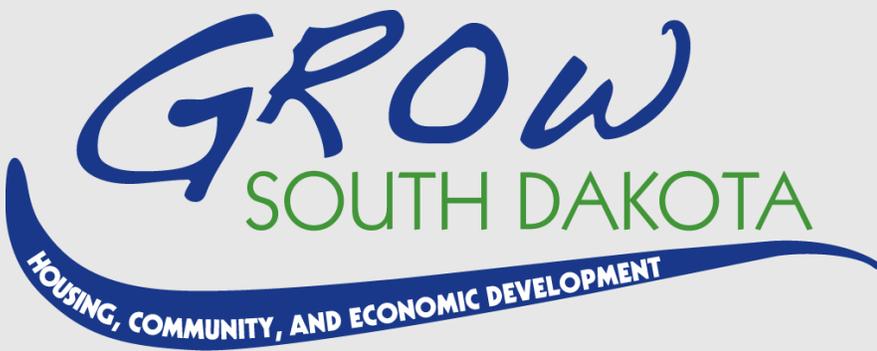


ANNUAL REPORT 2017

Northeast South Dakota Community Action Program
Northeast South Dakota Economic Corporation
Grow South Dakota



From the Chairs

We are pleased to share with you this annual report of the activities of the organizations collectively

known as GROW South Dakota: the Northeast South Dakota Community Action Program (NESDCAP), Northeast South Dakota Economic Corporation (NESDEC), and Grow South Dakota. Each organization has its specific mission:

NESDCAP: A Community Action Agency that aims to improve conditions for households struggling with low income through housing and community development in northeastern South Dakota.

NESDEC: An agency that focuses on economic development in northeastern South Dakota by making loans to small businesses to support job creation as well as loans for homebuyers.

Grow South Dakota: An organization that aims to carry the same general missions of NESDCAP and NESDEC to the entire state.

As a group, the organizations follow a vision that is vital to our great state: “GROWing sustainable communities through housing, community and economic development.” Thanks to these organizations, many of our communities, particularly those in rural areas, are stronger and better prepared to face future challenges.

As the chairs of the boards of directors for these organizations, we can report that our fellow board members are enthusiastic about the mission of community, housing and economic development. Also, like the agencies’ missions, we too are working to prepare the organizations for the future so that they

can continue their missions. Each board has engaged in strategic planning in order to ensure their long-term sustainability.

Toward that end and recognizing the common goals of the individual organizations, the three boards of directors joined together for the first-ever joint board meeting and retreat in September 2017. While there is some overlap in the boards, this was a great opportunity for us to get to know each other better but more importantly to learn about the missions and the strengths of each organization. We benefited from a presentation from NeighborWorks America on Community Development Financial Institutions (both NESDEC and Grow SD are certified CDFIs). As part of the CDFI discussion, our boards reviewed and were further informed on many aspects of our lending programs, including risk ratings, policies, procedures, aging reports, our capitalization plan, and the minimum prudent standards as compared to our own internal dashboards. We came away from the retreat more knowledgeable and more enthusiastic about the work these great organizations do. We’re looking forward to a great future for GROW SD and the state!



Debbie Anderson



Dan Menking

We thank you for supporting GROW South Dakota!

Debbie Anderson, Chair, NESDCAP

Dan Menking, Chair, NESDEC and GROW South Dakota

The past year has been one of the biggest in GROW South Dakota’s history. We’ve marked some milestones in the duration of our service, and we’ve achieved some significant accomplishments in enhancing that service.

Starting with the latter, in early 2017, we received the largest grant GROW SD has ever earned. Project Reinvest awarded us a \$2.4 million grant to use in making purchase assistance loans to low- and moderate-income buyers. In addition, we also received a \$500,000 grant from Project Reinvest to construct three single-family homes in our hometown of Sisseton. These are just two of the grants GROW SD received that allow us to continue to have a significant impact in the state. You’ll read more about these projects in the following pages.



