

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
TUESDAY, MAY 13, 2014 9:30 AM CT**

**TABLE OF CONTENTS**

- A. Regular Session Agenda
- B. Minutes
- C. Clausen & Rice, LLP Accounting Contract
- D. Executive Session Agenda
- E. Monthly Financials
- F. Watch List
- G. Loan Review Summary
- H. Bel Brands USA, Inc.
- I. Vermillion Area Chamber & Development Company
- J. Reinvestment Payment Program
  - 1. Consumers Supply Distributing, LLC
  - 2. Campbell County Wind Farm, LLC
  - 3. Carl V. Carlson Company
- K. Satern Properties, LLC
- L. Bills



**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD  
TUESDAY, MAY 13, 2014 – 9:30 AM CT**

**REGULAR SESSION AGENDA**

- 9:30 AM Call To Order, Chairman Jeff Erickson
- 9:35 AM **Agenda**  
RECOMMENDED ACTION: Motion to approve Agenda as provided or amended.
- Minutes**  
RECOMMENDED ACTION: Motion to approve Minutes of April 8, 2014 and May 1, 2014 as presented.
- Clausen & Rice, LLP**  
RECOMMENDED ACTION: Motion to approve the Clausen & Rice, LLP contract for accounting services as presented.
- 9:50 AM Commissioner's Comments
- 10:00 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.
- 11:00 AM **Report from Executive Session**  
RECOMMENDED ACTION: Approve Chairman's report from Executive Session
- Other Motions
- Loan Review Summary
  - Bel Brands USA, Inc.
  - Vermillion Area Chamber & Development Company
  - Reinvestment Payment Program Applications
  - Consumers Supply Distributing, LLC
  - Campbell County Win Farm, LLC
  - Carl V. Carlson Company
  - Satern Properties, LLC
- Bills
- BankWest, Inc.-\$11,000.00

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.

Participation in the meeting can be at GOED 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.



**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
TUESDAY, APRIL 8, 2014 – 9:30 AM CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Tom Burchill, Mike Luken, Greg Heineman, Tim Kessler, Ted Hustead, Don Kettering, Pat Prostrollo, Rob Skjonsberg, David Lust, Bruce Rampelberg, Tom Jones and Scott Parsley

Staff Present

Deputy Commissioner Nathan Lukkes, Travis Dovre, Ashley Moore, Cherissa Nielson, Dale Knapp

Other Staff Present

Mandy Kuipers- BankWest, Inc.

Others Present

Bob Mercer

Call to Order

Chairman Erickson called the meeting to order at 9:34 AM.

Agenda

A motion was made by Tony Klein and seconded by Pat Prostrollo to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Tim Kessler and seconded by Mike Luken to approve the minutes of the meetings held March 11, 2014 and March 25, 2014 as presented.

Motion passed by a roll call vote.

Employment Agreement

A motion was made by John Calvin and seconded by Greg Heineman to establish a policy setting the base rate for the purpose of calculating liquidated damages under the Employment Agreement at Prime plus 2%.

Motion passed by a roll call vote.

Executive Session

A motion was made by Ted Hustead seconded by Don Kettering to enter into executive session at 9:40 am to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:05 am. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

A motion was made by Sharon Casey and seconded by Tom Burchill to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

Black Hills Fiberglass, LLC

A motion was made by Greg Heineman and seconded by Pat Prostrollo to deny the request to release a corporate guarantor.  
Motion passed by a roll call vote.

New Business

Polaris Inc.

A motion was made by Tim Kessler seconded by Dale Clement to approve the Reinvestment Payment application of Polaris Inc. as recommended by staff in the board packet.

Polaris Inc.

- Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, the request of Polaris Inc. for an equipment upgrades reinvestment payment of \$117,080.00, but not to exceed the State Sales and Use Tax paid on eligible equipment costs, is approved for Polaris Inc. Polaris agrees to purchase not less than \$9.5 million in new equipment and associated costs during the project period. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Specialized Machine, LLC

A motion was made by Tony Klein and seconded by Ted Husted to approve the South Dakota Jobs grant application of Specialized Machine, LLC as recommended by staff in the board packet.

Specialized Machine, LLC

- Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a South Dakota Jobs Grant, a South Dakota Jobs Grant in the amount of \$4,000 is approved for Specialized Machine, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in administrative rule.

Motion passed by a roll call vote.

Harbor Group Investments, LLC

A motion was made by Pat Prostrullo and seconded by Rob Skjonsberg to approve the loan request from Harbor Group Investments, LLC in the amount of \$810,000. Secured by a shared first position on the real estate and the corporate guarantee of Harbor Group, Inc. and Interstates Control System, Inc.

