



2018

ANNUAL REPORT

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

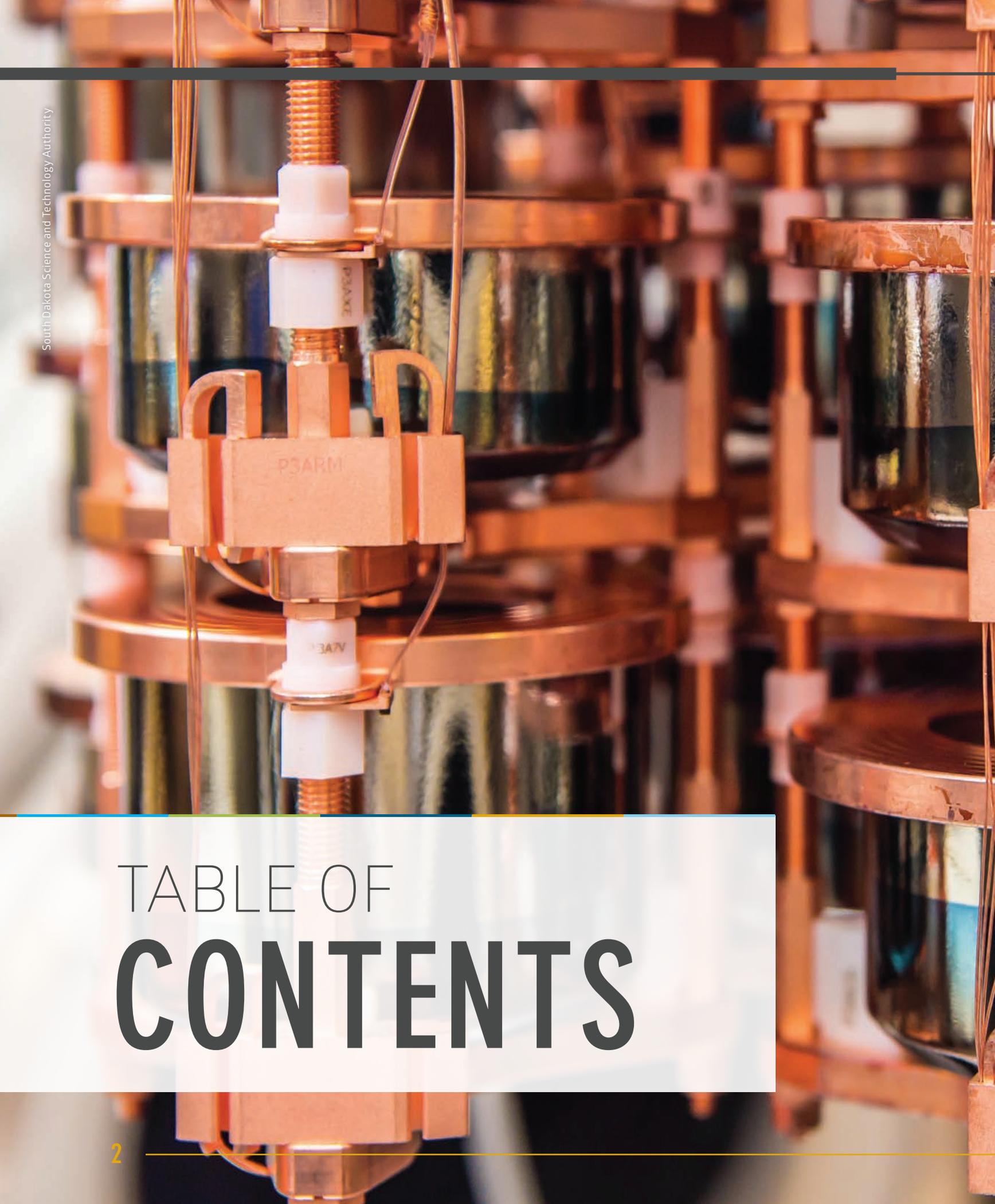
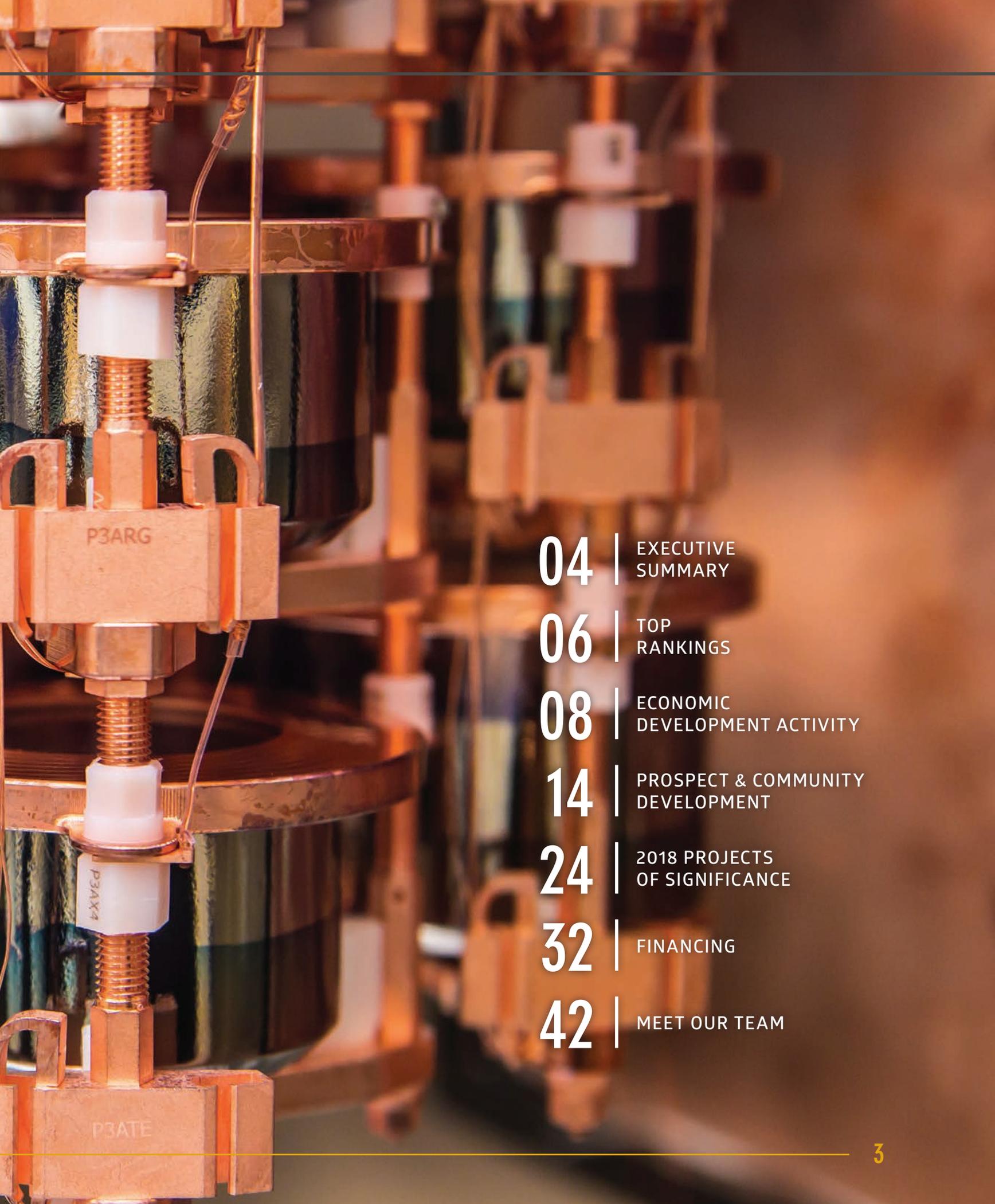


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A woman wearing a blue hard hat, safety glasses, and a blue t-shirt is focused on her work in a factory. She is using a blue power tool to work on a metal component on a workbench. In the background, another worker is visible, also engaged in a task. The scene is brightly lit, typical of an industrial environment.

