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2017

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# ANNUAL REPORT

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SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT



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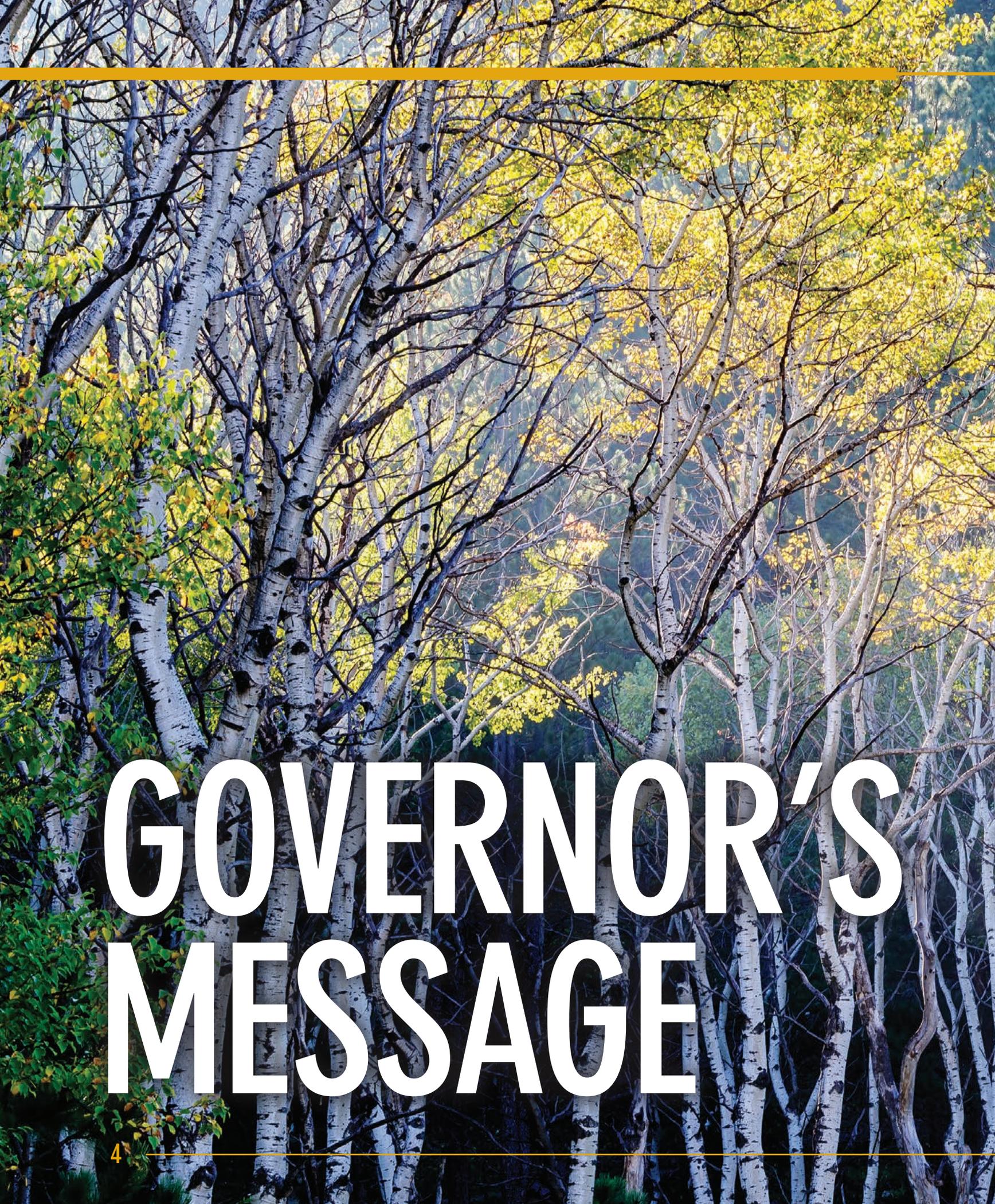
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# GOVERNOR'S MESSAGE

**W**ith another year in the books, I've been reflecting on South Dakota's achievements in economic development, and I continue to be impressed.

The staff at my office of economic development are thinking big, and it shows. We welcomed Hendrix Genetics to South Dakota when it began building a \$25 million commercial hatchery in Beresford, and celebrated with SAB Biotherapeutics when it broke ground on the first-of-its-kind biopharmaceutical production pharm.



In all, we helped facilitate 40 deals with companies and our efforts to recruit, retain, and expand our state's business community supported approximately 1,450 jobs for South Dakota citizens. Collectively, GOED's efforts led to \$735,686,004 in capital expenditures in South Dakota.

But getting to this point took the efforts of many.

Internally, we increased our community development efforts and doubled the number of staff in that division, allowing us to visit more communities, connect leaders with more resources, and provide more tools to help our partners in economic development with their recruitment efforts.

We also launched a new marketing campaign to help us better fill our pipeline with quality prospects. Working in conjunction with key industry trade shows and other recruiting tools, we sent out more than 1,700 recruitment pieces to company decision makers through nine different mailings.

All this, of course, would not be possible if South Dakota was not such a great place to conduct business.

Our GDP continues to climb, albeit somewhat slowly due to the challenged farm economy. However, in South Dakota, we always consider the long-term. And, our 10-year GDP growth is phenomenal. In fact, it is the fourth-highest in the nation, growing at nearly 49 percent over that period.

All of 2017's activity and growth have paved the way for bigger and even better things in 2018, and I'm optimistic this coming year will be a great one.

A handwritten signature in black ink that reads "Dennis". The signature is fluid and cursive, written in a professional style.

