

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JUNE 11, 2019, 9:30 A.M., CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JUNE 11, 2019, 9:30 A.M. CT**

**Board
Members:**

Jeff Erickson

Dale Clement

Matt Judson

*Sharon
Casey*

Mike Luken

Ted Husted

*Don
Kettering*

Tom Jones

Reed Kessler

Joy Nelson

Eric Yunag

Non-Voting

Lee Qualm

*Justin
Cronin*

Erin Healy

*Craig
Kennedy*

**Motion Sheet
(STAFF RECOMMENDATIONS)**

Agenda

Motion to approve the agenda as presented.

Motion made by _____ and seconded by _____.

Minutes

Motion to approve the minutes of the meetings held May 21, 2019 and May 30, 2019, as presented

Motion made by _____ and seconded by _____.

Conflicts of Interest Disclosures

Public Comments

Commissioners Comments

Executive Session

Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion made by _____ and seconded by _____.

Chairman: Declare board out of executive session. [p.m.]. Chairman: The BED entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

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

Motion made by _____ and seconded by _____.

Grant Reviews

Local Infrastructure Improvement Program (Brown County), Reinvestment Payment Program (Otter Tail Power Company and Farmer's Union Industries, LLC) and South Dakota Jobs Program (TrueNorth Steel, Inc.)

Motion to approve the grant reviews as recommended by staff and Grant Committee.

Motion made by _____ and seconded by _____.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

Old Business
Brown County

Motion to approve an extension of the grant agreement to September 30, 2019.

Motion made by _____ and seconded by _____.

Edmunds County

Motion to approve an extension of the grant agreement to December 12, 2019.

Motion made by _____ and seconded by _____.

New Business

Economic Development Partnership Program
North Sioux City Economic Development Corporation

Motion to approve an Economic Development Partnership grant award to North Sioux City Economic Development Corporation in the amount of \$625, not to exceed 50% of costs, to be granted in accordance with the board's Economic Development Award Policy for Training Only.

Motion made by _____ and seconded by _____.

Local Infrastructure Improvement Program
City of Hartford

Motion to approve tabling as recommended by staff and Grant Committee.

Motion made by _____ and seconded by _____.

Turner County

Motion to approve as recommended by staff and Grant Committee.

Turner County

Approve a Local Infrastructure Improvement grant award to Turner County in the amount of \$243,386 not to exceed 50% of the total project costs, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion made by _____ and seconded by _____.

Reinvestment Payment Program
Ag Processing, Inc a cooperative

Motion to approve the Reinvestment Payment Application to Ag Processing, Inc a cooperative as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$306,000 but not to exceed 50% percent of State Sales/Use Tax paid on eligible project costs, is approved for AG Processing, Inc. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors

set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

A

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
TUESDAY, JUNE 11, 2019, 9:30 A.M. CT**

REGULAR SESSION AGENDA

- 9:30 A.M. Call to Order, Chairman Jeff Erickson
- 9:35 A.M. **Agenda**
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**
RECOMMENDED ACTION: Motion to approve the minutes of May 21, 2019 and May 30, 2019, as presented.
- Conflicts of Interest Disclosures**
- Public Comments**
- Monthly Financials**
RECOMMENDED ACTION: No action taken.
- 9:40 A.M. **Commissioner's Comments**
- 9:45 A.M. **Executive Session**
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 10:15 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions**
- Grant Reviews
 - Brown County
 - Edmunds County
 - North Sioux City Economic Development Corporation
 - City of Hartford
 - Turner County
 - Ag Processing, Inc a cooperative

Notice is further given to persons with disabilities that this meeting is being held in a physically accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements.

Participation in the meeting can be at GOED at 711 E Wells Ave, Pierre, South Dakota, or the GOED office at the Zeal Center for Entrepreneurship at 2329 N. Career Avenue, Sioux Falls, South Dakota.

B

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, MAY 21, 2019, 2:00 P.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Matt Judson, Sharon Casey, Mike Luken, Ted Husted, Don Kettering, Tom Jones, Reed Kessler, Joy Nelson, Craig Kennedy, Justin Cronin and Erin Healy

Staff Present

Commissioner Steve Westra, Cassie Stoesser, LaJena Gruis, Cassidy Kulesa, Terri LaBrie, Dale Knapp, Jessica Falk, Joe Fiala and Nate Graf

Other Staff Present

Andrew Coppersmith and Mike Bietz - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 2:00 p.m.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Sharon Casey and seconded by Joy Nelson to approve the minutes of the meetings held April 9, 2019 and May 14, 2019, as presented.

Motion passed by a roll call vote.

Conflicts Disclosure

Chairman Erickson opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. There were none from board members and no objection to proceeding with the agenda.

Public Comments - none

Clausen and Rice, LLP Accounting Contract

A motion was made by Don Kettering and seconded by Matt Judson to approve the Clausen and Rice, LLP contract for accounting services as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Sharon Casey and seconded by Mike Luken to enter into executive session at 2:10 p.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 2:29 p.m. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Ted Hustead and seconded by Don Kettering to approve the Chairman's report from executive session.
Motion passed by a roll call vote.