Lori Finnesand (left), and Marcia Erickson

We’ve also been in a period of marking anniversaries. After a big celebration of NESDCAP’s 50th birthday in 2016, in early 2017, we also recognized the 10th anniversary of the establishment of Grow South Dakota, whose purpose has been to expand the programs of NESDCAP and NESDEC

across the state. Coming up in 2018, we will celebrate the 40th anniversary of NESDEC, which was created in 1978 as a revolving loan fund to help small businesses as well as home buyers realize their dreams. We reached another milestone in 2017, NESDEC made its 2,000th loan in November.

Another topic we’d like to address because it often comes up is how GROW SD functions with two Chief Executive Officers. With three separately chartered organizations that have similarities as well as differences plus different service areas, we work in a somewhat complicated structure. With two CEOs, we each have our own focus areas, which are based on the expertise we’ve gained in working for GROW SD for more than 25 years each. With our history and passion for the organization, we agree on direction more often than not—and when it’s the latter, we work together to determine the approach that’s best for the organization as a whole. It’s a relatively unique situation, but we find that it has worked successfully for many years now.

It also helps that GROW SD has been blessed by great staff and board members. Our team works well together to make a difference for South Dakota. Thank you for your support!

Marcia Erickson, Lori Finnesand
Co-CEOs

From the CEOs

Grants Spur Housing Programs

GROW SD Receives Largest Grant in Its History \$2.4 Million Supports Down Payment Assistance Second Grant Building Homes in Sisseton

GROW South Dakota earned a \$2.4 million grant from Project Reinvest: Homeownership program. The largest grant in GROW SD's history is supporting down payment assistance for low- and moderate-income South Dakotans. GROW SD was one of 19 awardees across the country in the first competition in the Project Reinvest program.

The down payment assistance will be in the form of deferred second mortgages. GROW SD will be able to make 200 loans in the amount of \$10,500 each during the two-year grant period to income eligible homebuyers. GROW SD will serve the state with the zero interest deferred loans.

Thanks to a second Project Reinvest grant of \$500,000 received in 2017, GROW SD is building three new single-family homes in Sisseton, SD. The homes are expected to be on the market by mid-2018. Three lots were identified in the Sisseton community as part of GROW SD's efforts to provide solutions to revitalize neighborhoods. The floor plans were developed to accommodate the lot sizes and generally include two bedrooms, 1 ¼ baths, main floor laundry, and an attached garage. GROW SD is working with local contractors for the development and construction of the homes.



Groundbreaking in Sisseton! GROW SD staff and contractors joined for a groundbreaking on one of the homes being built in Sisseton.

Wells Fargo and GROW SD Partner in \$2M Program

Wells Fargo, NeighborWorks America, and GROW SD have partnered in bringing the NeighborhoodLIFT® program to South Dakota with a \$2 million commitment by Wells Fargo. LIFT will boost homeownership for eligible homebuyers across the state. This is Wells Fargo's 56th LIFT program and second-statewide effort in the U.S.

Homebuyers with a contract to purchase a home may contact GROW SD to determine eligibility for a \$7,500 down payment assistance grant. About 224 home buyers will benefit from the program.

Eligible homebuyers can obtain mortgage financing from any participating lender, and GROW SD will administer the down payment assistance grants. Eligibility requirements include not exceeding 80% of the area median income. Military service members, teachers, emergency first responders, firefighters, and law enforcement officers may earn 100% of area median income. Other requirements may apply.

Since February 2012, LIFT programs have helped create nearly 15,400 homeowners in 55 communities.



Governor Dennis Daugaard is flanked by staff from Wells Fargo, GROW SD, NeighborWorks America, Inter-Lakes Community Action Partnership, and NeighborWorks Dakota Home Resources at press conference announcing LIFT program.

GROW SD Projects Add to Arts and Culture in Sisseton

A new mural on the south side of its office building in Sisseton is just the largest of several recent arts and culture projects undertaken by GROW SD.

Grants from Rural LISC and NeighborWorks America supported the creation of community art projects in Sisseton, including the mural,



hanging flower planters lining the main street, a painted crosswalk, the façade of the Sisseton movie theater, and the mural.