The loan is approved according to the terms and conditions of the commitment letter and that all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.  
Motion passed by a roll call vote.

Integra Plastics, Inc.

A motion was made by Sharon Casey and seconded by Tom Burchill to approve the waiver for a loan over \$1,000,000.  
Motion passed by a roll call vote with Mike Luken, Ted Hustead and Jeff Erickson abstaining.

A motion was made by Dale Clement and seconded by Don Kettering to approve the loan request from Integra Plastics, Inc. in the amount of \$1,170,000. Secured by a shared second position on real estate in Brandon and personal guarantees with principals of 10% or more ownership.

The loan is approved according to the terms and conditions of the commitment letter and that all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.  
Motion passed by a roll call vote with Mike Luken, Ted Hustead and Jeff Erickson abstaining.

Bills

A motion was made by Tim Kessler and seconded by Ted Hustead approve the bill payable to BankWest, Inc. in the amount of \$11,000.00 for the March Servicing, May, Adam, Gerdes & Thompson LLP in the amounts of \$1,058.50 and \$1,926.20 for Legal Work and Miner County for an amount up to \$2,500.00.  
Motion passed by a roll call vote.

Adjourn

A motion was made by Tony Klein and seconded by Tom Burchill to adjourn the meeting at 10:14 am.  
Motion passed by a roll call vote.

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Dale Clement, Secretary or  
Tony Klein, Treasurer

**CREDIT COMMITTEE**  
**GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD**  
**MAY 1, 2014 – 1:30 PM CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Don Kettering, Tom Burchill, Pat Prostrollo

Staff Present

Kim Easland, Travis Dovre, Ashley Moore

Other Staff Present

Mandy Kuipers - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:32 pm.

Agenda

A motion was made by Pat Prostrollo and seconded by Tom Burchill to approve the agenda as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Dale Clement and seconded by Pat Prostrollo to enter into executive session at 1:33 pm to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the Credit Committee out of executive session at 2:11 pm. The Chairman reported that the Board of Economic Development Credit Committee 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 Don Kettering and seconded by Pat Prostrollo to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Reviews

Buhler Industries, Inc., TTJ Properties, LLC and Steck Wholesale Foods, Inc.

Credit Committee recommends to the Board approving the loan reviews and recommendations as presented.

A motion was made by Dale Clement and seconded by Tom Burchill.

Motion passed by a roll call vote.

Old Business

Bel Brands USA, Inc.

Credit Committee recommends to the Board approving the change in interest rate.

A motion was made by Don Kettering and seconded by Pat Prostrollo.

Motion passed by a roll call vote.

Vermillion Area Chamber & Development Company

Credit Committee recommends to the Board approving the extension as presented.

A motion was made by Dale Clement and seconded by Tom Burchill.

Motion passed by a roll call vote.

New Business  
Quality Services  
Tabled

Satern Properties, LLC

Credit Committee recommends to the Board approving the application as presented.  
A motion was made by Don Kettering and seconded by Pat Prostrullo.  
Motion passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Tom Burchill to adjourn the meeting at 2:16 pm.  
Motion passed by a roll call vote

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Dale Clement, Secretary or  
Tony Klein, Treasurer



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 monthly financial statements, assist in the fiscal year-end accounting, and provide financials to Legislative Audit for the SD Board of Economic Development's annual audit (BED). Consultant will also prepare monthly financial statements for the grant programs administered under BED.

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 20,000. 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 \$500,000 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. Business Automobile Liability Insurance: The Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less

than \$500,000 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

C. 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:



**Board of Economic Development  
May 13, 2014**

**BILLS REQUIRING APPROVAL FOR PAYMENT**

<b>Company</b>	<b>Amount</b>	<b>Regarding</b>
BankWest, Inc.	\$11,000.00	REDI Fund Servicing – April



**STATEMENT**

April 29, 2014

Board of Economic Development  
Governor's Office of Economic Development  
711 East Wells Avenue  
Pierre, South Dakota 57501-3369

RE: REDI Fund Loan Servicing

Ending April 2014	\$ 9113.80
(Based on average balance of \$40,505,812.84)	
Contract monthly minimum	\$11,000.00
<b>Total Due</b>	<b><u>\$ 11,000.00</u></b>

Please remit to: BankWest, Inc.  
PO Box 998  
Pierre, SD 57501  
  
Attn: Mandy Kuipers

PO Box 998 Pierre, SD 57501 Phone 1-605-224-7391 or 1-800-253-0362 WWW.BANKWEST-SD.COM