GOV. DENNIS DAUGAARD

# TOP RANKINGS

#2

#2  
MOST FUN STATES IN AMERICA  
WALLETHUB

#2  
STATE BUSINESS  
TAX CLIMATE  
TAX FOUNDATION

#2  
TAXPAYER ROI  
WALLETHUB

#1

AMERICAN DREAM  
COMPOSITE INDEX  
XAVIER UNIVERSITY

#3  
SMALL BUSINESS  
POLICY INDEX:  
POLICY ENVIRONMENT  
FOR ENTREPRENEURSHIP  
*SMALL BUSINESS AND  
ENTREPRENEURSHIP COUNCIL*

#3

MOST TAX-FRIENDLY  
STATE IN THE U.S.  
*KIPLINGER*

#1  
PUBLIC PENSION FUNDING  
*BLOOMBERG*

#1  
NET IN-MIGRATION  
*UNITED VAN LINES*

#3  
STATE FISCAL CONDITIONS INDEX  
*MERCATUS CENTER, GEORGE  
WASHINGTON UNIVERSITY*

#3  
MALL BUSINESS TAX INDEX  
*SMALL BUSINESS AND  
ENTREPRENEURSHIP COUNCIL*



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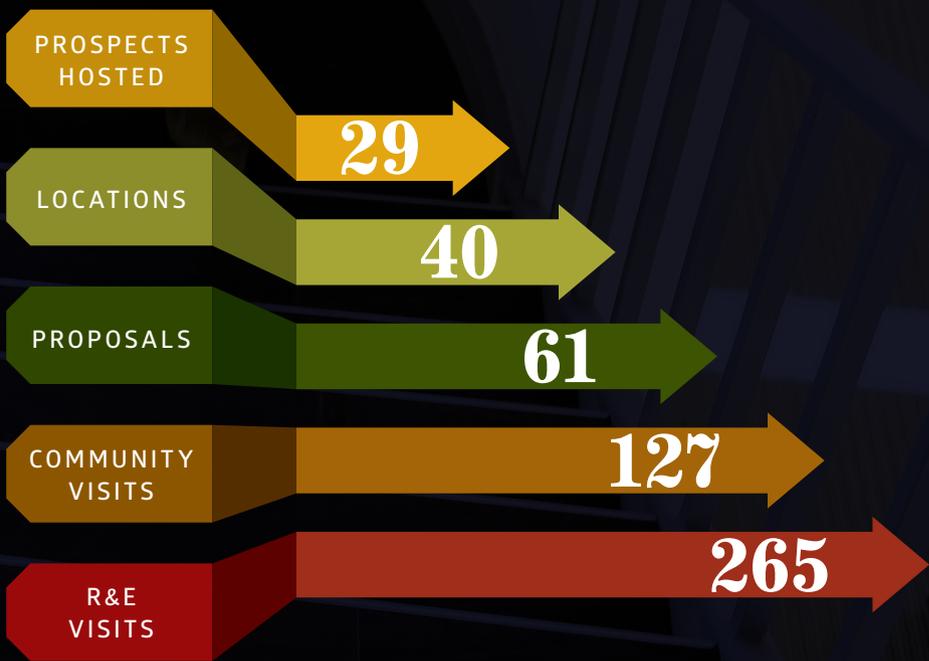
ECONOMIC DEVELOPMENT

# ACTIVITY

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OVERVIEW





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When you look at the  
10-year span that just  
ended (2006-2016),

**SOUTH DAKOTA'S  
GROWTH RATE** was the  
**FOURTH-HIGHEST**  
in the country, at  
**48.69 PERCENT.**



SCOTT STERN  
GOED COMMISSIONER

## ECONOMIC GROWTH

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In 2017, South Dakota saw a slight increase in gross domestic product: 2.11 percent. That puts the state's total GDP at \$48.4 billion. "With an overall decrease in agricultural activity, we aren't growing as quickly as we have in previous years, but we are still growing," said Commissioner Scott Stern.

"However," Stern continued, "When you look at the 10-year span that just ended (2006-2016), South Dakota's growth rate was the fourth-highest in the country, at 48.69 percent."

Nationally, the growth rate during the same time span was 34.40 percent.

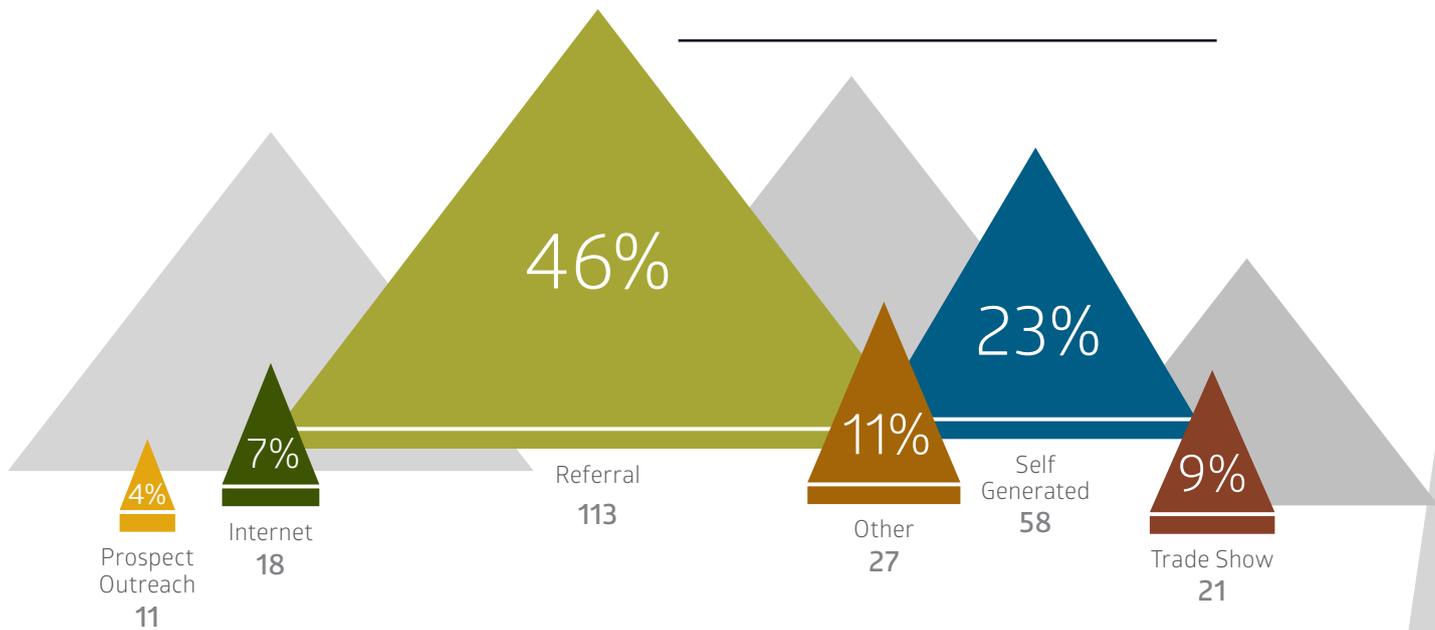
"The 10-year figure paints a much better picture of the state economy's overall health," Stern said. "We are excited to continue to foster this growth in coming years."



