

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
THURSDAY, JUNE 19, 2014 – 9:30 AM CT**

TABLE OF CONTENTS

- A. Regular Session Agenda
- B. Minutes
- C. Internal Controls
- D. Clausen & Rice, LLP Accounting Contract
- E. Executive Session Agenda
- F. Watch List
- G. Monthly Status Report
- H. Berg Properties, LLC, First Manufacturing, LLC and Lomar Development Company
- I. Dakota Turkey Growers, LLC
- J. Exemplar Genetics, LLC
- K. TTJ Properties, LLC
- L. Enclose Manufacturing, LLC
- M. Integra Plastics, Inc.
- N. Bills

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

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
THURSDAY, JUNE 19, 2014 – 9:30 A.M. CT**

Motion Sheet

Board
Members

Terry Nelson

Gerrit Juffer

Jody
Sperlich

Mike Keller

Casey
Derflinger

Ron Wagner

Stephen
Jones

Trustees

Bert Olson

Kristie
Wiederrich

Liz
Woodsend

EDFA Meeting: Please note times:

Call To Order _____

Executive Session: _____

Regular Session: _____

Adjournment: _____

Agenda

Motion to approve the Agenda as presented.

motion made by _____ and seconded by _____.

Minutes

Motion to approve the minutes of the March 20, 2014 meeting as presented.

motion made by _____ and seconded by _____.

Internal Controls Policy

Motion to approve the changes to the Internal Controls Policy as presented.

motion made by _____ and seconded by _____.

Clausen & Rice, LLP Accounting Contract

Motion to approve the Clausen & Rice, LLP contract for accounting services as presented.

motion made by _____ and seconded by _____.

Executive Session

[Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.](#)

motion made by _____ and seconded by _____.

Chairman: Declare board out of executive session. [a.m.]. Chairman: The EDFA entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

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

motion made by _____ and seconded by _____.

Loan Reviews

Berg Properties, LLC, First Manufacturing, LLC and Lomar Development Company

Motion to approve the loan reviews and recommendations as presented.

motion made by _____ and seconded by _____.

Dakota Turkey Growers, LLC

Motion to approve the loan review as presented.

motion made by _____ and seconded by _____.

Exemplar Genetics, LLC

Motion to approve the loan review as presented.

motion made by _____ and seconded by _____.

TTJ Properties, LLC

Motion to approve the loan review and staff recommendation as presented.

motion made by _____ and seconded by _____.

Old Business

Enclose Manufacturing, LLC

Motion to approve extending the commitment letter 6 months.

motion made by _____ and seconded by _____.

Bills

Motion to approve the following bills for payment:

Clausen & Rice, LLP	\$1,500.00
Grant Thornton LLP	\$9,400.00

motion made by _____ and seconded by _____.

Adjourn

motion made by _____ and seconded by _____.

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED LARGE CONF. ROOM, 711 E WLLS AVE, PIERRE, SD
THURSDAY, JUNE 19, 2014 – 9:30 AM CT**

REGULAR SESSION AGENDA

- 9:30 AM Call To Order, Chairman, Terry Nelson
- 9:35 AM **Approve Agenda**
RECOMMENDED ACTION: Motion to approve Agenda as provided or amended.
- Approve Minutes**
RECOMMENDED ACTION: Motion to approve Minutes as provided or amended.
- Approve Internal Controls Policy**
RECOMMENDED ACTION: Motion to approve the changes to the Internal Controls Policy as presented.
- Approve Clausen & Rice, LLP Accounting Contract**
RECOMMENDED ACTION: Motion to approve the Clausen & Rice, LLP contract for accounting services as presented
- 9:45 AM Commissioner's Comments
- 9:50 AM Executive Session
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 10:30 AM **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
Berg Properties, LLC
First Manufacturing, LLC
Lomar Development Company
Dakota Turkey Growers, LLC
Exemplar Genetics, LLC
TTJ Properties, LLC
Enclose Manufacturing, LLC
- Bills
Clausen & Rice, LLP- \$1,500.00
Grant Thornton LLP- \$9,400.00

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

You can participate in the meeting at GOED office at 711 E Wells Ave, Pierre, South Dakota or the GOED office at the Business & Technology Center at 2329 N. Career Avenue, Sioux Falls, SD.

