

**BOARD OF ECONOMIC DEVELOPMENT
SD TECHNOLOGY BUSINESS CENTER, 2329 N CAREER AVE, SIOUX FALLS, SD
TUESDAY, JUNE 2, 2015, 12:30 P.M. CT**

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BOARD OF ECONOMIC DEVELOPMENT
SD TECHNOLOGY BUSINESS CENTER, 2329 N CAREER AVE, SIOUX FALLS, SD
TUESDAY, JUNE 2, 2015, 12:30 P.M. CT

**Board
Members:**

Jeff Erickson

Dale Clement

Tony Klein

*Sharon
Casey*

John Calvin

Tom Burchill

*Michael
Luken*

*Greg
Heineman*

Tim Kessler

Ted Hustead

*Don
Kettering*

*Pat
Prostrollo*

Tom Jones

Non-Voting

*Bruce
Rampelberg*

Scott Parsley

Brian Gosch

*Spencer
Hawley*

Motion Sheet
(STAFF RECOMMENDATIONS)

Agenda

Motion to approve the agenda as presented.

Motion made by _____ and seconded by _____.

Minutes

Motion to approve the minutes of the meeting held April 14, 2015, May 19, 2015 and May 26, 2015, 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. [p.m.]. Chairman: The BED entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action taken.

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

Motion made by _____ and seconded by _____.

New Business

Sioux Falls Development Foundation

Motion to approve the loan request from Sioux Falls Development Foundation in the amount of \$8,500,000. Secured by a first mortgage on the real estate.

The loan is approved according to the terms and conditions of the commitment letter; 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 made by _____ and seconded by _____.

SD Industries

Motion to approve the loan request from SD Industries in the amount of \$639,637. Secured by a shared first position with the bank on all equipment and fixtures financed and the personal guaranties of principals with 10% or more ownership.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

The loan is approved according to the terms and conditions of the commitment letter; 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 made by _____ and seconded by _____.

Weisser Properties, LLC

Motion to approve the loan request from Weisser Properties, LLC in the amount of \$945,000. Secured by a shared first position on the real estate and building and the personal guaranties of principals with 10% or more ownership.

The loan is approved according to the terms and conditions of the commitment letter; 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 made by _____ and seconded by _____.

**Economic Development Partnership Program
Aberdeen Development Corporation**

Motion to approve an Economic Development Partnership grant award to the Aberdeen Development Corporation in the amount of \$715.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training Only as recommended by staff and Grant Committee.

Motion made by _____ and seconded by _____.

Arlington Community Development Corporation (RLF), Brookings Economic Development Corporation (RLF), Burke Business Promotion Corporation (RLF), and West River Foundation for Economic & Community Development (RLF)

Motion to approve the Economic Development Partnership Program grants for the following borrowers as recommended by staff and Grant Committee:

Arlington Community Development Corporation (RLF)

- Approve an Economic Development Partnership grant award to the Arlington Community Development Corporation (RLF) in the amount of \$100,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Brookings Economic Development Corporation (RLF)

- Approve an Economic Development Partnership grant award to the Brookings Economic Development Corporation (RLF) in the amount of \$150,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Burke Business Promotion Corporation (RLF)

- Approve an Economic Development Partnership grant award to the Burke Business Promotion Corporation (RLF) in the amount of \$100,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

West River Foundation for Economic & Community Development (RLF)

- Approve an Economic Development Partnership grant award to the West River Foundation for Economic & Community Development (RLF) in the amount of \$250,000.00, contingent upon securing a 3:1 match, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Motion made by _____ and seconded by _____.

City of Wall

Motion to approve an Economic Development Partnership grant award to the City of Wall in the amount of \$125,496.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding as recommended by staff and Grant Committee.

Motion made by _____ and seconded by _____.

South Dakota Technology Business Center

Motion to approve an Economic Development Partnership grant award to the South Dakota Technology Business Center in the amount of \$95,518.22, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding as recommended by staff and Grant Committee.

Motion made by _____ and seconded by _____.

Local Infrastructure Improvement Program
Brookings County, City of Beresford, City of Dolan, and Edison Township

Motion to approve the Local Infrastructure Improvement Program grants for the following borrowers as recommended by staff and Grant Committee:

Brookings County

- Approve a Local Infrastructure Improvement grant award to Brookings County in the amount of \$100,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Beresford

- Approve a Local Infrastructure Improvement grant award to the City of Beresford in the amount of \$225,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Dolan

- Approve a Local Infrastructure Improvement grant award to the City of Dolan in the amount of \$43,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

-

Edison Township

- Approve a Local Infrastructure Improvement grant award to the Edison Township in the amount of \$245,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion made by _____ and seconded by _____.

City of Mitchell

Motion to deny the Local Infrastructure Improvement Program grant as recommended by staff and Grant Committee.

Motion made by _____ and seconded by _____.

Loan Reviews

Loan Review Summary

Motion to approve the loan reviews and recommendations as presented for the following borrowers:

Manitex Load King

Metalworks, LLC

Custom Touch Homes, LLC

Motion made by _____ and seconded by _____.