Source: U.S. Department of Commerce's Bureau of Economic Analysis

## LEADS BY SOURCE

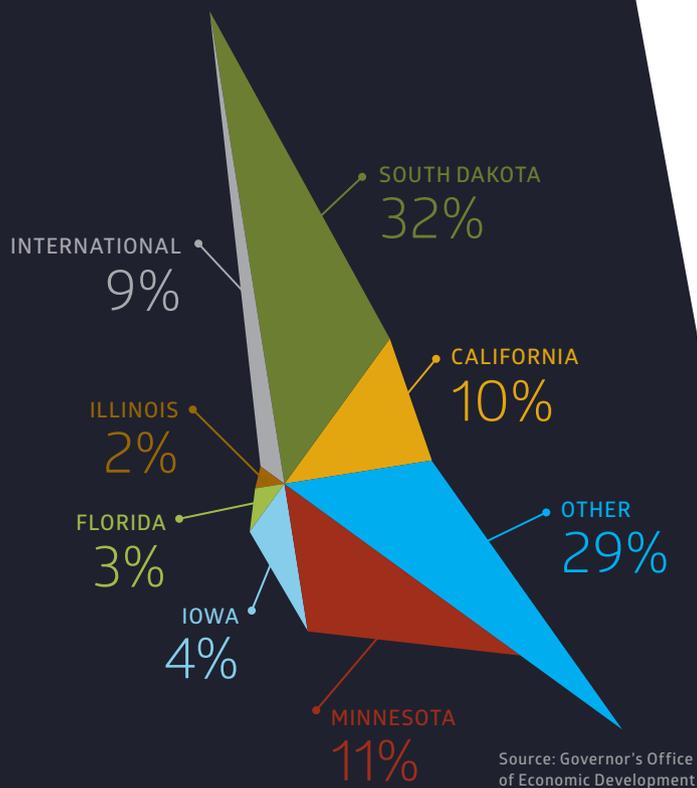
GOED secured most leads through referrals in 2017, which didn't surprise Commissioner Stern. "Historically, most of our leads do come through referrals from our partners, companies, and local economic developers. While we will continue to nurture those leads, we are also taking a more aggressive approach in filling our pipeline with quality leads. It's important that we not rely on one source of leads," Stern said, "We've done a great job of diversifying in this area in the last year and plan to continue those efforts in 2018." Stern noted that the GOED's new marketing prospect outreach campaign generated four percent of the leads in 2017, while another 23 percent were self-generated.



Source: Governor's Office of Economic Development

## LEADS BY STATE

South Dakota saw an increase in international leads, thanks in part to a contract with HMC Global as part of an international recruitment campaign. According to Scott Stern, commissioner, GOED, leads in states that are facing hard economic times also increased. "South Dakota is very appealing to companies in states that aren't as pro-business," he said.



## LEADS BY INDUSTRY

As the GOED worked to hone in on key industries in 2017, those industries took on a greater percentage of total leads. "Bioscience, value-added agriculture and manufacturing accounted for the majority of our leads by industry in 2017," said Commissioner Stern. "That is a direct reflection of our more concentrated efforts and targeted campaigns."

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# CLIENT DEVELOPMENT

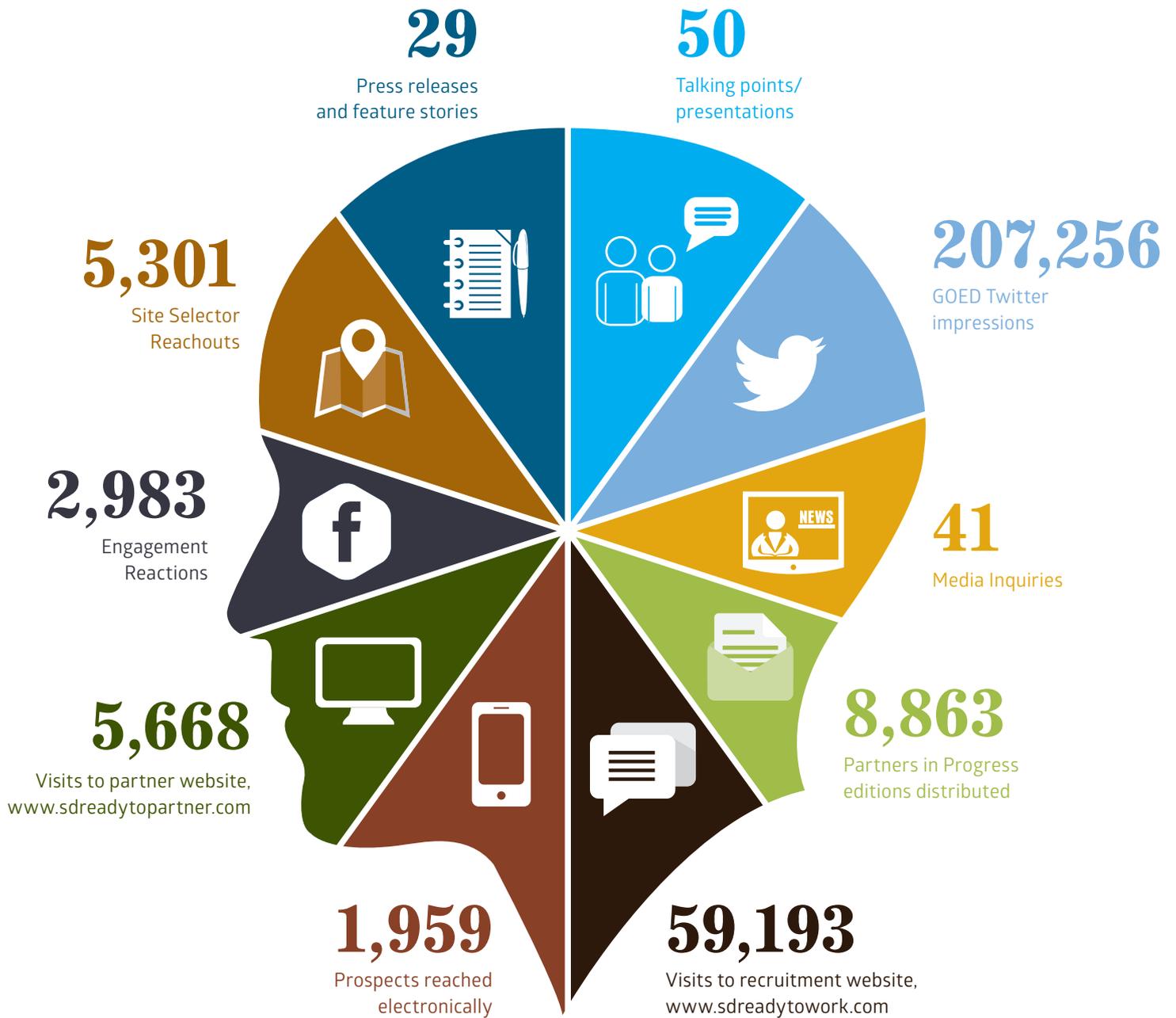
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## MARKETING – BY THE NUMBERS