Alexis Monroe & Nicholas Blaske designed and produced the mural to reflect the beauty of the Sisseton community and the diversity it represents. The design depicts a South Dakota horizon, a silhouette of the Sisseton Courthouse, a bald eagle, and beautiful sunset inset in the letters spelling, "Sisseton." The mural has been so popular that the Sisseton Economic Development Corporation utilized it for a billboard at the edge of the city.



The planters and crosswalk also incorporate elements of the cultural history of Sisseton, including both Native American and Scandinavian images.



The Siston theater façade upgrade was part of an Artist-in-Community program that brought artist Markus Tracy back to Sisseton. He worked with a cross-section of residents to turn the front doors of the vacant theater into a projection screen with alternating images from the area as well as poetry from high school students.



KUDOS!



Lori Moen, GROW SD COO, receives the Friend of Housing Award from South Dakota Housing Development Authority Executive Director Mark Lauseng.

Jeff Eckhoff, state director of the South Dakota Small Business Development Center, presents SBDC “State Star” Award to Kelly Weaver.



Lori Moen Awarded Friend of Housing

The Friend of Housing award is given by the South Dakota Housing Development Authority to an individual who has made an outstanding commitment to affordable housing in SD through their tireless contributions, achievements and vision. It is given to those who have made affordable housing a large part of their life.

Moen has spent 25 years contributing to affordable housing efforts in SD. As the COO she oversees lending programs that make homeownership possible.

The Award was presented during the SDHDA’s annual housing conference in September in Pierre.

Kelly Weaver Receives State Star Award

Weaver, regional director of the South Dakota Small Business Development Center, named South Dakota’s “State Star” for 2017 by America’s SBDC, the national trade association for the SBDC network.

Weaver and State Star winners from other states were honored at the America’s SBDC Conference in Nashville. Weaver was selected for the award by her peers, in part, for her work with the South Dakota BIG Idea contest, a statewide competition for high school students. Last year, the business idea contest attracted 303 entries from 468 students.

NESDCAP is the fiscal agent for the northeastern South Dakota SBDC office.



BIG Idea Competition Celebrates 10th Anniversary

The BIG Idea Competition—the business idea contest for South Dakota high school students—celebrated its 10th anniversary in 2017 with a few new wrinkles. In celebrating the program that aims to plant the seeds of entrepreneurship among young South Dakotans, the BIG Idea invited Seattle businessman Michael Grabham, a former Northern State University student, to speak during the final event. Called a “serial entrepreneur,” Grabham has started several businesses, acts as a mentor for Seattle startups, and started the TV show “Start IT Seattle,” which showcases new businesses. The BIG Idea also

conducted a survey to measure change in attitudes toward entrepreneurship during its ten-year life. Results showed significant support in the time period.

In 2017, 243 individuals and teams submitted projects from 37 schools. Winners received cash prizes and scholarships from NSU and Presentation College. The BIG Idea also includes a Marketing Design competition sponsored by McQuillen Creative Group in Aberdeen and a Wellness category with a prize sponsored by Sanford Health. Since 2017, more than 3,000 students have submitted more than 2,000 entries from nearly 90 South Dakota schools. Hundreds of adults have participated as judges, mentors and volunteers.

The BIG Idea Competition is coordinated by a committee of volunteers led by the Small Business Development Center in Aberdeen. It receives sponsorship support from the Small Business Development Center, Aberdeen Development Corporation, Sanford Health, East River Electric, the REED Fund, Dacotah Bank, First Bank and Trust, Tom & Danielle Aman Foundation, McQuillen Creative Group, Student Loan Finance Corporation, Northwestern Energy, and GROW South Dakota. For more information, visit www.bigideasd.com.

Housing Programs Grow

Over the past year, GROW SD has received substantial funding to capitalize its housing lending programs, which are designed to make affordable housing available to low-income South Dakotans.

The largest impact has come in down payment assistance. Grants from Project Reinvest, Wells Fargo LIFT, the Capital Magnet Fund of the U.S. Treasury's Community Development Financial Institution (CDFI) Fund, and the South Dakota Housing Development Authority's Housing Opportunity Fund added more than \$5 million to the program.