Old Business

CMW Industrial Properties, LLC

Motion to approve extending the commitment letter to August 12, 2015.

Motion made by _____ and seconded by _____.

Custom Touch Homes, LLC

Motion to deny the request as presented.

Motion made by _____ and seconded by _____.

Northeast Council of Governments Development Corporation

Motion to approve extending the Grant Agreement until December 31, 2015.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

**BOARD OF ECONOMIC DEVELOPMENT
SD TECHNOLOGY BUSINESS CENTER, 2329 N CAREER AVE, SIOUX FALLS, SD
TUESDAY, JUNE 2, 2015, 12:30 P.M. CT**

REGULAR SESSION AGENDA

- 12:30 P.M. Call To Order, Chairman Jeff Erickson
- 12:35 P.M. **Agenda**
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**
RECOMMENDED ACTION: Motion to approve the minutes of April 14, 2015, May 19, 2015 and May 26, 2015, as presented.
- Clausen & Rice, LLP Accounting Contract**
RECOMMENDED ACTION: Motion to approve the Clausen & Rice, LLP Accounting Contract as presented.
- REDI Performance Measures**
RECOMMENDED ACTION: No action.
- 1:15 P.M. Commissioner's Comments
- 1:20 P.M. **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.
- 2:15 P.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
- Sioux Falls Development Foundation
 - SD Industries
 - Weisser Properties, LLC
 - Economic Development Partnership Program
 - Aberdeen Development Corporation
 - Arlington Community Development Corporation (RLF)
 - Brookings Economic Development Corporation (RLF)
 - Burke Business Promotion Corporation (RLF)
 - City of Wall
 - South Dakota Technology Business Center
 - West River Foundation for Economic & Community Development (RLF)
 - Local Infrastructure Improvement Program
 - Brookings County
 - City of Beresford
 - City of Doland

City of Mitchell
Edison Township
Loan Review Summary
CMW Industrial Properties, LLC
Custom Touch Homes, LLC
Northeast Council of Governments Development Corporation

Notice is further given to persons with disabilities that this meeting is being held in a physically 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, South Dakota.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, APRIL 14, 2015, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, Tom Burchill, Mike Luken, Ted Hustead, Don Kettering, Pat Prostrollo, Tom Jones, Bruce Rampelberg, Brian Gosch and Spencer Hawley.

Staff Present

Kim Easland, Ashley Moore, Cassie Stoesser, Cherissa Wright, Dale Knapp

Other Staff Present

Mandy Kuipers - BankWest, Inc.

Other's Present

Bob Mercer and Lee Zions

Call to Order

Chairman Erickson called the meeting to order at 9:32 A.M.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Tom Burchill and seconded by Ted Hustead to approve the minutes of the meetings held March 9, 2015 and April 2, 2015, as presented.

Motion passed by a roll call vote.

Special Assets Contract

A motion was made by Don Kettering and seconded by Tom Burchill to approve the Special Assets Contract as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Mike Luken and seconded by Pat Prostrollo to enter into executive session at 9:39 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 Report

The Chairman declared the board out of executive session at 10:04 a.m. 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. No action taken.

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

Motion passed by a roll call vote.

Loan Review

CurMar, LLC

A motion was made by Mike Luken and seconded by Pat Prostrollo to approve the loan review as presented.

Motion passed by a roll call vote.

Old Business

Carl V Carlson Company

A motion was made by Pat Prostrollo and seconded by Dale Clement to approve extending the commitment letter for three additional months until June 11, 2015.

Motion passed by a roll call vote.

CurMar, LLC

A motion was made by Tony Klein and seconded by Tom Burchill to approve extending the balloon payment until May 31, 2015.

Motion passed by a roll call vote.

Campbell County Wind Farm, LLC

A motion was made by Ted Hustead and seconded by Sharon Casey to approve leaving the reinvestment payment commitment at \$3,883,683.

Motion passed by a roll call vote.

New Business

TruXedo, Inc.

A motion was made by Don Kettering and seconded by Sharon Casey to approve the South Dakota Jobs grant application of TruXedo, Inc. as recommended by staff in the board packet.

- 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 is recommended in the amount of up to \$12,200.00, but not to exceed 100 percent of the State Sales and Use Tax paid on eligible equipment costs during the project period for TruXedo, Inc. 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.

Adjourn

A motion was made by Tony Klein and seconded by Don Kettering to adjourn the meeting at 10:11 a.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or
Tony Klein, Treasurer

**GRANT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, MAY 19, 2015 – 1:00 P.M. CT**

Members Present

Chairman Tim Kessler, Sharon Casey, Mike Luken, Greg Heineman and Ted Husted

Staff Present

Deputy Commissioner Aaron Scheibe, Ashley Moore, Cherissa Wright

Others Present

Bob Mercer

Call to Order

Chairman Kessler called the meeting to order at 1:03 p.m.