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**I**n 2017, the GOED launched a series of webinars to help educate our local economic development directors. As a result, we saw a 10 percent increase in visits to our ready to partner website. “We are thrilled that our partners are starting to use our site more. They can expect to see even more meaningful content in 2018,” said Scott Stern, commissioner, GOED. Stern also noted that social media engagements were up in 2017. “We continue to look for creative ways to effectively use social media to tell our story,” he said.

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## PROSPECT OUTREACH CAMPAIGN: A NEW SOURCE OF LEADS

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In 2017 GOED  
launched a  
new campaign  
as a way to  
generate leads  
using tried-but-  
true methods:  
Personal contact.

“We have really put ourselves out there by contacting CEOs and other decision makers directly,” said GOED Commissioner Scott Stern. “Our approach involves sending a small gift from the governor, like a picture book or work gloves, along with a concise information piece customized to each recipient and his or her industries. Then, we follow up with a phone call and connect those interested with the business development representative in that respective industry.”

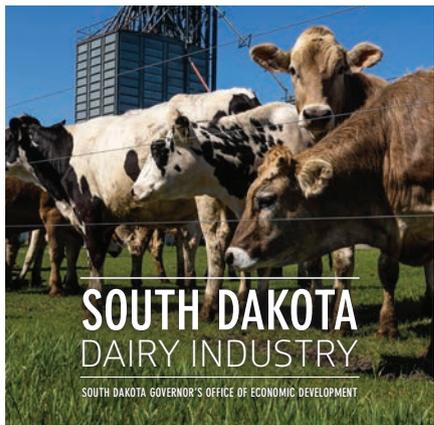
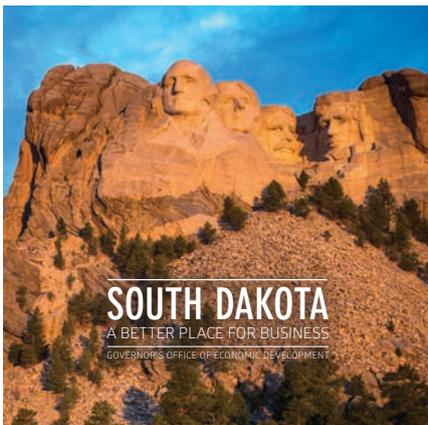
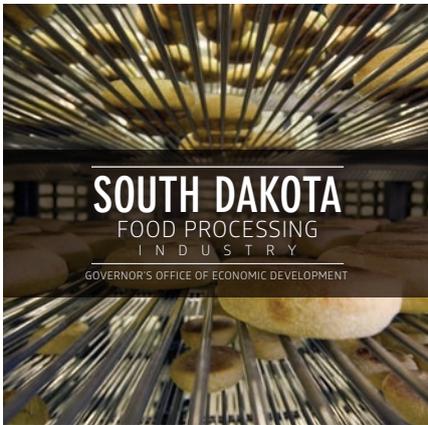
And, it has been successful.

“This campaign accounted for four percent of GOED’s total leads for the office,” Stern said. “On average, we did one mailing/phone call campaign per month and have made more than 1,700 phone calls.”

Stern said that roughly three percent of those contacted spoke with a business development representative, which is right along the industry average for this type of campaign.

Another round of campaigns is on the table for 2018.

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# ANNOUNCEMENTS & **LOCATIONS**

— 2017 PROJECTS OF SIGNIFICANCE —



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## HENDRIX GENETICS

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**H**endrix Genetics broke ground on a commercial hatchery in Beresford in September. The project represents an investment of approximately \$25 million and will have capacity for 35 million hatching eggs. The company expects to bring more than 50 jobs to Beresford, a community of approximately 2,000. The facility will be outfitted with cutting-edge equipment, featuring Petersime incubators, to ensure the highest biosecurity and poult quality.

## VANTAGE POINT SOLUTIONS

Vantage Point Solutions, based in Mitchell, will add 25,000 square feet to its existing 30,000 square-foot facility. The additional office space will support the creation of about 50 jobs in the region during the next five years. The company is a leading broadband and telecommunications engineering and consulting company that serves hundreds of clients in 42 states and several countries. The new facility is expected to be functional by early 2018.

## GAGE BROTHERS

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In July, Gage Brothers announced the construction of a new plant in Sioux Falls that will feature a multi-million dollar investment in state-of-the-art technology used to manufacture precast concrete.

Once complete, the new facility will increase Gage Brothers' manufacturing capacity by 60 percent and expand the company's geographic footprint. Roughly 92 percent of the building projects awarded to Gage Brothers are located in South Dakota, Minnesota and Iowa.

Current operations are scattered between 16 buildings on 30 acres. The new plant will consolidate machinery and employees into a single 210,000-square-foot facility spread across 45 acres.

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## OTTER TAIL POWER

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Deuel County is the site for Otter Tail Power Company's proposed new gas-fired electricity-generation station, company officials announced in March. Astoria Station will be an approximately 250-megawatt simple-cycle natural gas plant and is part of the company's plan to meet customer demand, replace expiring capacity purchase agreements and prepare for the 2021 retirement of the coal-fired Hoot Lake Plant in Fergus Falls. The project represents a \$165 million investment. Astoria Station should come online in 2021.

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## SAB BIOTHERAPEUTICS

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In October, SAB Biotherapeutics made history when it broke ground on the first-of-its-kind greenfield biopharmaceutical production pharm. The company develops human antibody therapeutics using plasma from transgenic cattle. Located in Lincoln County, the 80-acre pharm is the first to be designed for cattle. Phase I of the project includes a four-building complex with a total footprint of approximately 40,000 sq. ft. and four full-time employees caring for 40 animals. The buildings will be used for birthing and housing the company's TcBovine, with areas specifically designed for plasma collection, research, veterinary care, feed and equipment storage and offices. Phase 2, planned over a number of years, includes eight buildings with more than 100,000 sq. ft., and approximately 40 employees and 500 animals at full capacity.