The direct mortgage lending fund has been increased through a \$1 million grant from the CDFI Fund.

Through another grant from Project Reinvest, GROW SD is building three single-family homes in Sisseton, which will be available for sale in 2018.

NESDCAP also renewed a Weatherization agreement with the Department of Energy to make homes safer and more energy efficient.

In 2016 and 2017 NESDCAP was awarded grants from the SD Housing Opportunity Fund for home improvement projects in the state. There continues to be a waiting list for home improvement projects.

GROW SD again received funding from the Wells Fargo Housing Foundation and the South Dakota Housing Development Authority to provide counseling and education services to home buyers.

Citi Foundation, State Farm Grants Support Home Buyer Coaching

GROW SD received grants from the Citi Foundation and State Farm to support various aspects of coaching programs to help prepare people to buy homes. Hundreds of people received assistance in learning more about the process and making them ready to be successful.

In a success story from the coaching program, a single mother reached out to GROW SD for guidance on applying for a home loan. When she first came, she had credit issues as she had unpaid judgments. After being instructed to pay off the judgments, her credit report shows significant improvement from the first time she was in our office.

"All rural South Dakota is dealing with inadequate housing, unavailable housing, and we need to get young people into homes so they stay in our communities. Down payment assistance is a key component to this."

Vikki Day, NESDCAP Board

GROW SD Benefits from Housing-based Sustainability Program

GROW SD was selected to take part in the Sustainable Homeownership Program (SHP), a NeighborWorks America pilot program designed to lead innovation in nonprofit sustainability. Homeownership was at the core of the pilot.

GROW SD used the pilot to demonstrate greater efficiencies, scale, and earned revenue through sustainable products, in particular, housing lending. This initiative has resulted in many more South Dakota families living in affordable homes. A revolving loan fund provides a reliable, sustainable method to generate income to support the mission. GROW SD reached its targets in early 2017, ahead of schedule.

One direct result is that customers start the home-buying process through an online portal, a convenience for them. Another result is a significant increase in housing lending. The tools that GROW SD has learned through SHP will continue to shape its future.

The success of the pilot program has led NeighborWorks to rename SHP the Sustainable Business Initiative (SBI) to reflect the expanding services provided by nonprofits.

NESDEC Offers Rental Rehab Funds

NESDEC offers rental property owners up to \$15,000 in matching funds to renovate their single family properties. The financial support was in the form of a forgivable loan and is available through funding from the Housing Opportunity Fund through the SD Housing Development Authority. Owners must supply funds at least equal to NESDEC funding for a proposed project, with a minimum of \$3,000.

Business Lending Impacts Area

GROW SD's business loans continue to have a significant impact on community and economic development in northeastern South Dakota and the state as a whole. During late 2017, NESDEC made its 2,000th loan.

In the 12 months ending September 30, 2017, NESDEC made 60 loans to 33 businesses for \$5.1 million, which assisted in creating or maintaining 1,155 jobs. In the same period, Grow South Dakota made 28 loans to 23 businesses for \$1.3 million, assisting in 60 jobs.

Since 1978, NESDEC made 1,993 loans to 1,204 businesses for more than \$67.3 million, impacting 12,258 jobs. Since 2007, Grow SD made 90 loans to 74 businesses for over \$6.1 million, which have helped create or maintain 625 jobs.



Dakota Provisions plant in Huron.

Grant Supports Job-Creating Loan

In 2017, NESDEC received a \$780,800 Community Economic Development grant from the Office of Community Services in the Administration for Children and Families in the Department of Health and Human Services. This grant allowed NESDEC to help finance the expansion of the Dakota Provisions Turkey Processing Plant in Huron to provide a retail ready-to-eat food line of lean meat turkey products. NESDEC provided a working capital loan along with no-cost business development services to Dakota Provisions in order to help create a minimum of 40 jobs in the next three years; 75% of the jobs will be filled by workers who are low-income at the time of hire.