Agenda

A motion was made by Greg Heineman and seconded by Mike Luken to approve the agenda as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Ted Husted and seconded by Greg Heineman to enter into executive session at 1:04 p.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 Report

The Chairman declared the Grant Committee out of executive session at 1:41 p.m. The Chairman reported that the Board of Economic Development Grant Committee entered into Executive Session to discuss commercial and financial information relating to loan and other assistance to applicants. No action taken.

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

Motion passed by a roll call vote.

New Business

Economic Development Partnership Program

Aberdeen Development Corporation

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the Aberdeen Development Corporation in the amount of \$715.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training Only.

A motion was made by Greg Heineman and seconded by Mike Luken.

Motion passed by a roll call vote.

Arlington Community Development Corporation (RLF)

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the Arlington Community Development Corporation (RLF) in the amount of \$100,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

A motion was made by Sharon Casey and seconded by Ted Husted.

Motion passed by a roll call vote.

Brookings Economic Development Corporation (RLF)

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the Brookings Economic Development Corporation (RLF) in the amount of \$150,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

A motion was made by Mike Luken and seconded by Greg Heineman.
Motion passed by a roll call vote.

Burke Business Promotion Corporation (RLF)

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the Burke Business Promotion Corporation (RLF) in the amount of \$100,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

A motion was made by Sharon Casey and seconded by Greg Heineman.
Motion passed by a roll call vote.

City of Wall

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the City of Wall in the amount of \$125,496.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

A motion was made by Mike Luken and seconded by Sharon Casey.
Motion passed by a roll call vote with Ted Husted abstaining.

South Dakota Technology Business Center

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the South Dakota Technology Business Center in the amount of \$95,518.22, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

A motion was made by Greg Heineman and seconded by Ted Husted.
Motion passed by a roll call vote with Sharon Casey voting no.

West River Foundation for Economic & Community Development (RLF)

Grant Committee recommends to the Board approving an Economic Development Partnership grant award to the West River Foundation for Economic & Community Development (RLF) in the amount of \$250,000.00, contingent upon securing a 3:1 match, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

A motion was made by Mike Luken and seconded by Greg Heineman.
Motion passed by a roll call vote

Local Infrastructure Improvement Program Grant Applications

Brookings County, City of Beresford, City of Dolan, and Edison Township

Grant Committee recommends to the Board approving as recommended by staff.

Brookings County

Approve a Local Infrastructure Improvement grant award to Brookings County in the amount of \$100,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Beresford

Approve a Local Infrastructure Improvement grant award to the City of Beresford in the amount of \$225,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Doland

Approve a Local Infrastructure Improvement grant award to the City of Doland in the amount of \$43,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Edison Township

Approve a Local Infrastructure Improvement grant award to the Edison Township in the amount of \$245,000.00 to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

A motion was made by Ted Husted and seconded by Sharon Casey.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program Grant Applications

City of Mitchell

Grant Committee recommends to the Board denying as recommended by staff.

A motion was made by Greg Heineman and seconded by Ted Husted.

Motion passed by a roll call vote.

Adjourn

A motion was made by Greg Heineman and seconded by Mike Luken to adjourn the meeting at 1:50 p.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or
Tony Klein, Treasurer

CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, MAY 26, 2015, 1:00 P.M. CT

Members Present

Chairman Jeff Erickson, Pat Prostrollo, Don Kettering and Tom Burchill

Staff Present

Commissioner Pat Costello, Deputy Commissioner Aaron Scheibe, Kim Easland and Ashley Moore

Other Staff Present

Mandy Kuipers and Mike Bietz - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:03 p.m.

Agenda

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

Motion passed by a roll call vote.

Executive Session

A motion was made by Don Kettering and seconded by Tom Burchill to enter into executive session at 1:04 p.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 Report

The Chairman declared the Credit Committee out of executive session at 2:13 p.m. 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. No action taken.

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

Manitex Load King, Metalworks, LLC and Custom Touch Homes, LLC

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

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

Motion passed by a roll call vote.

Old Business

Custom Touch Homes, LLC

Credit Committee recommends to the Board denying the request as presented.

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

Motion passed by a roll call vote.

CMW Industrial Properties, LLC

Credit Committee recommends to the Board extending the commitment letter until August 12, 2015.

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

Motion passed by a roll call vote.

New Business

SD Industries

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

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

Motion passed by a roll call vote.

Weisser Properties, LLC

Credit Committee recommends to the Board denying the application as presented in a second position.

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

Motion passed by a roll call vote.

Adjourn

A motion was made by Don Kettering and seconded by Pat Prostrollo to adjourn the meeting at 2:16 p.m.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this ____ day of June, 2015 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 the Department of Legislative Audit for the SD Board of Economic Development's annual audit (BED). Consultant will also prepare quarterly financial statements for the grant programs administered under BED.