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**FIRST-OF-ITS-KIND**  
BIOPHARMACEUTICAL  
PHARM

## VRC METAL SYSTEMS

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Rapid City-based VRC Metal Systems announced in April its plans to expand to the vacant Vandenberg Elementary School near Ellsworth Air Force Base. The expansion will give the company an additional 50,000 square feet and create 60 new positions by the end of 2018. VRC Metal Systems uses cold-spray technology to apply material coatings for unique manufacturing solutions. The system was developed by the South Dakota School of Mines and the Army Research Lab, which is currently being licensed and commercialized by VRC Metal Systems.

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## RED'S ALL-NATURAL BURRITOS

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Franklin, Tenn., - based Red's All Natural Burritos announced in January that it plans to expand its operations to North Sioux City. The company produces a variety of frozen products, including burritos, bowls, enchiladas and taquitos, some of which are organic, dairy-free and gluten-free. The company's products can be found in large retail chains across the nation. The expansion is a welcome addition to the region's strong and growing food processing industry.

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## AGROPUR

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Agropur Cooperative, a leader in the North American dairy industry, and producer of a wide variety of dairy products, is pursuing plans to expand its Lake Norden cheese plant after an extensive multi-year site search and review. The \$250 million expansion will substantially increase daily milk processing in Lake Norden, to eventually triple the capacity of the plant, and will require 125 new full-time employees.

Once fully operational, the Agropur expansion is estimated to have more than a \$1 billion annual economic impact to the region and state. It is estimated to support more than 90,000 additional dairy cows.

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## PERFORMANCE PET PRODUCTS

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Performance Pet Products in October broke ground on a 150,000 square-foot expansion to its Mitchell facility. The expansion will provide for increased processing capacity and new state-of-the-art equipment, which will help the company significantly reduce the use of key natural resources and reduce its overall environmental impact. Performance Pet Products is a division of Farmers Union Industries, and produces custom-made pet food using nutrient rich, wholesome ingredients.

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## BALCON ENTERPRISES

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In late July, BalCon Enterprises of Elk Point announced plans to construct a new 22,500 sq. ft. processing and warehouse facility in Elk Point. The company will add 22 full-time positions as a result of the project. What's more, the GOED helped organize an infrastructure package that brought essential water, sewer and a paved road to Elk Point's industrial park, which opened up more than 20 acres for future development.

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## GREAT PLAINS PROCESSING

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Great Plains Processing (GPP) announced its plans to purchase a new 40,000 square-foot facility in Yankton that will increase production and create 20 full-time jobs immediately upon opening, with the potential of doubling employment in three to five years. GPP is a custom spray drying and animal feed ingredient manufacturer based in Luverne, Minn.

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## CENTURY CUSTOM MOLDING

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Century Custom Molding, Inc., a plastic-molding manufacturer, announced in July it will be establishing a new operation in Beresford. The company acquired a 20,000 square-foot building in Beresford's industrial park, which will help both Century Custom Molding and its clients realize cost savings due to a more centralized location. The company plans to be fully operational in its new space by July 2018.

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# FINANCING



Financing is a vital part of any economic development project. In 2017, the GOED's finance team assisted 28 companies with their projects, approving \$27,901,978 in loans with total project costs of \$98,491,437.

## SD WORKS

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The South Dakota WORKS program offers business/commercial loans to businesses needing working capital.

Eligible uses of these loans include startup costs, working capital, payroll and construction needs on new buildings. South Dakota WORKS is funded by a \$13.2 million State Small Business Credit Initiative grant administered by the U.S. Department of Treasury. The program started in September 2011, and to date has assisted with more than \$22 million in loans to businesses across the state. The SD WORKS program partners with local lenders across the state. Resulting partnerships have funded projects in excess of \$154,158,300 in total project costs.

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**8**  
LOANS/AWARDS  
APPROVED



**\$5,572,250**  
DOLLARS  
APPROVED



**166.5**  
TOTAL PROJECTED FTES  
4 RETAINED



**\$49,366,600**  
TOTAL PROJECT COSTS



## EDFA POOLED BOND PROGRAM

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The Economic Development Finance Authority (EDFA) pooled bond program was created to stimulate economic growth. It provides loans to South Dakota manufacturers for the acquisition, construction or reconstruction of buildings and fixtures. In 1978, the State Legislature appropriated \$2.5 million to the Capital Reserve Account. In 1988, a bill was passed allowing the Finance Authority to borrow money from the REDI Fund for the purpose of increasing the Capital Reserve Account, allowing the Finance Authority increased lending ability without an appropriation of additional state funds. The Economic Development Finance Authority oversees the EDFA pooled bond program. Today, the Capital Reserve Account holds \$5.4 million, which can leverage up to \$40 million in loans.

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## THE AGRICULTURAL PROCESSING AND EXPORT (APEX)

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The Agricultural Processing and Export (APEX) loan program was created in 1988 with a loan of \$2.5 million from the US Department of Agriculture. The program was designed to serve for-profit businesses and local economic development corporations in communities with a population of 25,000 or less. The partnership with USDA has continued, and the program has funded a total of 76 loans, several of which are still being managed by GOED. The agency is not, however, funding new loans. The APEX program is managed by the Economic Development Finance Authority.

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## REDI FUND

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This low-interest loan fund is available to start-up firms, businesses that are expanding or relocating, and local economic development corporations. Created under the Mickelson administration in 1987, the fund was capitalized by a one cent sales tax passed by the State Legislature and in effect for 10 months. The tax created the fund's initial \$40 million. Managed by the Board of Economic Development, today's total assets equal more than \$115 million and it has created 34,059 direct jobs.



**19**  
LOANS/AWARDS  
APPROVED



**\$50,264,043**  
TOTAL PROJECT COSTS



**\$21,053,210**  
DOLLARS APPROVED



**711.5**  
TOTAL  
PROJECTED FTES

## COMMUNITY DEVELOPMENT BLOCK GRANT

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The Community Development Block Grant (CDBG) program, administered on behalf of the U.S. Department of Housing and Urban Development, develops viable communities by providing a suitable living environment and expanding economic opportunities for South Dakotans of low and moderate incomes. In 2017, the State of South Dakota awarded grants of \$4.1 million in CDBG funding to assist 12 cities or counties in constructing water/wastewater facilities, fire halls, community centers, and conducting workforce training. The total cost of these projects was \$9,163,692.