Loan Review Summary

DBI Holdings, LLC and Red's All Natural, LLC

A motion was made by Dale Clement and seconded by Sharon Casey to approve the loan reviews and recommendations as presented.
Motion passed by a roll call vote.

Old Business

Fiedler Holdings, LLC

A motion was made by Mike Luken and seconded by Tom Jones to approve a commitment extension to August 31, 2019.
Motion passed by a roll call vote.

Philip Wind Partners, LLC

A motion was made by Joy Nelson and seconded by Ted Hustead to approve extending the construction commencement date to June 1, 2020.
Motion passed by a roll call vote.

Sioux Falls Development Foundation

A motion was made by Mike Luken and seconded by Dale Clement to approve the requests and specific recommendations to the loan documents as presented.
Motion passed by a roll call vote.

Adjourn

The Chairman declared the meeting adjourned at 2:31 p.m.
Motion passed by a roll call vote.

Dale Clement, Secretary or Matt Judson, Treasurer

GRANT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
THURSDAY, MAY 30, 2019, 2:00 P.M. CT

Members Present

Chairman Don Kettering, Mike Luken and Ted Husted

Staff Present

Commissioner Steve Westra, Cassie Stoeser, Ashley Moore, LaJena Gruis and Joe Fiala

Others Present

Bob Mercer – Keloland

Call to Order

Chairman Kettering called the meeting to order at 2:00 p.m.

Agenda

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

Motion passed by a roll call vote.

Conflicts Disclosure – Chairman Kettering opened the floor for committee members to identify potential conflicts under SDCL Chapter 3-23. There were none from committee members and no objection to proceeding with the agenda.

Public Comments – none

Executive Session

A motion was made by Ted Husted and seconded by Mike Luken to enter into executive session at 2:02 p.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the Grant Committee out of executive session at 2:20 p.m. The Chairman reported that the Board of Economic Development Grant Committee entered into Executive Session to discuss commercial and financial information relating to loan and other assistance to applicants. No action taken.

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

Motion passed by a roll call vote.

Grant Reviews

Local Infrastructure Improvement Program (Brown County), Reinvestment Payment Program (Otter Tail Power Company and Farmer's Union Industries, LLC) and South Dakota Jobs Program (TrueNorth Steel, Inc.)

Grant Committee recommends to the Board approving the grant reviews as presented.

A motion was made by Ted Husted and seconded by Mike Luken.

Motion passed by a roll call vote.

New Business

Local Infrastructure Improvement Program

City of Hartford

Grant Committee recommends to the Board tabling as recommended by staff.

A motion was made by Mike Luken and seconded by Ted Husted.

Motion passed by a roll call vote.

Turner County

Grant Committee recommends to the Board approving as recommended by staff.

Turner County

Approve a Local Infrastructure Improvement grant award to Turner County in the amount of \$243,386 not to exceed 50% of the total project costs, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

A motion was made by Ted Husted and seconded by Mike Luken.

Motion passed by a roll call vote.

Adjourn

A motion was made by Mike Luken and seconded by Ted Husted to adjourn the meeting at 2:24 p.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or Matt Judson, Treasurer

C

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
FINANCIAL REPORT
(Compiled)
April 30, 2019**

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Clausen & Rice, LLP

Certified Public Accountants and Business Consultants

John E. Clausen, CPA
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Daniel T. Rice, CPA
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Accountant's Compilation Report

To the Board of Directors
South Dakota Revolving Economic Development and Initiative Fund
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Revolving Economic Development and Initiative Fund (an Enterprise Fund of the State of South Dakota) as of April 30, 2019, and the related statements of revenues, expenses and changes in net assets and cash flows for the ten months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

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

Clausen & Rice, LLP

Pierre, South Dakota
May 28, 2019

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

STATEMENT OF NET ASSETS

April 30, 2019

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$47,558,119
Cash and Investments-Designated for Approved REDI Loans	24,335,036
Cash-SD Jobs	<u>1,937,807</u>
Total Cash and Investments	\$73,830,962
Accounts Receivable-Bankwest	7,431
Loans Receivable - REDI, net of allowance of \$1,010,145	41,617,021
Loan Interest Receivable	63,040
Net Pension Asset	1,514
Due From Other Funds	0
Investment Income Receivable	<u>1,531,192</u>
TOTAL ASSETS	<u><u>\$117,051,160</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	<u>162,747</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>162,747</u></u>

LIABILITIES

Accounts Payable	\$12,196
Wages and Benefits Payable	\$22,291
Accrued Leave Payable	\$23,876
Net Pension Liability	\$0
Due To Other Funds	<u>\$8,003</u>
TOTAL LIABILITIES	<u><u>\$66,366</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	<u>29,509</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>29,509</u></u>