EXECUTIVE SUMMARY

STATE NEARS \$2 BILLION IN PROJECTS IN 2018

2018 was a record-setting year for economic development in South Dakota. The \$1.9 billion in committed projects more than doubled the previous record.

There were 43 companies that either started, expanded, or relocated their operations in South Dakota this last year. This represents a 7 percent increase from the previous year.

In April, Terex Utilities announced plans to build a state-of-the-art manufacturing facility on a 55-acre site in Watertown. The new facility will consolidate several manufacturing operations into one facility and the company will build its aerial devices, digger derricks, and auger drills here.

Another success of 2018? The Discovery District, an 80-acre corporate and academic research park located in northwest Sioux Falls, broke ground in November. In June, SAB Biotherapeutics and Alument were announced as anchor tenants at the park, setting the stage for more bio companies to follow suit. When complete, the Discovery District is expected to encompass 26 privately developed buildings and employ nearly 2,800 people.

In October, Geronimo Energy started construction on the first 200 megawatts of Crocker Wind Farm in Clark County. The project represents a \$300 million investment and is expected to create 10-13 jobs in rural South Dakota. When at full capacity, Crocker Wind Farm will span approximately 30 acres in five townships.

More information on GOED's projects of significance for 2018 can be found on page 24.

GOED continues to track key metrics to gauge our impact and success, including community visits, R&E visits, proposals, and hosting numbers. 2018 proved an especially productive year. In particular, our team of community development representatives crisscrossed the state much of the year, meeting with local officials and business leaders, and arming them with the information and resources they need to help their particular community flourish. In 2018, the GOED facilitated 236 such visits, an 80 percent increase over 2017.

It comes as no surprise then that of all the leads the GOED generated in 2018, 31 percent were from South Dakota. This is a direct reflection on our grassroots efforts to aid our companies and assist our local economic development partners.

South Dakota's Gross Domestic Product by State (GDP) also saw an increase in 2018 of 2.72 percent. The GDP, which stood at \$49.8 billion at the end of 2018, shows steady progress. And that growth is reflected in the state's 10-year growth rate of 43.55 percent, which is the sixth-highest in the nation.

More about these metrics can be found on page 10.

Numbers aside, the GOED was focused throughout 2018 with an array of activities from hosting webinars, to redesigning websites, to conferences, to earned media campaigns. Please take some time to review this report to see where GOED has been, and more importantly, where it is going in the coming year.

#1

#2

#3

#4

#5

Taxation and Regulation Environment *Chief Executive Magazine's Best and Worst States for Business*

Small Business Friendliness *Thumbtack.com*

Prudent Government *Camelot Index*

America's Happiest States *24/7 Wall Street*

Best State for the Middle Class *Gobankingrates.com*

Best State for Retirement *Kiplinger*

Well-Being Index *Gallup-Healthways*

State Fiscal Conditions Index *Mercatus Center, George Mason University*

Business Friendliness *CNBC America's Top States for Business*

State Highway System Performance

Reason Foundation

Policy Environment for Entrepreneurship & Small Business *Small Business & Entrepreneurship Council, Small Business Policy Index*

State Business Tax Climate Index *Tax Foundation*

TOP RANKINGS

Economic Freedom
Freedom in the 50-States, Cato Institute

Financial State of the States *Truth in Accounting*
In-Migration *United Van Lines*



ECONOMIC DEVELOPMENT ACTIVITY



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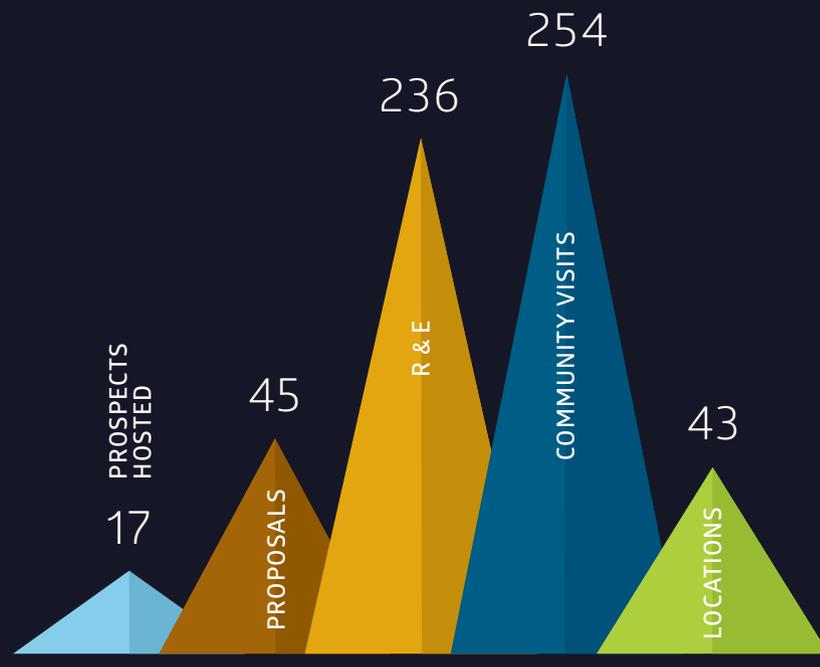
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NEWALL

ECONOMIC DEVELOPMENT ACTIVITY

"We increased our focus on closing deals this year, while maintaining our commitment to stay in touch with existing businesses through R&E visits," said GOED Interim Commissioner Aaron Scheibe.

The number of community visits also increased. In 2017, the office did 127 visits. In 2018, there were 254. "Our community development team is really getting their feet under them and becoming a trusted resource for our economic development partners. We will see even more success result from their work in coming years as local development officials increase their economic development efforts," Scheibe added