Economic Development Finance Authority
GOED Conference Room, 711 E Wells Ave, Pierre, SD
Thursday, March 20, 2014 – 9:30 AM CT

Members Present

Chairman Terry Nelson, Gerrit Juffer, Casey Derflinger, Ron Wagner, Stephen Jones

Staff Present

Commissioner Pat Costello, Deputy Commissioner Nathan Lukkes, Kim Easland, Ashley Moore, Travis Dovre, LaJena Gruis, Dale Knapp

Others Present

Liz Woodsend and Kristie Wiederrich - First National Bank in Sioux Falls

Call to Order

Chairman Nelson called the meeting to order at 9:35 a.m.

Agenda

A motion was made by Stephen Jones and seconded by Gerrit Juffer to approve the agenda as presented.
Motion passed by a roll call vote.

Minutes

A motion was made by Casey Derflinger and seconded by Ron Wagner to approve the minutes of the meeting held February 20, 2014 as presented.
Motion passed by a roll call vote.

Executive Session

A motion was made by Ron Wagner and seconded by Stephen Jones to enter into executive session at 9:37 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.
Motion passed by a roll call vote.

Executive Session

The Chairman declared the board out of executive session at 9:50 a.m. The Economic Development Finance Authority entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

A motion was made by Casey Derflinger and seconded by Ron Wagner to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

Dakota Spirits Distillery, LLC

A motion was made by Stephen Jones and seconded by Gerrit Juffer to approve a 6 month balloon extension and increase the rate from 5% to 7%.
Motion passed by a roll call vote.

Adjourn

A motion was made by Ron Wagner and seconded by Gerrit to adjourn the meeting at 10:05 am.
Motion passed by a roll call vote.

Ron Wagner, Secretary-Treasurer

MEMORANDUM

TO: Economic Development Finance Authority

FROM: LaJena R. Gruis, Senior Loan Officer

RE: Internal Controls Update—Payments of bills and contractual services

DATE: June 10, 2014

Under our current Internal Control documents, the Board must specifically approve all bills in excess of \$1,000. Currently, this also includes periodic payments under contracted services for which the Board had previously approved the contract. Staff is recommending changes to update the Internal Controls as follows:

1. Increase the threshold for staff approval from \$1,000 to \$2,500.
2. Allow bills in excess of \$2,500 to be authorized by the Finance Director if those bills are directly related to contracted services for which the Board has previously approved the contract.

These changes will improve staff efficiency and allow for timely payments to be processed for contracted services. The Finance Director will be responsible for ensuring the contractor is performing their duties as required under the contract and the work being done is acceptable before payment authorization is approved.

Each state agency has some flexibility in determining the level of these thresholds. The Bureau of Administration allows agencies to purchase goods and services up to \$4000 (if not on contract) using best discretion. Other current policies and procedures will remain in place.

With the proposed changes, the paragraph in the Internal Controls will now read as follows:

Administration Costs

The Economic Development Finance Authority approves all invoices of \$2,500 and over for payment after GOED Finance Division has verified that the invoices are correct and appropriate. The board does not review or approve invoices submitted that fall under Contracted Services. The board approves the contract prior to payment, but does not approve each invoice under that contract. Invoices received under \$2,500 are verified and approved for payment by GOED (without board approval). The board is notified in the monthly meeting of any bills of this

nature per board policy. Upon approval, the invoices are given to First National Bank for payment.

Recommendation

Approve the changes to the Internal Controls as presented.