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**\$4,169,605**  
DOLLARS AWARDED



**\$9,163,692**  
TOTAL PROJECT COSTS

## WORKFORCE DEVELOPMENT PROGRAM

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The South Dakota Workforce Development Program has extended education and training funding since 2006, ensuring South Dakota employers are provided with a well-trained and skilled workforce. Using matching grants, the program funds industry-education partnerships through customized training programs and short-term, job-specific training. In 2017, the Workforce Development Program approved five grants totaling \$228,500 to help train 347 employees.

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**5**  
GRANTS  
APPROVED



**\$228,500**  
DOLLARS APPROVED

## MICROLOAN

**5**  
LOANS/AWARDS  
APPROVED



**\$321,518**  
DOLLARS  
APPROVED



**28**  
TOTAL PROJECTED FTES



**\$968,794**  
TOTAL PROJECT COSTS



The MicroLOAN South Dakota program is a partnership with the South Dakota Development Corporation and the Governor's Office of Economic Development. These loans are made available to small businesses within the borders of South Dakota – including Main Street and retail operations. Created under the Janklow administration through a partnership with Citibank, MicroLOAN was the first program to provide funding for working capital, as well as real estate and other fixed-asset project costs. The program is overseen by the South Dakota Development Corporation (SDDC), a private entity that maintains a public/ private partnership with the GOED.

## SMALL BUSINESS ADMINISTRATION SBA 504 PROGRAM

**2**  
LOANS/AWARDS  
APPROVED



**\$955,000**  
DOLLARS  
APPROVED



**27**  
TOTAL PROJECTED FTES



**\$2,652,782**  
TOTAL PROJECT COSTS



The SBA 504 program has offered subordinated, fixed-rate financing to new and expanding businesses since 1983. This program is another product of the Janklow administration, and is overseen by the South Dakota Development Corporation (SDDC), a private entity that maintains a public/private partnership with the GOED. The SBA 504 program currently has \$18.3 million in outstanding loans.



## FUTURE FUND

Following the recession of the early 1980s, the Future Fund was developed in 1987 with \$1.8 million to invest in South Dakota's workforce and build its economy. It helps to support the training of employees, retraining of employees during layoffs, business recruitment, and research and entrepreneurial activities.

## SOUTH DAKOTA JOBS GRANT PROGRAM

The South Dakota Jobs Grant Program provides grants to projects less than \$20,000,000 or with equipment upgrades less than \$2,000,000. It is a component of 2013's "Building South Dakota" legislation, and is funded by five percent of the Building South Dakota Fund which is allocated to the REDI (Revolving Economic Development and Initiative) Fund. The Board of Economic Development oversees the South Dakota Jobs Grant Program.



**5**  
LOANS/AWARDS  
APPROVED



**\$257,646**  
DOLLARS  
APPROVED



**301**  
TOTAL PROJECTED FTES



**\$10,316,735**  
TOTAL PROJECT COSTS

## LOCAL INFRASTRUCTURE IMPROVEMENT PROGRAM

The Local Infrastructure Improvement Grant Program provides grants to local development corporations, tribal governments, municipalities, counties, or other political subdivisions of this state to construct or reconstruct public infrastructure associated with an economic development project. It is a component of 2013's "Building South Dakota" legislation, which focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. The Board of Economic Development oversees the Local Infrastructure Improvement Program.



**12**  
LOANS/AWARDS  
APPROVED



**\$3,235,850**  
DOLLARS  
APPROVED



**900.5**  
TOTAL PROJECTED FTES



**\$14,105,895**  
TOTAL PROJECT COSTS

## THE REINVESTMENT PAYMENT PROGRAM

The Reinvestment Payment Program provides reinvestment payments to projects in excess of \$20,000,000, or with equipment upgrades in excess of \$2,000,000. The awards are intended for projects that would not have occurred without the reinvestment payment. The program is a component of 2013's "Building South Dakota" legislation, which focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. The Board of Economic Development oversees the Reinvestment Payment Program.



8

REINVESTMENT  
PAYMENTS APPROVED



\$22,278,793

DOLLARS  
APPROVED



244

TOTAL PROJECTED FTES



\$862,485,769

TOTAL PROJECT COSTS

## PROOF OF CONCEPT

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The Proof of Concept Fund was created in 2013 with support from the U.S. Small Business Administration FAST program and expanded with a \$500,000 one-time appropriation in FY 2014. The Proof of Concept program provides eligible applicants up to \$25,000 to conduct research that demonstrates the technical and economic feasibility of an innovation before it is commercialized. Eligible applicants include entrepreneurs, universities, existing South Dakota companies, or other entities committed to commercializing the results in South Dakota. In 2017, 17 Proof of Concept projects totaling \$323,872 were approved. Five Proof of Concept projects were completed with repayment agreements in place.



**17**  
PROJECTS  
APPROVED



**\$323,872**  
DOLLARS  
APPROVED

## ECONOMIC DEVELOPMENT PARTNERSHIP PROGRAM

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The Economic Development Partnership Program provides grants to non-profit development corporations, tribal governments, municipalities, counties, or other political subdivisions of this state on a matching basis to fund new staff, elevate existing part-time staff, commence or replenish local revolving loan funds, and assist with equipment and training needs. The program is a component of 2013's "Building South Dakota" legislation, which focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. The Board of Economic Development oversees the Economic Development Partnership Program.



**9**  
GRANTS APPROVED/  
AMENDED



**\$498,914**  
DOLLARS  
APPROVED

## DAKOTA SEEDS

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The Dakota Seeds internship program connects students with employers as a way to help fill temporary workforce needs and establish a pipeline for future permanent employees. Matching funding up to \$2,000 per intern is available for qualifying businesses. Dakota Seeds was created in 2008 under the Rounds administration as part of the 2010 Initiative for companies creating internships in the Science, Technology, Engineering and Math (STEM) fields. In 2014, those career fields were expanded to include manufacturing and accounting. Dakota Seeds was also expanded to include high school students in 2014. In 2017, Dakota Seeds funding was awarded to 140 students at 63 companies, with internships totaling \$229,000.