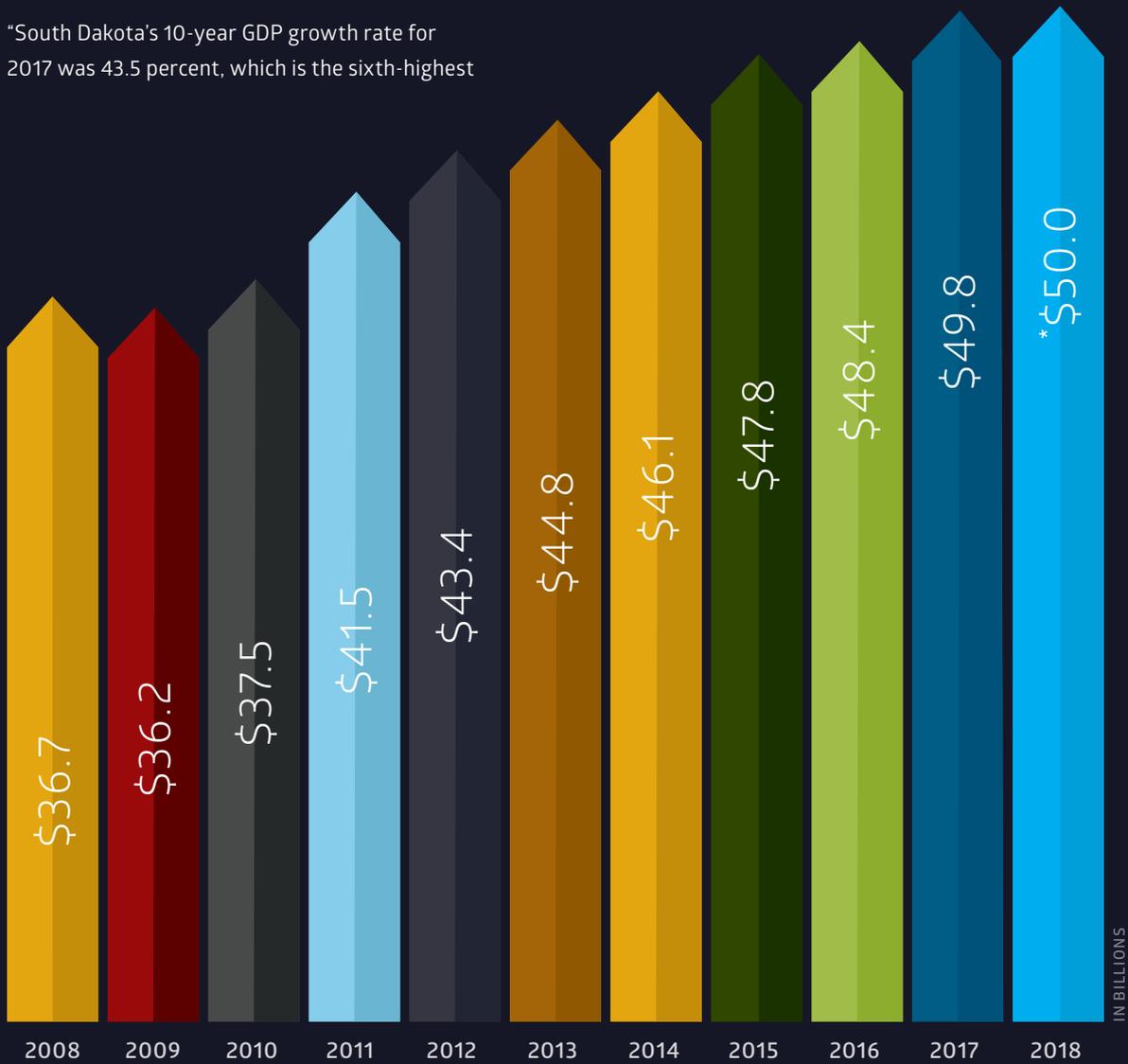


ECONOMIC GROWTH

South Dakota's economy continues to grow, as reflected in the state's most recent Gross Domestic Product by State figures. In the first quarter 2018 (preliminary numbers), the GDP passed the \$50 billion mark for the first time. While this number is impressive, South Dakota's 10-year growth rate is even more impressive.

"South Dakota's 10-year GDP growth rate for 2017 was 43.5 percent, which is the sixth-highest

percentage increase in the nation," said GOED Interim Commissioner Aaron Scheibe. "Looking at a 10-year growth rate gives us a much more accurate perspective of South Dakota's long-term economic health."

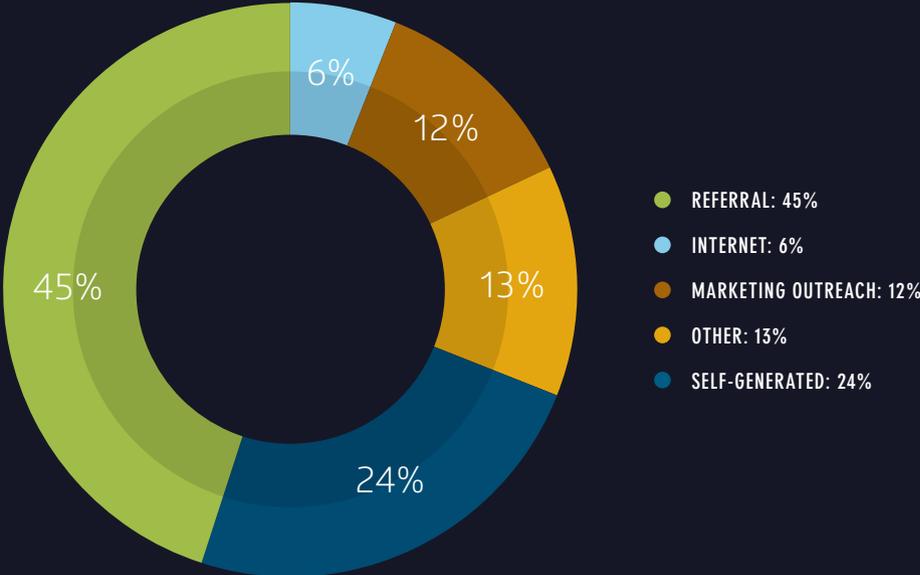


* FIRST QUARTER PRELIMINARY NUMBER

ALL ABOUT LEADS

LEADS BY SOURCE

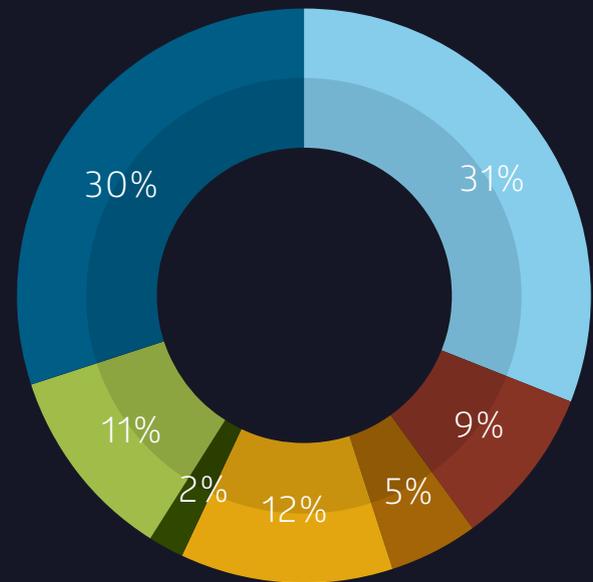
Referrals were the source of 45 percent of GOED's leads in 2018. That figure is in line with what GOED historically sees as its sources of leads. Self-generated leads and internet leads accounted for 24 percent and 6 percent of total leads, respectively. "These numbers are not surprising, and just reinforce the importance of relationship building and networking in economic development," said Scheibe. "We did see a decrease in trade show leads, which resulted from a business decision to decrease our presence at shows to devote more resources to servicing our existing clients."



LEADS BY STATE

Thirty-one percent of GOED's leads in 2018 came from within the state. That's in line with trends from previous years. "We have had out-of-state recruitment campaigns in the past, however, our in-state companies are what have made the state progress over time, and this past year, we came full-circle in our efforts to nurture these leads and assist companies already doing business within our borders."

Other states that GOED saw a significant number of leads from include Minnesota, 9 percent; California, 12 percent; and Iowa, 5 percent.