2. The Consultant's services under this Agreement shall commence on July 1, 2015, and end on June 30, 2016, 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 \$21,000. 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: _____

DATE: _____

DATE: _____

- 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:

REDI Fund History & Considerations

2005-2015

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

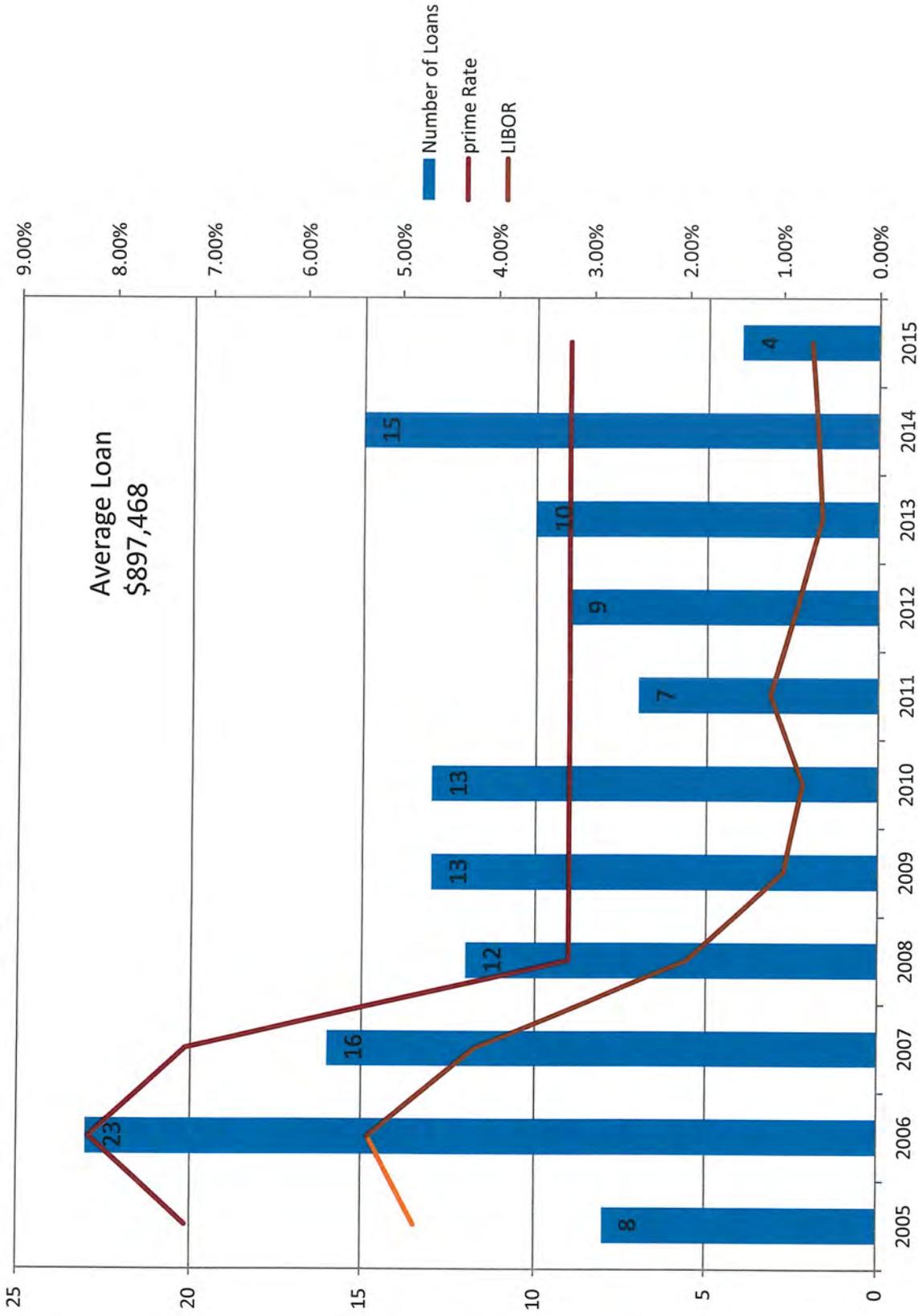
REDI Cash Balance 2005-2015

Year end	REDI Only	Includes Sub-fund
06/30/2005	\$40,314,263	\$45,268,665
06/30/2006	\$35,994,465	\$41,296,143
06/30/2007	\$32,812,756	\$38,198,048
06/30/2008	\$36,630,347	\$39,250,829
06/30/2009	\$29,587,789	\$32,305,707
06/30/2010	\$33,913,998	\$37,036,700
06/30/2011	\$39,510,819	\$42,875,654
06/30/2012	\$47,644,717	\$51,219,802
06/30/2013	\$57,827,468	
06/30/2014	\$65,159,458	
03/31/2015	\$70,801,521	

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Number of Loans Awarded 2005-2015