Dakota Provisions opened a \$120 million, 155,000 square foot state-of-the-art turkey processing plant in Huron in 2006 to harvest, debone and cook turkeys. It has the capacity for 8 million live turkeys per year and produces a complete line of fully cooked turkey, pork, beef and chicken products. For its ready-to-eat expansion, Dakota Provisions has purchased a new building, is making renovations, and is purchasing additional equipment. While the project target is a minimum of 40 new jobs, the company expects to create many more jobs than that.

Success Story

When Lindsey Jennings graduated from cosmetology school, she started working at a JC Penny's salon. After five years, the store closed. Despite her experience, she felt job insecurity.



When the owner of a small town salon retired, Lindsey decided to take a leap and start her own business. The salon needed some work, and she needed working capital to start her business so she contacted GROW SD. Nervous about applying, she said the process went smoothly, and GROW SD provided an affordable financing package .

"It was nerve wracking starting my own business especially coming from a large community to a smaller one," Lindsey said. "The community has been really supportive of my new business, The Beauty Barn." Reflecting on becoming a business owner, she says providing a service to the community and supporting herself has been worth it.

GROW SD Tackles Community Development Challenges

Project Focuses on Age-Friendly Communities

GROW SD received funding to promote Age-Friendly Communities in South Dakota. The concept encourages communities to consider both the needs and contributions of the aging in their future planning. GROW SD's focus was on raising awareness of the concept with a variety of audiences, including government representatives, community and economic development leaders, and the general public. The program was funded by a grant to GROW SD from the Margaret A. Cargill Philanthropies, Grantmakers in Aging (GIA), and the South Dakota Community Foundation.

A few key accomplishments help meet the goals:



- A June age-friendly forum for economic development leaders featured an AARP executive and other GIA grantees in South Dakota. Some 60 people attended the event and showed great interest in the topic.

Home Address-Plus, a housing initiative in several communities in South Dakota. This was one of several outreach efforts that connected with people involved in local community development, a key audience for the message.

- A booth at the South Dakota Housing Conference, sponsored by the South Dakota Housing Development Authority, with information on Age Friendly Communities
- In two statewide television appearances on South Dakota Public Broadcasting, GROW SD identified the connections between job creation, housing, and age-friendly issues.

The project also conducted surveys on the issues. A survey of the age-friendly forum asked the participants what their interest in age-friendly communities was before and after the presentation. Before the presentation, all had some interest, and



41% were very interested. Afterwards, 89% reported being very interested. None of the respondents said their community is very age-friendly; about 89% said it was somewhat age-friendly and 11% said not at all. Finally, 96% reported learning some or a lot of new things about older adults in rural areas, and 92% were interested in learning more about how to become age-friendly. Because these are leaders in community development, they are a key audience, and their interest is crucial.

Another similar survey collected information from a general population and was promoted in various ways. A total of 362 responses were received. Here, 29% said their community was very age-friendly, while 65% said somewhat; 65% were interested in learning about how other rural communities have become more age-friendly.

Small Loan Fund Launched

GROW SD opened a Small Loan Fund in 2017 as a pilot program to help low-income borrowers address emergency situations, such as high interest debt, judgments, and car repairs. The one-year loans can range from \$500 to \$1,000.

The project was generated in the wake of the 2016 South Dakota initiative that prohibited payday lenders. Supporters sought a program to assist borrowers burdened with such debts, and the pilot program expanded the eligible loan purposes.

Grant Addresses Veterans and Homelessness

GROW South Dakota was awarded a grant from the Bring Them HOMES Veterans Initiative of the National Equity Fund and the Local Initiatives Support Corporation (LISC) for a pilot program to support low income veterans and veterans at risk of homelessness in South Dakota with various housing-related services. The contribution was funded by Citi Community Development.



Under the pilot program, GROW SD focuses on two general areas: home improvements for low-income veterans and emergency services grants for low-income veterans and those at risk of homelessness. The funding allowed GROW SD to assist veterans in rehabilitating their homes to make them safer, healthier, and more energy efficient. Emergency services grants support veterans who face crisis situations and urgent need to make payments for such needs as rent or utilities bills. The project serves veterans statewide.