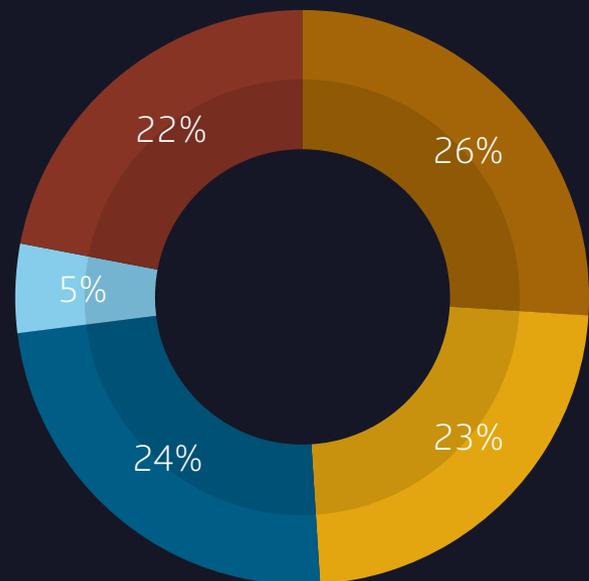


- SOUTH DAKOTA: 31%
- IOWA: 5%
- WISCONSIN: 2%
- MINNESOTA: 9%
- CALIFORNIA: 12%
- INTERNATIONAL: 11%
- OTHER: 30%

LEADS BY INDUSTRY

In 2018, the bioscience, manufacturing and value-added agriculture and financial services industries made up 78 percent of GOED's total leads.

"Bio, manufacturing and value-added ag have been major areas of focus for quite some time, so it is no surprise that that's where our leads are coming from," Scheibe said. "We are constantly evaluating our key industries, and expect further refining to occur in 2019."



- BIOSCIENCE: 26%
- VALUE-ADDED AGRICULTURE: 24%
- MANUFACTURING: 23%
- FINANCIAL/PROFESSIONAL SERVICES: 5%
- OTHER: 22%



PROSPECT & COMMUNITY
DEVELOPMENT



COMMUNITY DEVELOPMENT TEAM STRENGTHENS OUTREACH EFFORTS

The end of 2018 marked a big year for GOED's community development team when the division surpassed its goals on community visits and created more exclusive content for webinar training.

"Our goal within the Community Development division is to assist communities across the state in their economic development efforts by providing advice, training and resources to local leaders," said GOED's Community Development Director Joe Fiala. "One way we do this is to visit communities, take a tour, learn more, and have the important conversations about challenges communities are facing in their development efforts, and also, what has been working well for them."

And visit, GOED did.

“

We surpassed our goal of 200 visits for the year by September and were able to end the year with 254 community visits,” Fiala said.

On the visits, community development representatives are able to assess a community's needs and help connect them with resources that can move their community forward.

One tool the community development team uses for education efforts is webinars. The webinars are hosted by Fiala, with the participation of outside subject matter experts, and cover a range of topics from economic development communications, basic steps for practitioners, strategic planning, board member relations and lending programs.

"Our webinar series has been a great success," Fiala said. "Depending on the topic, we have had anywhere from 25 to 75 view each of the nine presentations we put together in 2018. This is one tool we will continue to utilize and hope to see continue to grow in impact."

GOED CONTINUES TO GENERATE LEADS VIA CALL CAMPAIGN

In 2018, the GOED continued its campaign to reach out to 1,203 company decision makers directly through nine mailings and follow-up phone calls.

The campaign consists of sending a small gift from the governor, along with a concise information piece customized to each recipient and his or her industry. Then, GOED marketing follows up with a phone call and connects those interested with the office's business development representative for that industry.

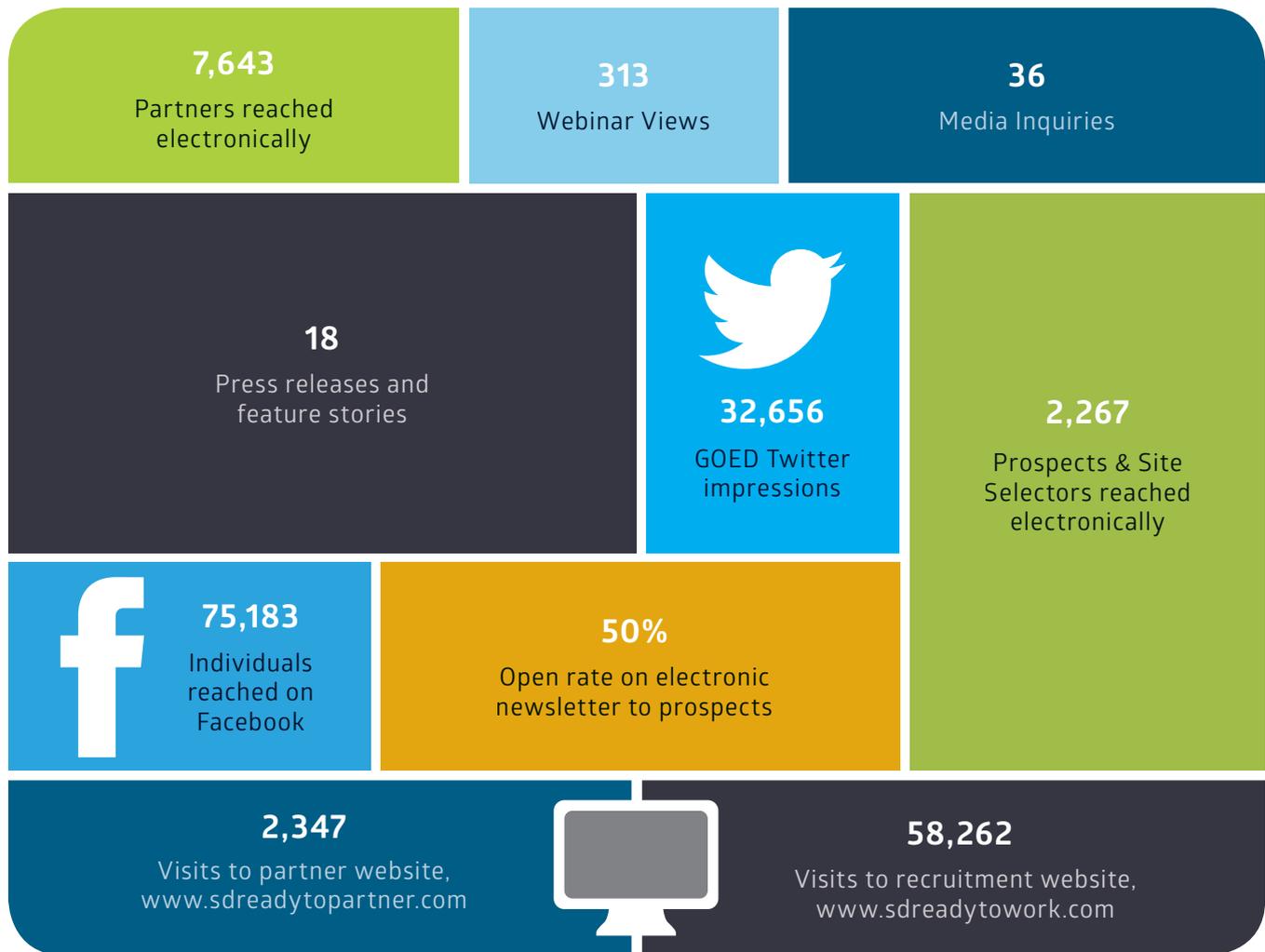
"We started this in 2017 as a way to create an additional source of leads," said Mary Lehecka Nelson, GOED's Director of Marketing and PR. "Since we had very positive feedback that this approach really grabbed attention, we decided to continue it in 2018 as well."