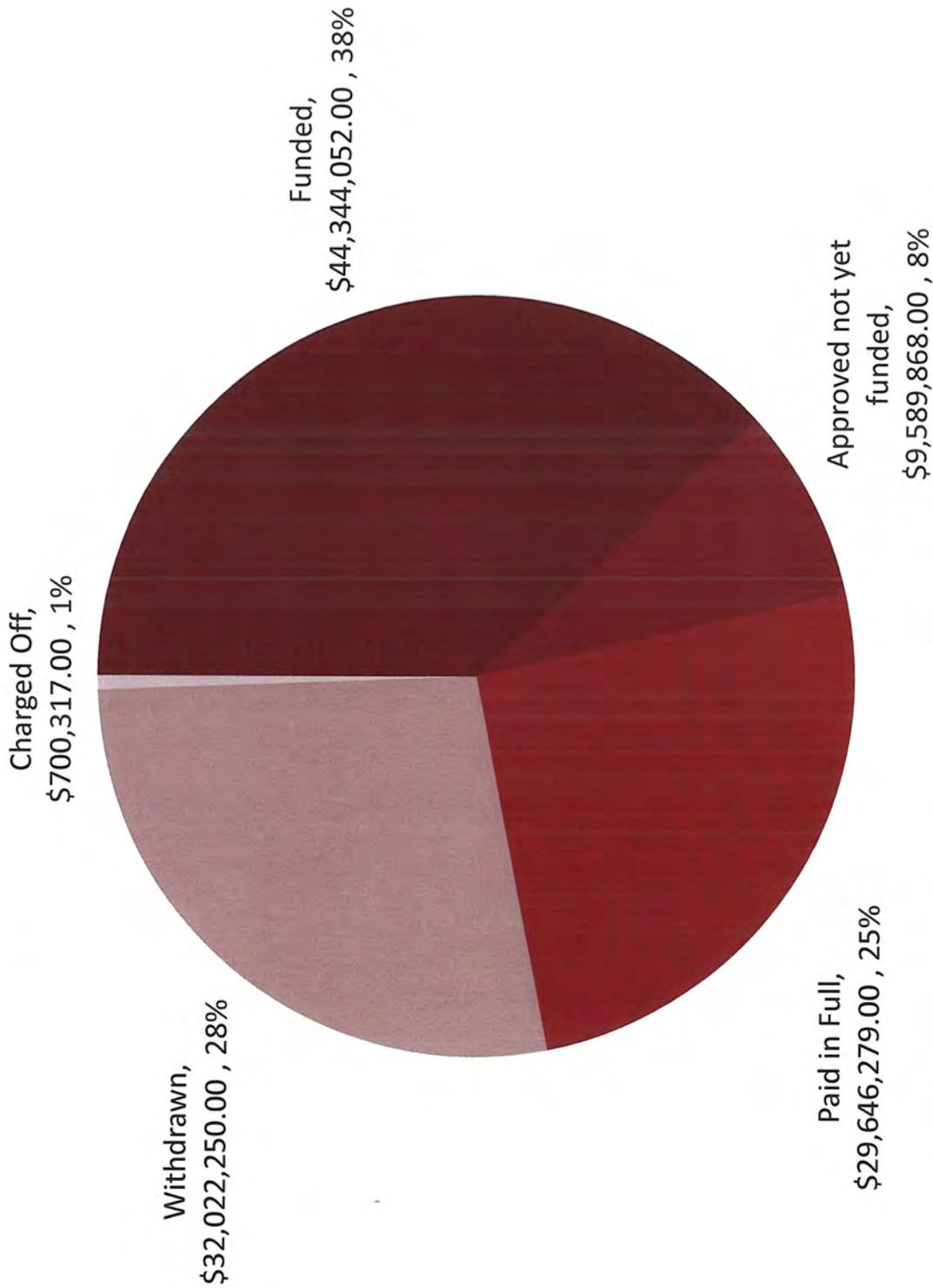


SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Current Status of REDI Loans Awarded 2005-2015

Based on Dollars Awarded (\$116,210,906)