In order to solicit referrals of veterans in need and to raise awareness of the program, GROW SD is reaching out to a wide range of organizations in the state that support and provide services for veterans and that seek to address homelessness among veterans, including fraternal organizations as well as local, state, and national Veterans Affairs service officers.

GROW SD Supports State Homeless Count

Every year, the South Dakota Housing Development Authority conducts a one-day count of homeless persons in the state. The count is mandated by HUD. For the 2017 count, SDHDA contracted with the four CAP agencies in the state to coordinate counts in their service areas, and GROW SD supported the 17 NESDCAP counties. The results of the count are used both to identify the problem and to request funds to address it.

Less than half of South Dakota's counties reported for the 2016 count, and only eight of NESDCAP's 17 counties did. In 2017, all NESDCAP counties participated, and only one county in the whole state did not report.

The 2017 count found 955 people experiencing homelessness across the state, a decline of nearly 20% from 2016, which may have been due to inclement weather the day of the count. In the NESDCAP area, there 47 people, and increase of two over 2016.

To increase participation, GROW SD contacted agencies and volunteers in the counties to assist with local counts. In general, local homeless shelters and law enforcement are the first line in locating the homeless and conducting surveys with them. The count includes a survey of individual homeless people as well as a survey of shelters. The surveys were completed via paper or a mobile app. All data collected went to SDHDA for reporting nationally.



GROW SD Receives Grant for Sisseton Master Plan

The South Dakota Community Foundation awarded GROW SD a grant to be used in leading a master planning process for Sisseton. The grant will enable Grow SD to coach and facilitate meetings resulting in a community-inspired vision for Sisseton.

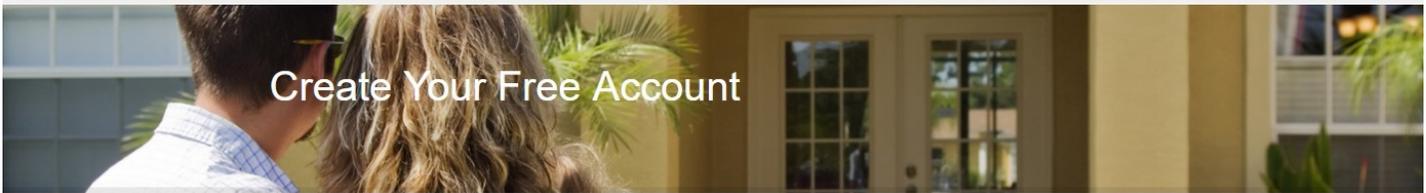
Lori Moen, GROW SD Chief Operating Officer, said the impetus for the planning effort was the recognition that many communities, like Sisseton, have great ideas and dedicated community members, but may struggle in coordinating those efforts into a specific direction or focused vision. To address this situation, GROW SD will assist the community to create a Master Plan that will reflect its vision and goals. The process will involve large and small group meetings that will identify the challenges and solutions for the priorities of Sisseton. The final product will be a written Master Plan that will provide a direction and communication strategy for the community at large.

**ONLINE
APPLICATION**



Visit www.growsd.org and click:

[Begin Your Journey Now >](#)



Create Your Free Account

First Name *	Last Name *
<input type="text"/>	<input type="text"/>
Email Address *	Confirm Email Address *
<input type="text"/>	<input type="text"/>
Phone Number	
<input type="text"/>	
How did you hear about us?*	
--Select One--	
<input type="button" value="Continue"/>	

Already have an account? [Sign In](#)

GROW SD has expanded its online application portal. All housing lending customers may input their application in a simple online form. This convenience for customers expedites the process, ensures accuracy, and facilitates the underwriting and approval process. It's a win-win!

The GROW South Dakota Endowment continues to thrive and remains a key part of the organization's long-term sustainability plan. The Endowment's ultimate purpose is to supplement organizational funding to promote growth in the future. The Board of Directors has continued to allow the fund to earn funds and has voted to delay taking a distribution from the Endowment.

GROW SD thanks everyone who has donated to the Endowment for your generous support of its mission and of the people of South Dakota.

GET IN TOUCH WITH US



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