However, being the second year of the campaign required some additional steps.

"Since our reachout lists are industry-based, we had some repeat names. So this year, we needed to cross-check them with the list from last year to ensure that we were only contacting potential prospects that have not yet been contacted," Lehecka Nelson said. "We also added a mailing that went out to prospects that GOED had worked with some time ago without concluding a project, as a way to stay in the minds of those with projects down the road."

Lehecka Nelson said results have been right at the industry standard, with 3 percent requesting additional follow up with South Dakota's business development team.

Marketing BY THE NUMBERS



MEDIA OUTREACH

Flying High in Delta Sky

The GOED took to the skies in June when South Dakota was highlighted in a multi-page feature in Sky Magazine, Delta Air Line's in-flight publication.

"Delta Sky is a great medium for us to showcase South Dakota's stellar business climate, quality of life, and collaboration opportunities," said GOED's Director of Marketing and PR, Mary Lehecka Nelson. "With 15 million monthly passengers on 15,000 daily flights, Delta Sky is an excellent way to reach executive decision makers."

The 30-page profile is chock-full of information on South Dakota's key industries, top faces in business, advertisements from communities and companies, as well as rankings and statistics highlighting the state as a great place to do business.

Lehecka Nelson said the piece has such good information in it that GOED also utilized it to reach out to potential clients that may not have been on a Delta flight in June.

"We really wanted to make the most out of this opportunity, and make sure this profile piece got in front of as many eyes as possible," Lehecka Nelson said. "So, we ordered extra copies and sent them out to all of our business prospects so they can see everything South Dakota has to offer their business."

GOED Facilitates Media Tour, Pitching

In early 2018, GOED contracted with Development Counsellors International (DCI) to help put South Dakota in the headlines through an earned media campaign and an inbound media tour.

"There are a lot of great stories about South Dakota we can be telling," said Mary Lehecka Nelson, GOED's Marketing and PR Director. "Our relationship with DCI has allowed us to focus in on some of these stories and push them out into headlines nation-wide."

As a result of focused, proactive story pitching, Dakota State University's Madison Cyber Labs earned multi-page articles from Industry Today and Scoop News Group. And, Rob Hrabe, CEO of VRC Metal Systems in Rapid City, was tapped by Chief Executive Magazine to discuss his company's growth.

The dairy and food processing industries were the focus of GOED's inbound media tour. GOED hosted six reporters, and to date, two multi-page pieces have been published in Food Business News and Ag Week.

"The results of this campaign are not final yet, but we are pleased with the results. When DCI typically sets up a tour like ours, their goal is two to three reporters. We had six on our media tour, which shows that interest in South Dakota's value-added agriculture potential is great."

MANUFACTURING WEEK

In October, manufacturing companies, communities and service groups across South Dakota banded together to celebrate the 6th annual South Dakota Manufacturing Week.

“According to the most current statistics in South Dakota, there are 1,129 manufacturing businesses that supported 43,081 jobs. These jobs account for a total payroll of about \$2.1 billion, money that goes directly back into our state’s economy,” said Mary Lehecka Nelson, GOED, Director of Marketing and PR. “That is something worth celebrating.”

And celebrate, South Dakota did.

From industrial park tours, to manufacturing Olympics, to seminars to school assemblies, manufacturers shone.

“I think a lot of people are surprised by both the volume and uniqueness of products manufactured in our state,” said Lehecka Nelson. “Manufacturing Week is a great opportunity for us to educate and give credit where it is well-deserved.”

A Glimpse of SOUTH DAKOTA PRODUCTS

20
PERCENT

of goods exported
are machinery

Top 5 export markets

Canada, Mexico,
Belgium, China
and Japan

40%

of goods exported
are processed foods



Wine & Microbrews

Fernson, Spearfish Brewing Company,
Belle Jolí, Prairie Berry & Shadé

1,129 Businesses • 43,081 Jobs • \$1.2 Billion Payroll

MARKETING THE STATE'S AVAILABLE SITES AS CERTIFIED READY

With a host of communities renewing their Certified Sites this past year, GOED has taken a fresh approach to marketing and promoting the shovel ready locations to prospects.

“This is really unlike anything we have done before,” said Joe Fiala, GOED’s Community Development Director. Drone footage that highlights the site’s amenities was shot of each property and is featured on GOED’s recruitment site. Additionally, each community with a certified site was provided with tailor-made digital and/or print marketing materials.

“It is going to be exciting to see the impact of this marketing,” Fiala added.

Fiala said that the GOED plans to support this type of marketing preparation work for certified sites across the state on a rolling basis as they certify or re-certify in the coming year.

Fiala noted that one of the best ways to get on a businesses’ short list is to have a site that is ready for development. “The Certified Site program assures companies that they are receiving the most accurate, detailed information about the site including availability, utilities, access and environmental concerns,” Fiala concluded.

