal Year		1,758,399
Cash and Cash Equivalents at Beginning of Year		<u>39,880,003</u>
Cash and Cash Equivalents at End of Year		<u>\$41,638,402</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)		\$ 332,864
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation/Amortization Expense	50	
Miscellaneous Nonoperating Income	180,682	
Motor Fuel Tax Refunds Receivable	701	
Decrease/(Increase) in Assets:		
Loans Receivable	(1,276,682)	
Loan Interest Receivable	(20,085)	
Accounts Receivable - Bankwest	(70,683)	
Increase/(Decrease) in Liabilities:		
Accounts Payable	(4,359)	
Wages Payable	(1,238)	
Grants Payable	(50,536)	
Accrued Leave Liability	7,995	
Due to Other Funds	<u>1,669</u>	
Total Adjustments		(1,232,486)
Net Cash Provided (Used) by Operating Activities		<u>\$ (899,622)</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, 2008

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).

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 are reported as nonoperating. The REDI Fund follows all Governmental Accounting Standards Board (GASB) pronouncements and those Financial Accounting Standards Boards Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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 as 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 annual South Dakota Investment Council Audit Report.

D. Value Added Agriculture Subfund Projects

The Board of Economic Development (BED) approves projects funded from the Value Added Agriculture Subfund in the form of loans, grants or loans/grants. For financial reporting purposes, the BED estimates that 10% of the projects financed as loans/grants during the year will be repaid in the form of loans and records this estimate as loans receivable in the financial statements with the balance of the financing reported as a grant expense. Upon project completion, the BED evaluates the feasibility of the project and determines if the funds provided are considered a grant or will be repaid in the form of a loan.

E. 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, 2008 is as follows:

	<u>Balance 07/01/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/08</u>
Equipment	\$ -0-	\$14,400	\$ -0-	\$14,400
Accumulated Depreciation	-0-	50	-0-	50
Capital Assets, Net	<u>\$ -0-</u>	<u>\$14,350</u>	<u>\$ -0-</u>	<u>\$14,350</u>

F. Loans Receivable

Loans receivable at June 30, 2008, is shown net of the allowance for doubtful loans of \$996,066.

3. VALUE ADDED AGRICULTURE SUBFUND ACTIVITY

During the 1999 legislative session the Value Added Agriculture Subfund was created within the REDI Fund. The legislature designated three million dollars from the REDI Fund for the purpose of making grants or loans for value added agricultural products. It also designated three cents per gallon of each motor fuel tax refund on any purchases of motor fuel after July 1, 1999, for the purpose of this fund.

The following is a breakdown of the activity in the subfund for FY08 and its corresponding net assets at June 30, 2008:

	Value Added Agriculture SubFund
Beginning Net Assets	\$ 2,843,256
Grant Payments	(236,917)
Motor Fuel Tax Refund Income	180,681
Investment Income	134,295
Ending Net Assets	<u>\$ 2,921,315</u>

4. COMMITMENTS

At June 30, 2008, the REDI Fund has the following commitments:

Value-Added Agriculture projects approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2008 -----	\$ 487,092
REDI Fund loans approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2008 -----	\$ 16,262,590
South Dakota Economic Development Finance Authority for the Agriculture Processing and Export Loan Program (RECD Intermediary Relending Program) -----	\$ 325,000

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 \$47,253 at June 30, 2008, is shown as short and long-term liabilities on the Statement of Net Assets.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued Leave Liability	\$39,258	\$35,196	\$27,201	\$47,253	\$24,931

6. SECURITIES LENDING TRANSACTIONS

State statutes and the South Dakota Investment Council (SDIC) policies permit the use of investments for securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or securities with the simultaneous agreement to return the collateral for the same securities in the future. The cash collateral is reinvested by the lending agent in accordance with contractual investment guidelines that are designed to ensure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, results in gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

At year end, no credit risk exposure to borrowers existed because the amounts owed the borrowers exceeded the amounts the borrowers owed. The contract with the lending agent requires them to indemnify if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent.

All securities loans can be terminated on demand by either the SDIC or the borrower. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short-term investments. The ability to pledge or sell collateral securities can be made without borrower default. In addition, no restrictions on the amount of the loans exist or can be made. The amount reported as Securities Lending Collateral of \$3,707,331 and Securities Lending Collateral Liability of \$3,707,331 on the statement of net assets represents the REDI Fund's share of the SDIC total.

7. 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. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires 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, 2008, 2007 and 2006 were \$19,583, \$16,915 and \$16,960 respectively, equal to the required contributions each year.

8. 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.

DEPARTMENT OF TOURISM AND STATE DEVELOPMENT

PRIOR AUDIT FINDING

State Audit Finding:

Finding No. 04001200702:

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements including the identification and correction of reporting errors and omissions.

See Current Audit Finding

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

State Audit Finding:

Finding No. 04001200801:

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements including the identification and correction of reporting errors and omissions.

Analysis:

During fiscal year 2008, the Department of Tourism and State Development did not have adequate controls to ensure that the financial statements for the Revolving Economic Development and Initiative Fund were prepared accurately. Adjustments were posted by the auditor to the financial statements correcting the errors and omissions noted during the audit. Our audit identified significant adjustments in the following accounts:

- Cash and Cash Equivalents
- Short and Long-Term Loans Receivable
- Investment Income
- Cash Flows From Investing Activities

Because the Department did not have adequate controls to ensure the accuracy of amounts reported on the financial statements, there existed an increased exposure to inaccurate financial reporting.

RECOMMENDATION:

1. We recommend the Department implement internal control procedures to identify and correct reporting errors and omissions and ensure the accuracy of amounts reported in the financial statements.

DEPARTMENT OF TOURISM AND STATE DEVELOPMENT
(Continued)

Auditee's Corrective Action Plan:

As a result of the Revolving Economic Development and Initiative Fund (REDI) accounting system crashing in October 2007, the Governor's Office of Economic Development (GOED) then built a new system in coordination with our accounting firm to address some of the control issues. This system is currently in use.

In addition, and more importantly, GOED was able to purchase in April 2008 a new Financial Accounting System Loan Portfolio System (FAS) to address the lack of "checks and balances" with the loan servicing provider. Prior to FY 2009, the only source documents accounting for the loans in the REDI portfolio were provided to GOED and auditor was by the loan servicing provider's loan portfolio system. Currently, GOED is building the FAS loan portfolio system to track this information and provide a "check" to the information provided by the loan servicing provider. The system is being built using information as of July 1, 2008 and is expected to be completed by December 31, 2008.

Finally, the loan service provider has been notified that they will need to provide a year-end amortization schedule breaking out short-term principal receivable versus long-term principal receivable.

Upon completion of the new FAS system and with the additional information provided by the loan servicing provider, adequate controls will be in place to ensure the accuracy of the amounts reported in the financial statements.