**140**  
AWARDS APPROVED/  
AMENDED



**\$229,000**  
DOLLARS  
APPROVED



# COMPANIES + COMMUNITIES



## COMMUNITY DEVELOPMENT EFFORTS EXPANDING

Community development had an increased presence in the GOED's overall activity in 2017. An organizational shift cleared the way for two additional community development representatives. The new staff members started late in the year, making the community development division a group of four.

"Community development, especially in our smaller towns, is one area where we saw an opportunity to help," said GOED Commissioner Scott Stern. "With small staff levels and some organizations with volunteers, preparing for development can be a lot of work. Our community development team is there to connect economic developers with the resources available to assist local leaders in moving their communities forward."

In 2017, the community development team visited 127 communities. On the visits, the GOED representative provided advice and training to help the community prioritize its economic development efforts.

"We had a great year when it came to community development visits," said Community Development Director Joe Fiala. "With the recent additions to our team, there's no doubt we will build off our current momentum and be able to reach out to and assist even more communities in 2018!"



When our

**PARTNERS** and

**COMPANIES** win,

**SOUTH DAKOTA WINS.**



SCOTT STERN  
GOED COMMISSIONER

## GOED TEAMS REACH OUT TO PARTNERS, COMPANIES AND COMMUNITY LEADERS

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“When our partners and companies win, South Dakota wins,” said GOED Commissioner Scott Stern.

That’s why, in 2017, a great deal of time and effort was put into GOED’s various outreach programs. From community service groups, to local EDO’s, to bankers, to companies, GOED staff members had their sights on communication, education and networking.

GOED staff presented to 50 groups at conferences, annual meetings and other events, keeping economic development partners up to speed on GOED campaigns and procedures.

The finance team reached out to more than 400 bankers and CPA’s, touting various loan programs and financing opportunities for businesses.

The business development team met with 265 companies during

retention and expansion visits (R&E) to connect business leaders with available resources that can help the company grow.

And, the community development team met with 127 community officials as part of the expanded community outreach work.

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# WEBINARS

As part of the GOED's expanded focus on community development in 2017, Community Development Director Joe Fiala headed up a series of webinars to address topics and issues communities across the state are facing with their development efforts.

Subjects included business retention and expansion, placemaking, workforce attraction, entrepreneurship, marketing, workforce attraction and housing, to name a few.

"We are really excited to offer these webinars to our community partners in economic development," said Community Development Director Joe Fiala. "They have really been a great way for the GOED to disseminate useful training materials that will help all communities get a leg up when it comes to preparing for development."

With 35-45 practitioners registered for each webinar, the series has been very well-received.

"I'm grateful that the GOED has decided to produce these webinars," said Cheyenne McGriff, Executive Director, Wall Economic Development Corporation. "The information was well prepared, organized and extremely beneficial. I appreciate the outreach GOED has done across the state and look forward to future webinar opportunities."

The webinar series will continue into 2018. Previous webinars have been archived on the GOED's partner website and can be viewed at [www.sdreadytopartner.com/webinars.aspx](http://www.sdreadytopartner.com/webinars.aspx).

## GOED SPONSORS ECONOMIC DEVELOPMENT EVENTS

Partnering with other organizations that share the goal of advancing economic development in our state has always been a priority for the GOED, which is why, in 2017, the GOED offered sponsorship to various entities for events:

Enterprise Institute

Mid-America Economic Development (MAEDC)

IEDC

Student Business Competition

# MANUFACTURING

## — WEEK —

For some, the first week of October marks the official start of fall, but in terms of economic development, it is a time to recognize manufacturers in our state and communities. South Dakota Manufacturing Week, held October 2-6, did just that.

“**W**e have another week-long, successful celebration of manufacturing in the books,” said GOED Commissioner Scott Stern. “Each year, this event grows more expansive and inclusive than the year before. Given that one of every 10 jobs in South Dakota are in manufacturing, the industry is a significant piece of the state’s economy and that is certainly worth celebrating.”

During manufacturing week, companies like Twin City Fan, Rosenbauer and DataSync, and communities across the state opened their doors to the public and/or special groups to tour their facility. Participants got a first-hand look at products, machinery and the production process, which is often more technical and sophisticated than one initially thinks.

"For years, manufacturing has had the perception associated with it that jobs are low-skill, low-pay, and unfulfilling," said Stern. "The truth is, manufacturing companies in South Dakota and across the country are providing skilled, technical and interesting careers to their employees, all while making a major impact on the state's economy."

Manufacturing executives in South Dakota agree, and went on to say that education is a crucial component of changing perceptions.

"Manufacturing has almost completely moved away from the so-called 'dark ages' to where it is today. Now our employees are working on computers and robots and applying engineering

principles on the manufacturing floor. We need to take a more proactive approach to getting our kids and educators in the doors of manufacturing companies, because at the end of the day, I really believe manufacturing is the lifeblood of our country's economy. Without it, we'll crumble," said Daryl Adams, president and CEO at Spartan Motors, Inc. in Brandon.

Paul Hopkins, operations manager at Twin City Fan Companies (TCF) in Aberdeen, said, "We as professionals have a responsibility for sharing with our young people the potential of this industry. It's more than just welding—it's robotics, 3D-printing and technical engineering. It's more

than a job. It's a career and it's a lifestyle—a fulfilling one, at that."

Stern says that in 2016, manufacturers in South Dakota had a total output of \$4.45 billion, which is more than nine percent of the state's total gross domestic product. Payroll for manufacturing jobs totals \$1.9 billion.

In 2017, South Dakota manufacturers reported more than \$400 million in capital investment. "It is great to see so many South Dakota companies investing in growth in our state," said Scott Stern, commissioner, GOED. "In-state companies continue to be the foundation of our economy, so we are always pleased to see this number grow."

# GOVERNOR'S CONFERENCE / GIANT VISION

**ENTREPRENEUR OF THE YEAR:**

Carole Rae, Rapid City

**EXCELLENCE IN  
ECONOMIC DEVELOPMENT:**

Rodney Fouberg, Aberdeen



**COMMUNITY OF THE YEAR:**

Fort Pierre

**GIANT VISION**

**BUSINESS COMPETITION:**

NP Systems Integration, LLC,  
Daniel Stanton, Rapid City



**GIANT VISION STUDENT COMPETITION:**

Provender Technologies, Henry Wegehaupt,  
SD School of Mines & Technology, Rapid City;  
and The Calving Book App, Ellen Schlechter,  
Faulkton High School, Faulkton (tie)



# “Gearing Up for Success” was the theme of the 2017 Governor’s Economic Development Conference, held April 26, 2017 in Sioux Falls.