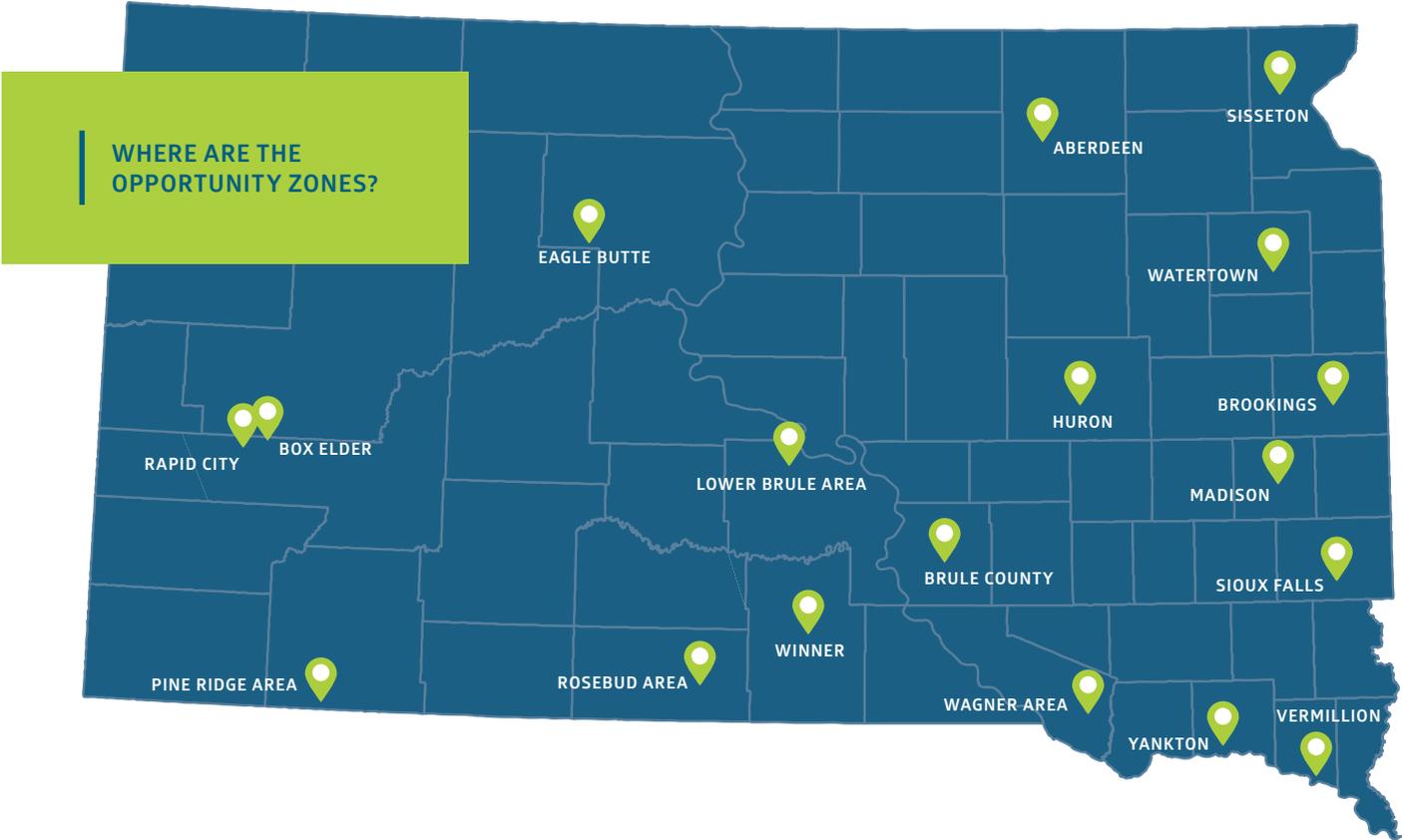


OPPORTUNITY ZONE PRESENTATIONS SHINE LIGHT ON INVESTMENT OPPORTUNITIES

Twenty-five locations in South Dakota designated as Opportunity Zones received special attention in fall 2018 when GOED’s Interim Commissioner Aaron Scheibe and other staff went on tour to educate and promote the zones, which were designated by Governor Dennis Daugaard in 2018 as part of a program created by Congress in the federal Tax Cuts and Jobs Act of 2017.

The Opportunity Zone program is designed to encourage growth in low-income metro and rural areas across the country by attracting private capital for projects through federal capital gains income tax benefits. In South Dakota, there are 25 zones, impacting 18 governmental entities.

“We want to gain some exposure for these sites and leverage this program to benefit areas of South Dakota ripe for development,” said Scheibe. “Not only did our presentations bring the existence of these zones into the public eye, but we were also able to encourage investment in the zones by explaining the details and tax benefits the program offers.”



'THINK BIG' THEME OF 2018 CONFERENCE

Economic developers across the state were ready to "Think Big" at the Governor's Economic Development Conference in April 2018.

"We don't have to settle for status quo in South Dakota. As economic developers, we need to think big. We CAN secure a billion dollars in capital investment for the state in 2018. We CAN be the first state businesses think of when looking to expand. And we CAN gain the attention of the national media to tell our story," said GOED's Director of Marketing and PR, Mary Lehecka Nelson.

Keynote speaker Sgt. Israel Del Toro spoke to the audience about determination and not giving up on your dreams. Del Toro is the first 100 percent combat disabled Air Force technician to re-enlist. He was severely burned after an IED explosion in Afghanistan and given a bleak prognosis. He spent years in rehabilitation, and four years convincing the Air Force to allow him to re-enlist.

During the conference, an entire afternoon was dedicated to rural development. Other session topics included regionalization, zoning, entrepreneurship, and development readiness.

Gov. Daugaard awarded several economic development awards at the banquet, which wrapped up the conference.

- Excellence in Economic Development: Jim Feddersen, mayor of Beresford
- Community of the Year: Beresford
- Entrepreneur of the Year: Christian Weidner, VRC Metal Systems, Rapid City

Special recognition was given to Tony Klein for serving on the Board of Economic Development for 30 years. Klein was one of the founding members appointed by Gov. Mickelson.

The conference was held in conjunction with the Governor's Giant Vision Business Competition. Gov. Daugaard also presented awards to the winners:

- Giant Vision Student Competition: Plateau Energy Films, William Tervillyn
- Giant Vision Business Competition: SMRTGrid, Tod Christensen and Jamie Hale

“

We don't have to settle for status quo in South Dakota. As economic developers, we need to think big. We CAN secure a billion dollars in capital investment for the state in 2018. We CAN be the first state businesses think of when looking to expand. And we CAN gain the attention of the national media to tell our story."



TOP
 Excellence in Economic Development: Jim Fedderson
 Community of the Year: Beresford

MIDDLE
 Entrepreneur of the Year: Christian Weidner
 Special Recognition: Tony Klein
 Giant Vision Student Competition: William Tervillyn

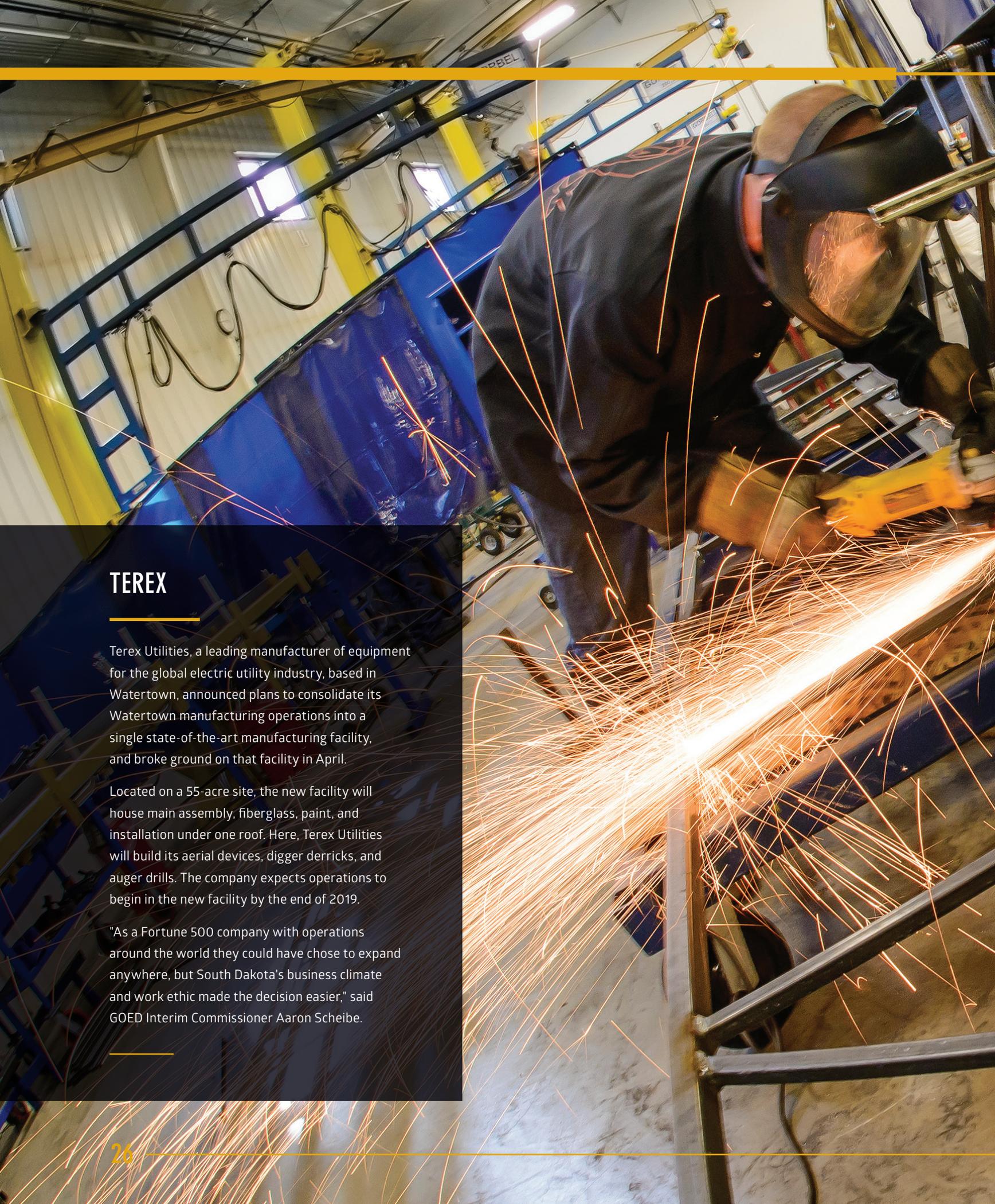
BOTTOM
 Giant Vision Business Competition: SMRTGrid