NET POSITION

Investment in Capital Assets	0
Unrestricted	<u>117,118,032</u>
TOTAL NET POSITION	<u><u>\$117,118,032</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$117,213,907</u></u>

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending April 30, 2019

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$61,923	\$572,748
Ethanol Income - REDI	0	0
Other Income - REDI	7,716	105,959
Building South Dakota Income	0	0
LESS OPERATING EXPENSES		
Administrative Expenses	53,142	502,140
Bad Debt Expense	(3,568)	134,205
Other Expenses	0	13,889
Building South Dakota Grants	0	63,801
NET INCOME (LOSS) FROM OPERATIONS	\$20,065	(\$35,328)
NONOPERATING REVENUE		
Investment Income	150,948	1,554,761
CHANGE IN NET POSITION	\$171,013	\$1,519,433
NET POSITION, BEGINNING	116,947,019	115,598,599
Prior period Adjustment	0	0
NET POSITION, ENDING	<u>\$117,118,032</u>	<u>\$117,118,032</u>

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
STATEMENT OF CASH FLOWS

For the Month Ending April 30, 2019

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$171,013	\$1,519,433
Adjustments to Reconcile Net Income to		
Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Accounts Receivable - Bankwest	0	0
(Increase) Decrease in Loans Receivable - REDI	(568,673)	(2,348,763)
(Increase) Decrease in Loan		
Interest Receivable	(13,126)	(27,650)
(Increase) Decrease in Loans Receivable - LIIP	0	0
(Increase) Decrease in Equipment	0	0
(Increase) Decrease in VASF Fuel Tax		
Revenues Receivable	0	0
(Increase) Decrease in Investment		
Income Receivable	(150,948)	(645,481)
(Increase) Decrease in Due From Other Funds	506,081	0
(Increase) Decrease in Other Assets	0	0
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Wages Payable	0	0
Increase (Decrease) in Accrued Leave Payable	0	0
Increase (Decrease) in Grants Payable	0	0
Increase (Decrease) in Due To Other Funds	0	0
	(\$55,653)	(\$1,502,461)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	(\$55,653)	(\$1,502,461)
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	73,886,615	75,333,423
CASH AND INVESTMENTS - ENDING	\$73,830,962	\$73,830,962

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - REDI**

For the Month Ending April 30, 2019

See Accountant's Compilation Report

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
O'Conner Kiln and Dryer, Inc.	8/8/2017	\$ 440,196
JMo Holdings, Inc.	9/12/2017	\$ 3,600,000
Fiedler Holding, LLC	10/24/2017	\$ 1,152,338
Intrinsic Materials Corp.	2/13/2018	\$ 2,546,302
Farmer Union Industries, LLC	6/12/2018	\$ 3,600,000
K&M Tire, Inc.	8/14/2018	\$ 786,300
Terex South Dakota, Inc.	9/13/2018	\$ 10,000,000
Watertown Development Company/Dakota Tube	12/11/2018	\$ 931,900
R & R Holdings, LLC	2/12/2019	\$ 1,278,000
Total		<u>\$ 24,335,036</u>

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING	April		
<u>Company Name</u>		<u>Advanced Date</u>	<u>Loan Amount</u>
RPC Land, LLC		4/5/2019	\$771,750

REDI LOANS PAID OFF, DURING	April		
<u>Company Name</u>		<u>Pay-off Date</u>	<u>Original Loan Amount</u>
Lomar Development Company, LLP		4/1/2019	\$1,023,750

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

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

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

ADDITIONAL LOAN INFORMATION - SDJP

For the Month Ending April 30, 2019

See Accountant's Compilation Report

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	3/31/2019	\$1,431,726
Plus: Investment Council Interest		0
South Dakota Jobs		0
Less:		0
Eliminate Due from other funds		506,081
		0
Dedicated SDJP Fund Cash and Investments Balance	4/30/2019	<u>\$1,937,807</u>

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

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Applied Engineering, Inc.	3/14/2017	0	\$39,801 Authorized
			\$39,801 Disbursed
VRC Metal Systems, LLC	9/12/2017	45,000	\$45,000 Authorized
			\$0 Disbursed
Century Custom Molding, Inc.	10/24/2017	76,500	\$76,500 Authorized
			\$0 Disbursed
True North Steel, Inc.	4/10/2018	26,257	\$26,257 Authorized
			\$0 Disbursed
Masaba, Inc.	7/10/2018	0	\$24,000 Authorized
			\$24,000 Disbursed
MNY Group, LLC dba Life Floor	8/14/2018	17,674	\$17,674 Authorized
			\$0 Disbursed
Forest Products Distributors, Inc.	9/13/2018	21,937	\$21,937 Authorized
			\$0 Disbursed
Benaiah Management Company, Inc.	12/11/2018	100,000	\$100,000 Authorized
			\$0 Disbursed
		<u>\$287,368</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,937,807
Less Cash and Investments-Restricted for Approved Loans/Grants	\$287,368
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$1,650,439</u>