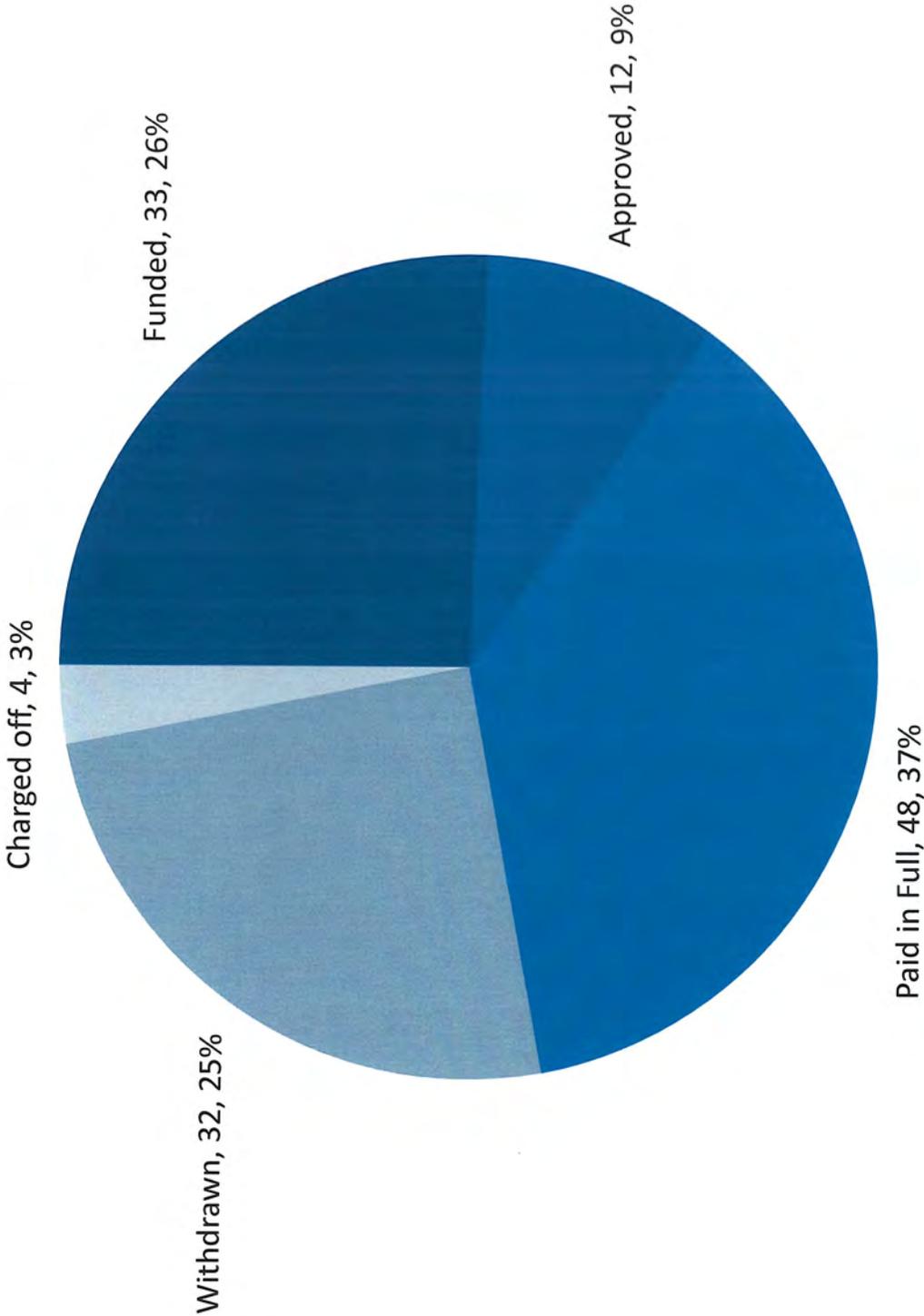


SOUTH DAKOTA

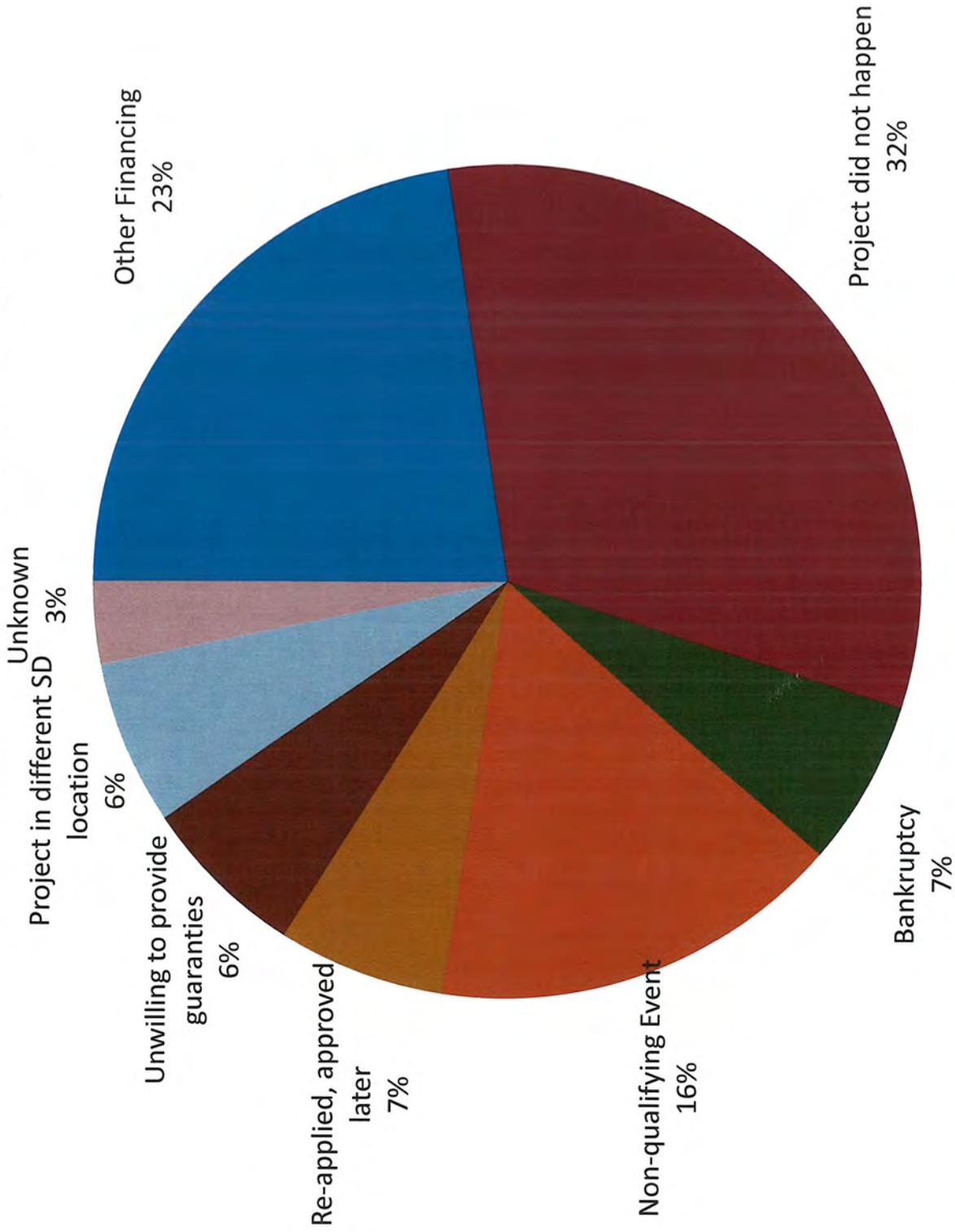
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Current Status of REDI Loans Awarded 2005-2015