2018 PROJECTS OF **SIGNIFICANCE**



AGROPUR

In February, Agropur of Lake Norden broke ground on a major expansion that will increase its cheese processing capacity from 3 million pounds to 9 million pounds, a project that is expected to have an \$1 billion annual economic impact on South Dakota. When fully operational the company will be adding 125 employees to its current payroll.



TEREX

Terex Utilities, a leading manufacturer of equipment for the global electric utility industry, based in Watertown, announced plans to consolidate its Watertown manufacturing operations into a single state-of-the-art manufacturing facility, and broke ground on that facility in April.

Located on a 55-acre site, the new facility will house main assembly, fiberglass, paint, and installation under one roof. Here, Terex Utilities will build its aerial devices, digger derricks, and auger drills. The company expects operations to begin in the new facility by the end of 2019.

"As a Fortune 500 company with operations around the world they could have chose to expand anywhere, but South Dakota's business climate and work ethic made the decision easier," said GOED Interim Commissioner Aaron Scheibe.



GRACO

Graco, a longtime Sioux Falls manufacturer, announced in July its plans to expand its plant by adding 56,000 square-feet to its 148,000 square-foot-plant. The company expects to be using the new space by April 2019 and will add 40 jobs during the next four years. The expansion will increase manufacturing capacity for the facility, which specializes in machining, injection molding and assembling fluid components and equipment to support Graco's six business divisions. Currently, Graco employs 250 people.

MAX PRO NUTRITION

Max Pro Nutrition, a division of Max Muscle, announced plans in January to expand its South Dakota presence in Woonsocket. Max Pro Nutrition manufactures fitness nutrition products including protein bars and powders. The company has purchased a 144,000 square-foot building to house its blending and distribution, bringing 34 new jobs to a community of 600. Max Pro Nutrition is also looking for ways to leverage South Dakota agricultural production, including whey, soybeans, honey, corn, sorghum, and livestock – particularly whey as it is a main ingredient found in protein powder.

DAKOTA SEAFOOD

Rapid City-based Dakota Seafood, a wholesale and retail supplier of fresh fish, announced plans to expand its South Dakota presence by opening new sites in Sioux Falls and Spearfish. The company opened two new stores in one year, creating opportunities to distribute new product lines and partner with other South Dakota value-added ag companies.





GERONIMO ENERGY

In October, Geronimo Energy started construction on the first 200 megawatts of Crocker Wind Farm in Clark County. The \$300 million investment represents the first phase of the 400-megawatt total-capacity wind farm that is expected to be operational in late 2019. The current project will create approximately 10-13 jobs in rural South Dakota. When at full capacity, Crocker Wind Farm will span approximately 30 acres in five townships.

INTRINSIC MATERIALS

Intrinsic Materials, a South Dakota startup, announced plans to move forward with a new facility. The project will add 26,000 square feet onto its existing 10,000 square-foot building. The company, which is a subsidiary of ImmutriX, produces materials for activated carbon filters that will soon be used in human trials to cleanse human blood. The total project cost for the new facility is approximately \$7.2 million.

PRAIRIE AQUATECH

Prairie AquaTech, an aquaculture company that makes high-quality plant protein, broke ground on its new facility in Volga in May. The startup company, with roots in Brookings, uses innovative technology that came out of research at South Dakota State University College of Agriculture and Biological Sciences.

Included in the \$60 million project are a 300,000-square foot facility and 35 additional employees.

Prairie AquaTech ferments soybean meal to feed farm-grown fish. Aquaculture, or fish production, is the fastest growing market segment in U.S. and global agriculture, and now exceeds beef production in total tons produced on a global basis.

DISCOVERY DISTRICT BREAKS GROUND, ANNOUNCES ANCHOR TENANTS

Plans for an 80-acre corporate and academic research park moved forward in 2018 when SAB Biotherapeutics and Alumend were announced as anchor tenants in June and a groundbreaking ceremony took place in November on the district's first buildings.



SAB Biotherapeutics is a clinical-stage biopharmaceutical company developing human antibody therapeutics using a first-of-its-kind immunotherapy platform leveraging transgenic cattle (TcBovine™). Alumend scientists have developed Natural Vascular Scaffolding (NVS) therapy, a novel drug/device combination for the treatment of peripheral vascular disease (PVD). Both companies have worked with GOED for several years to facilitate their expansion.

"The Discovery District is really going to be a boon to South Dakota's bioscience industry," said GOED Interim Commissioner Aaron Scheibe. "The public-private partnerships that we have secured to make this project a reality are unlike anything our state has ever done before, and the capabilities at the future facilities will be a huge draw for more bioscience companies."

Funding for the Discovery District was put together with cooperation from the State of South Dakota, the University of South Dakota (USD) Foundation, the City of Sioux Falls, the Board of Regents and the business community through Forward Sioux Falls.

The first building will be an 84,000 square-foot multi-tenant research laboratory, office and biopharmaceutical manufacturing space. In addition to its anchor tenants, the building will house the USD Discovery District offices and offer 20,000 square-feet of open leasable space and South Dakota's first commercial scale cGMP (Current Good Manufacturing Practice) biotherapeutics manufacturing facility.

The second building is a 42,000 square-foot commercial biomanufacturing production facility. SAB plans to use the building for its commercial biotherapeutics production operations as new products come on the market.

When complete, the Discovery District is expected to encompass 26 privately developed buildings and employ nearly 2,800 people.



A woman with blonde hair, wearing a white blouse and a necklace, is sitting at a wooden desk in an office. She is smiling and looking towards the right. On the desk in front of her are several papers, including one with a 'FIVE STAR' logo. The background shows a window with blinds and a wooden cabinet.

FINANCING



Financing is a vital part of any economic development project. In 2018, the GOED's finance team assisted 37 companies with their projects, approving \$53,365,441 in loans with total project costs of \$186,224,401.

REDI FUND

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 \$116 million and it has created 34,439 direct jobs.