Gruis, LaJena

Subject: FW: expenditures

From: Keeler, Colin
Sent: Wednesday, May 14, 2014 8:05 AM
To: Easland, Kim
Cc: Dovre, Travis
Subject: RE: expenditures

Each agency handles the approval of expenditures differently. BOA allows agencies to purchase goods and services under \$4,000 (if not on state contract) using their best discretion. The limit that any particular agency may require approval from a higher level manager, director, agency head (or board) varies. It's only my personal opinion, but having to go to the board for a \$1,000 expenditure seems rather silly. You couldn't even buy a new computer off state contract without waiting for board action.

As long as you're following state laws, policies and procedures, I would say any limits are up to your board.

http://boa.sd.gov/divisions/procurement/agencies/procurement_information_state_agencies.aspx#Purchasing%20Policies

-Colin

Colin Keeler
Director of Financial Systems
SD Bureau of Finance & Management
605.773.3411

From: Easland, Kim
Sent: Tuesday, May 13, 2014 4:57 PM
To: Keeler, Colin
Cc: Dovre, Travis
Subject: expenditures

Collin, thanks for the call and information on contract expenses that you provided last week. If we were to take to the Board of Economic Development, an internal control revision to allow for the contract expenses to be paid without the boards authorization, such as we discussed, the board will approve the contract, but they do not then have to approve every expenditure under that contract. We also, are thinking that maybe we can raise the expenditure limitation for review by the board from \$1,000 to \$2000? Did you comment that there is not a requirement on this, each agency does it differently? Want to confirm on both fronts before we present to the board and also is there a recommended amount BFM suggests that are approved by our board?

Kim Easland
Finance Director, GOED
711 E Wells Avenue
Pierre, SD 57501
605-773-5195

STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this ___ day of June, 2014 by and between the State of South Dakota, Governor's Office of Economic Development, a state agency, of 711 E Wells Ave., Pierre, SD 57501, (the "State") and Clausen and Rice, LLP, 430 West Sioux Ave, PO Box 1117, Pierre, SD 57501 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will perform services for the State as follows: prepare quarterly financial statements, assist in the fiscal year-end accounting, and audit for the SD Economic Development Finance Authority (EDFA).
2. The Consultant's services under this Agreement shall commence on July 1, 2014 and end on June 30, 2015, unless sooner terminated pursuant to the terms hereof.
3. The Consultant will not use State equipment, supplies or facilities. The Consultant will provide the State with its Employer Identification Number, Federal Tax Identification Number or Social Security Number upon execution of this Agreement.
4. The State will make payment for services to be paid upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$28,000. Payment will be made pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26.
5. The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.
6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force applicable insurance coverage of the types as follows:
 - A. Commercial General Liability Insurance: The Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$250,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.
 - B. Worker's Compensation Insurance: The Consultant shall procure and maintain workers' compensation and employers' insurance as required by South Dakota law.

Before beginning work under this Agreement, Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or non-renewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. Consultant shall furnish copies of insurance policies if requested by the State.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

No party shall be liable for a delay in performance or failure to perform its obligations under this Agreement if such delay or failure is due to acts of God or any other event beyond the control of the parties, including, without limitations, fire, explosion, weather, disease, war, insurrection, civil strife, riots, government action or power failure, provided, however, that the party who is unable to perform resumes performance as soon as possible following the end of the event causing the delay.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. Consultant hereby acknowledges and agrees that all reports, plans, specifications, technical data, miscellaneous drawings, software system programs and documentation, procedures, or files, operating instructions and procedures, source code(s) and documentation, including those necessary to upgrade and maintain the software program, and all information contained therein provided to the State by the Consultant in connection with its performance of services under this Agreement shall belong to and is the property of the State and will not be used in any way by the Consultant without the written consent of the State. Papers, reports, forms, software programs, source code(s) and other material which are a part of the work under this Agreement will not be copyrighted without written approval of the State.

16. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to J. Pat Costello on behalf of the State, and by John Clausen, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

17. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

18. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

19. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE

CONSULTANT

BY: _____

BY: _____

- State Agency Coding (MSA Center):
- State Agency MSA Company for which contract will be paid:
- Object/subobject MSA account to which voucher will be coded:
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract:

**Economic Development Finance Authority
June 19, 2014**

BILLS PAID – NEED ACTION

Clausen & Rice, LLP	\$1,500.00
Grant Thornton LLP	\$9,400.00

Grand Total: \$10,900.00

Clausen & Rice, LLP

P.O. Box 1117
Pierre, South Dakota 57501
605-224-8866

May 23, 2014

Kim Easland
SD Economic Development Finance Authority
Capitol Lake Plaza
711 East Wells
Pierre, South Dakota 57501

Invoice No. 6219

Terms: Due 30 days from invoice date

Professional services rendered in connection with the following:

Services provided by JJ Linn and John Clausen through May 22 for the Economic Development Finance Authority	1,880.00
Less amount of time over the contract amount	<u>(380.00)</u>
Total for professional services rendered	<u><u>1,500.00</u></u>

We appreciate your business!



Grant Thornton LLP
200 South Sixth Street
Ste 1400
Minneapolis, MN 55402-1434

T 612.332.0001
F 612.332.8361
www.GrantThornton.com

This address should be used for correspondence only
For all payments, kindly use remittance instructions below

The First National Bank in Sioux Falls
Ms. Elizabeth Woodsend
100 South Phillips Avenue
Sioux Falls, SD 57104

Date: May 30, 2014

Remittance Copy

Bill Number: 952745096

Client Code: 0168906

Assignment Code: 00032

LOB: 620

Bill Amount:

\$9,400.00

**TO ENSURE TIMELY PROCESSING
PLEASE REMIT PAYMENT TO:**

Grant Thornton LLP
33562 Treasury Center
Chicago, IL 60694-3500

Optional Wire Transfer Instructions:

Bank Name: Harris N.A.
ABA#: 071 000 288
Swift Code: HATRUS44
Account#: 2750602
Bank Address: 111 West Monroe Street, Chicago, IL 60690
Beneficiary: Grant Thornton LLP
Reference: Bill Number: 952745096
(Mandatory) Client Number: 0168906

When making an ACH payment, kindly send remittance detail via email to: Cash@us.gt.com



Grant Thornton LLP
 200 South Sixth Street
 Ste 1400
 Minneapolis, MN 55402-1434

T 612.332.0001
 F 612.332.8361
 www.GrantThornton.com

This address should be used for correspondence only
 For all payments, kindly use remittance instructions below

To: The First National Bank in Sioux Falls
 Ms. Elizabeth Woodsend
 100 South Phillips Avenue
 Sioux Falls, SD 57104

Date: May 30, 2014

Bill Number: 952745096

Client-Assignment Code: 0168906-00032

Invoice for rebate services relating to the installment calculation for the issuer's Series 2004A Bond issue for the period ending April 1, 2014 and preparation of report on behalf of the South Dakota Economic Development Finance Authority	\$ 2,350.00
Invoice for rebate services relating to the final calculation for the issuer's Series 2004B Bond issue for the period ending April 1, 2014 and preparation of report on behalf of the South Dakota Economic Development Finance Authority	2,350.00
Invoice for rebate services relating to the interim calculation for the issuer's Series 2008A Bond issue for the period ending April 1, 2014 and preparation of report on behalf of the South Dakota Economic Development Finance Authority	2,350.00
Invoice for rebate services relating to the installment calculation for the issuer's Series 2009B Bond issue for the period ending April 1, 2014 and preparation of report on behalf of the South Dakota Economic Development Finance Authority	
REFERENCE/BILL NO. MUST BE ON WIRE TRANSFER OR CHECK TO ENSURE PROPER CREDIT	2,350.00
Total Amount of Bill:	<u>\$ 9,400.00</u>

Terms: As agreed upon
 Federal ID No. 36-6055558