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“Preparation is vital to economic development,” said Marketing and Public Relations Director Mary Lehecka Nelson. “That is why we decided to dedicate our entire conference to arming our communities and economic development partners with the tools, resources and tips to help them prepare to accelerate development.

Our keynote speaker was Simon Bailey, and other sessions addressed topics such as how to utilize Department of Labor and Regulation information and how to manage your economic development boards. Speakers also addressed how to use GOED tools, and how to put together the best loan applications.

New in 2018 was a director’s presentation, featuring an update and relevant information from each of the GOED’s division directors.

“My directors really sit at the helm of the GOED’s efforts, and I felt it was appropriate for each of them to educate and update the

audience on the duties of their division,” said GOED commissioner Scott Stern.

The conference was again held in conjunction with the Governor’s Giant Vision Competition, which was co-sponsored by the South Dakota Chamber of Commerce and Industry.

For the first time in the competition’s history, a high school student took first place in the student competition. Ellen Schlechter of Faulkton High School tied for first with The Calving Book App. The other first-place winner in the student competition was Henry Wegehaupt, Provender Technologies, SD School of Mines and Technology.

The GOED assists the State Chamber with the marketing and promotion of the competition, and proudly launched a re-designed website for Giant Vision contestants. Both events concluded with a banquet at which Governor Dennis Daugaard awarded economic development and entrepreneurial honors.



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# MEET OUR TEAM



## STAFF LEADERSHIP

Commissioner Scott Stern and Deputy Commissioner Aaron Scheibe are responsible for economic development efforts across South Dakota. They provide direction and supervise the day-to-day operations of the GOED, as well as oversee all legislative issues affecting the office.



**Scott Stern**  
*Commissioner*



**Aaron Scheibe**  
*Deputy Commissioner*

## COMMUNITY DEVELOPMENT

The community development division works directly with communities across the state to support their efforts to prioritize economic development. This division provides advice, training and resources to assist local leaders in moving their community forward.



**Joe Fiala**  
*Community Development Director*



**Scott Amundson**  
*Community Development Representative*



**Lori Frederick**  
*Community Development Representative*



**Adam Molseed**  
*Community Development Representative*

## FINANCE

The GOED's finance division works directly with the state's economic development boards to manage the various loan programs available for economic development projects. They work with in-state, expanding and relocating companies to ensure each new venture has adequate financing in place.



**Cassie Stoesser**  
*Finance Director*



**Cassidy Kulesa**  
*Assistant Finance Director*



**Ann Gesick Johnson**  
*Workforce  
Development  
Coordinator*



**LaJena Gruis**  
*Loan Officer - SBA  
504, MicroLOAN, Apex,  
South Dakota Works*



**Dale Knapp**  
*Loan/Finance Specialist*



**Paul Mehlhaff**  
*Program Accountant*



**Ashley Moore**  
*Loan Servicing Agent*

## BUSINESS DEVELOPMENT

The business development team engages directly with the business community and local leadership to capture economic development projects for South Dakota. This team focuses on both recruitment of new opportunities from out-of-state; and on retaining and expanding South Dakota's existing businesses.



**Steve Watson**  
*Business Development Director*



**Eric Fosheim**  
*Business Development Representative*



**Ira Frericks**  
*Business Development Representative*



**Jeff Haverly**  
*Business Development Representative*



**Kristen Honey**  
*Business Development Representative*



**Joe Siebert**  
*Business Development Representative*

## MARKETING

The marketing division spearheads all marketing efforts, including lead generation and workforce recruitment. This division works closely with the business development team to research and provide the information and tools needed to stay engaged with our clients. The marketing team coordinates all trade shows and special events and is responsible for all media relations, social media and websites used to promote economic development in South Dakota.



**Mary Lehecka Nelson**  
*Marketing and Public Relations Director*



**Mark Boehm**  
*Tax and Industry Analyst*



**Taylor Cole**  
*Digital Marketing Specialist*



**Amy Gabriel**  
*Outreach Specialist*



**Ashley McCloud**  
*Graphic Designer*



**Jen Lambley**  
*Marketing and Public Relations Coordinator*



**Natalie Likness**  
*Media Relations Coordinator*



**Jenny Ondell**  
*Data Coordinator*

## ADMINISTRATION

The GOED's administration division performs all administrative functions for the GOED, including directing phone calls, scheduling, accounting, database maintenance, mailings, and other assigned duties.



**Travis Dovre**  
*Director of Administration*



**Brenda Badger**  
*Support Coordinator/  
Accounting Assistant*



**Karen Hirsch**  
*Travel Coordinator*



**Marcy Olsen**  
*Administrative Assistant*



**Makayla Poole**  
*Project Specialist*

## BOARDS

### Board of Economic Development

Jeff Erickson, Chairman  
Don Kettering, Vice Chairman  
Dr. Dale Clement, Secretary  
Tony Klein, Treasurer  
John Calvin  
Sharon Casey  
Greg Heineman  
Ted Husted  
Tom Jones  
Reed Kessler  
Michael V. Luken  
Pat L. Prostrullo  
Norbert Sebade

#### *Non-Voting Members*

Blake Curd  
Spencer Hawley  
Lee Qualm  
Billie H. Sutton

### South Dakota WORKS

Ronald Wagner, Chairman  
Tony Klein  
Loren Koepsell  
Robert H. Miller  
Randy Snyders  
Scott Stern  
Michael J. Youngberg

### Economic Development Finance Authority

Terry G. Nelson, Chairman  
Gerrit Juffer, Vice-Chairman  
Bert Olson, Trustee  
Sharon Casey  
Casey Derflinger  
Jeff Erickson  
Tom Jones  
Don Kettering

### South Dakota Development Corporation

Robert H. Miller, Chairman  
David Munson, Vice Chairman  
Matt Judson, Treasurer/Assistant Secretary  
Fred Romkema, Secretary  
Jody Bender, Director at Large  
Robert J. Fouberg, Director At Large  
Russell Olson, Director at Large  
John Schramm, Director at Large  
Robert O. Thoen, Director at Large  
Ted Bangert  
Paul Bisson  
James Borszich  
Bennett L. Kyte  
Terry Sabers

# SOUTH DAKOTA

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