12

LOANS/AWARDS APPROVED



\$25,479,002

DOLLARS APPROVED



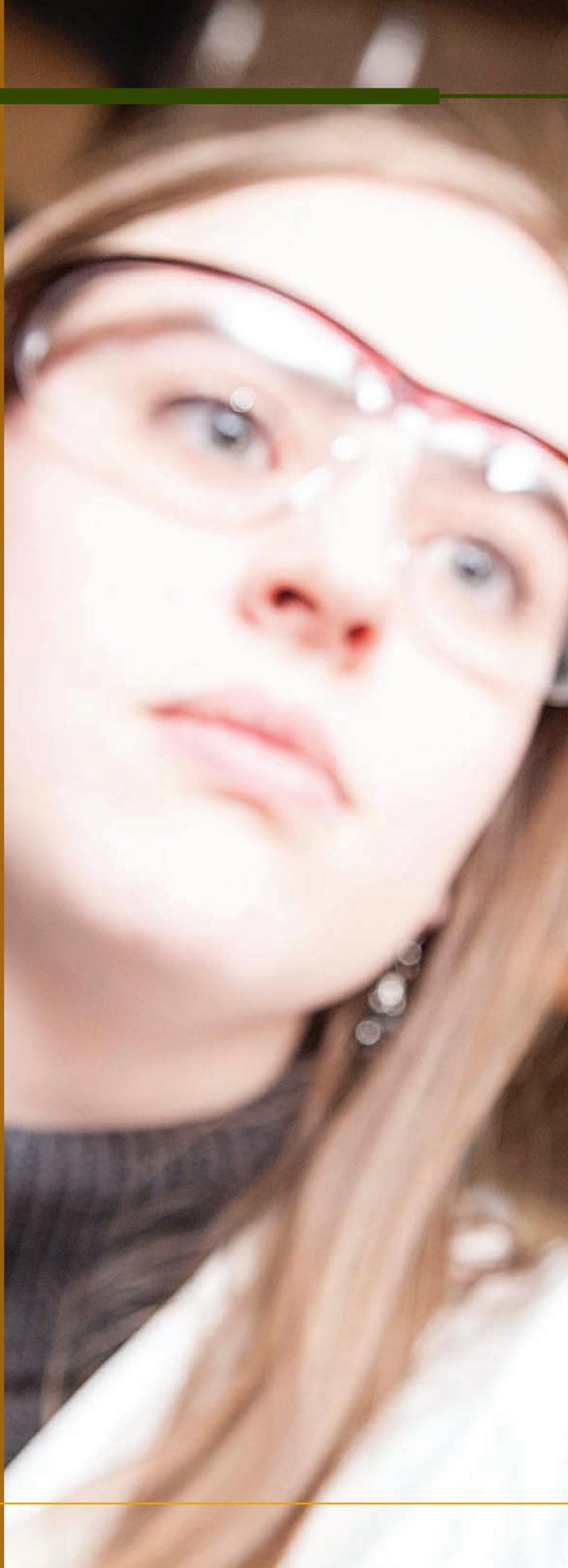
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TOTAL PROJECTED
& RETAINED FTEs



\$144,088,028

TOTAL PROJECT COSTS





EDFA POOLED BOND PROGRAM

1

LOAN APPROVED



\$25,000,000

DOLLARS APPROVED



88

TOTAL PROJECTED FTEs



\$31,719,929

TOTAL PROJECT COSTS



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 \$5.5 million, which can leverage over \$40 million in loans.

COMMUNITY DEVELOPMENT BLOCK GRANT

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 2018, the State of South Dakota awarded grants of \$9.1 million in CDBG funding to assist 20 projects in 18 cities and counties in constructing water/wastewater facilities, fire halls, community centers, and conducting workforce training. The total cost of these projects was \$31,827,077.92.



\$9,146,176
DOLLARS AWARDED



\$31,827,078
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 infrastructure. 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.



9
GRANTS APPROVED



\$2,359,180
DOLLARS APPROVED



146
TOTAL PROJECTED FTEs



\$5,776,237
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.



17
REINVESTMENT PAYMENTS APPROVED



\$42,593,083
DOLLARS APPROVED



1100
TOTAL PROJECTED & RETAINED FTEs



\$1,598,406,629
TOTAL PROJECT COSTS

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, which focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. The Board of Economic Development oversees the South Dakota Jobs Grant Program.



5
GRANTS APPROVED



\$189,868
DOLLARS APPROVED



89
TOTAL PROJECTED FTEs



\$7,903,234
TOTAL PROJECT COSTS

SD WORKS

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 was funded by a \$13.2 million State Small Business Credit Initiative grant through the U.S. Department of Treasury. The program started in September 2011, and to date has assisted with more than \$23 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 \$160,310,800 total project costs.



9
LOANS APPROVED



\$1,524,750
DOLLARS APPROVED



81.25
TOTAL PROJECTED FTEs



\$6,152,500
TOTAL PROJECT COSTS

MICROLOAN

The MicroLOAN South Dakota program offers loans 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.



15

LOANS APPROVED



\$1,361,689

DOLLARS APPROVED



49.5

TOTAL PROJECTED &
RETAINED FTEs



\$4,263,944

TOTAL PROJECT COSTS

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.

THE AGRICULTURAL PROCESSING AND EXPORT (APEX)

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, but is no longer funding new loans. The APEX program is managed by the Economic Development Finance Authority.

ECONOMIC DEVELOPMENT PARTNERSHIP PROGRAM

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



\$14,392
DOLLARS APPROVED

PROOF OF CONCEPT

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. In FY 2017, the program began receiving on going funding. 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 2018, 20 Proof of Concept projects totaling \$377,378 were approved. Over the life of the program, 31 Proof of Concept projects have been completed with repayment agreements in place.



20
PROJECTS APPROVED



\$377,378
DOLLARS APPROVED

DAKOTA SEEDS

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 2018, Dakota Seeds funding was awarded to 182 students at 62 companies, with internships totaling \$340,000.



69
AWARDS APPROVED



\$340,000
DOLLARS APPROVED

WORKFORCE DEVELOPMENT PROGRAM

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 2018, the Workforce Development Program approved eight grants totaling \$233,000 to help train 247 employees.



8
GRANTS APPROVED



\$233,000
DOLLARS APPROVED

IP-5
102

MEET OUR
TEAM



LEADERSHIP

Aaron Scheibe served as Interim Commissioner in 2018.
Steve Westra joined the GOED as Commissioner in January 2019.



Aaron Scheibe
Interim Commissioner



Steve Westra
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
*Senior Loan Officer/
Grant Coordinator*



Dale Knapp
Loan/Finance Specialist



Paul Mehlhaff
Program Accountant



Ashley Moore
Loan Servicing Agent

MARKETING & PUBLIC RELATIONS

The marketing division spearheads all marketing efforts. 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 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

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.



Jeff Haverly
*Business Development
Representative*



Kristen Honey
*Business Development
Representative*



Joe Siebert
*Business Development
Representative*



Lisa Zens
*Business Development
Representative*

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



Darcy Sorenson
Receptionist

BOARDS

Board of Economic Development

Jeff Erickson, Chairman

Don Kettering, Vice Chairman

Dr. Dale Clement, Secretary

Matt Judson, Treasurer

Sharon Casey

John Calvin

Ted Husted

Tom Jones

Reed Kessler

Pat L. Prostrullo

Michael V. Luken

Norbert Sebade

J. Pat Costello

Non-Voting Members

Blake Curd

Spencer Hawley

Lee Qualm

Billie H. Sutton

Economic Development Finance Authority

Terry G. Nelson, Chairman

Gerrit Juffer, Vice-Chairman

Jeff Erickson

Don Kettering

Sharon Casey

Tom Jones

Michael V. Luken

Bert Olson, Trustee

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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