Number of Loans (129)



Reason for REDI Loan Withdrawals 2005-2015



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GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Reasons for Withdrawals on REDI loan applications 2005-2015

Reason Unknown	1
Utilized longer term financing (Bonds)	1
Would not sign employment agreement	1
Would not provide guarantees	2
Other financing (internal)	3
Project did not happen	12
Bankruptcy	2
Non-qualifying event after loan approval	4
Appraisal came in short	
Tenant/landlord lawsuit	
Ownership change	
Tenant did not move into facility built	
Re-applied, approved later	2
Lead lender would not provide subordination	1

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GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

REDI Early Payoffs 2005-2015

- 2005-2015 – roughly \$13.5 million in early payoffs
 - \$3.5 million was prior to 2009
 - \$10 million from 2009-2015

Fiscal Year	Payoff Amount
2005	\$1,156,936
2006	\$859,896
2007	\$233,179
2008	\$469,158
2009	\$796,291
2010	\$659,035
2011	\$210,817
2012	\$1,118,106
2013	\$333,931
2014	\$320,218
2015	\$7,368,594

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GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Proposals with REDI Loan Components

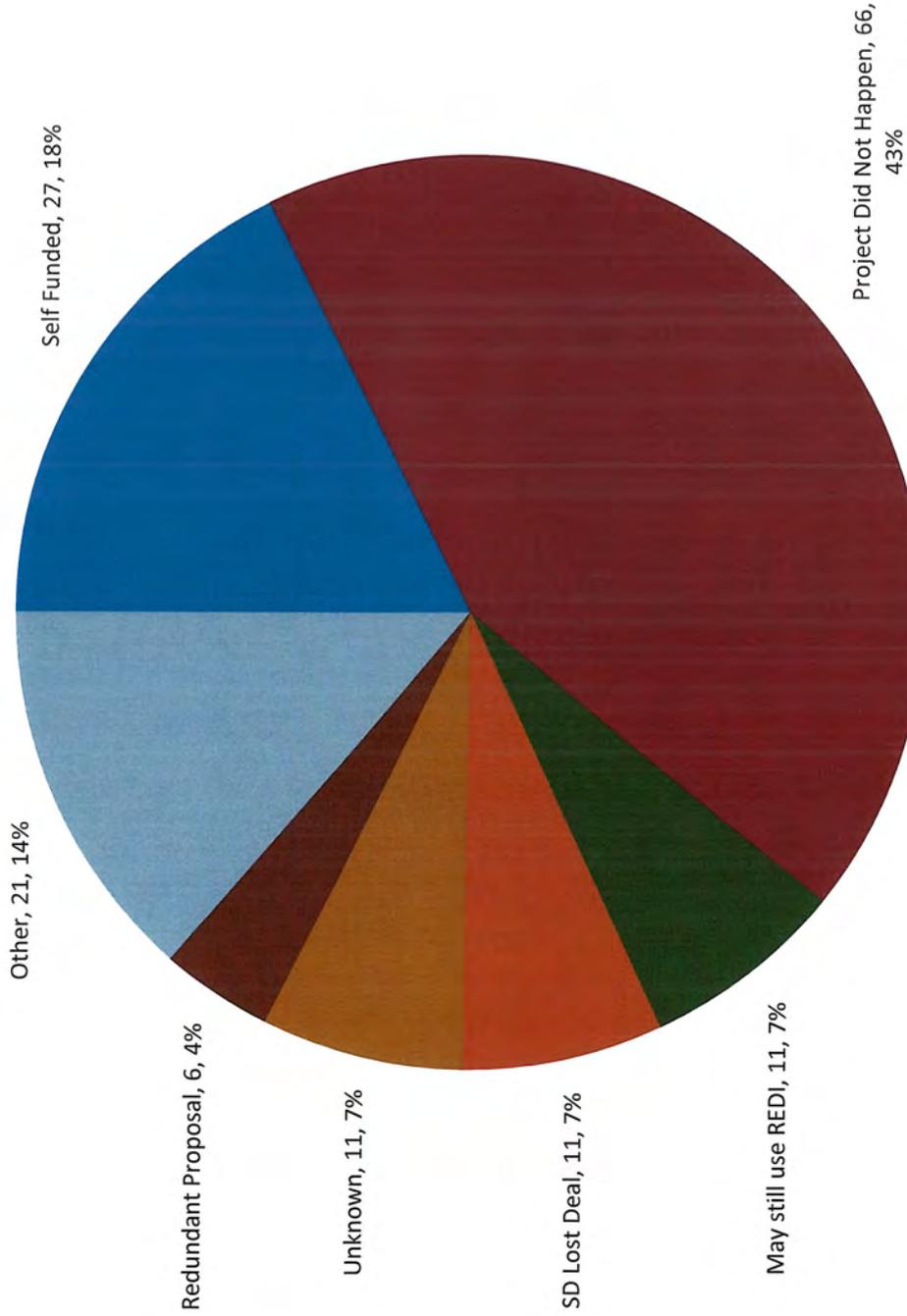
2005 - April 2015

- 226 - proposals made
- 73 - applied for REDI
- 153 - the company didn't apply

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Reasons Companies Proposed REDI Did Not Apply 2005 – April 2015



Reasons Companies Proposed REDI Did Not Apply

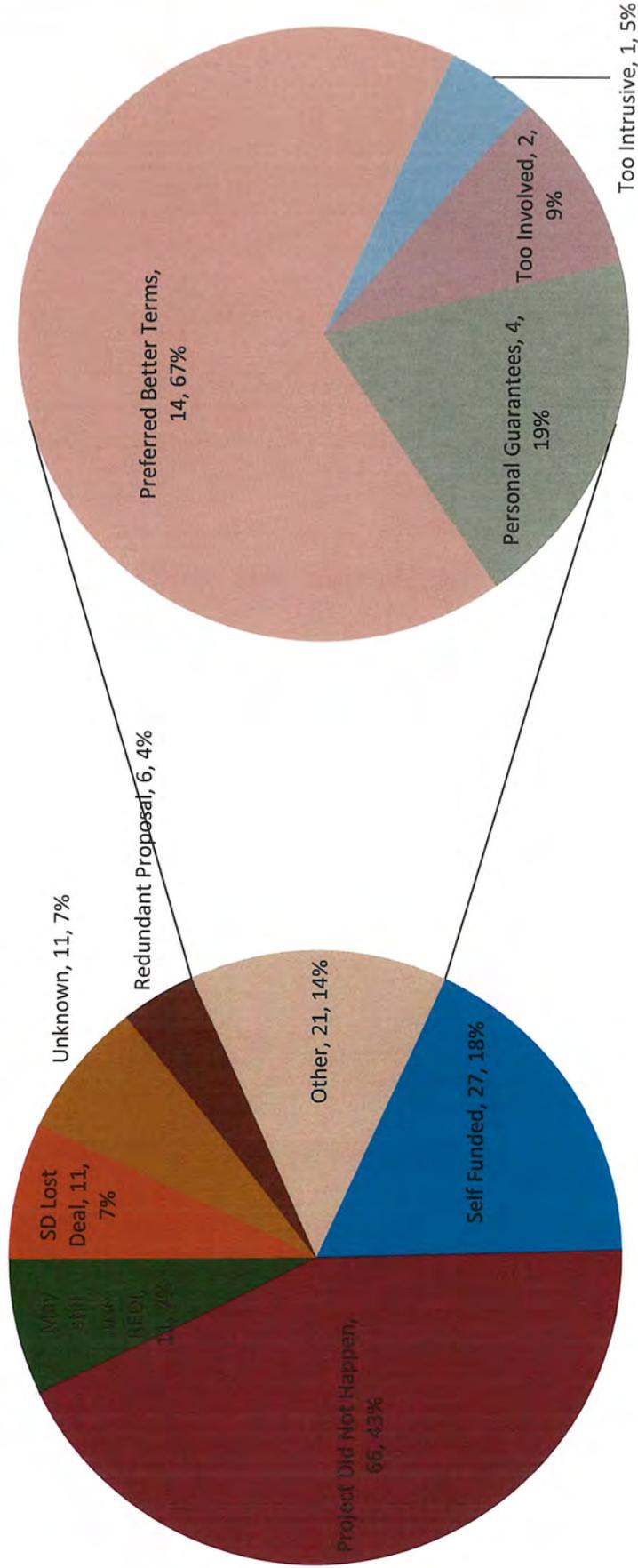
2005 – April 2015

Reason	Number of Companies
Self Funded	27
Project Did Not Happen	66
Other	21
May Still Use Program	11
SD Lost the Deal	11
Redundant Proposal	6
Unknown	11

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GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

“Other” Reasons Companies Did Not Use The REDI Loan 2005 – April 2015



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GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Recommendations

1. 10 year balloon for loans in excess of \$1,000,000
 1. Fixed interest rate for full 10 years
- OR
2. Fixed interest rate for 5 years, then increase rate for 2nd 5 years
2. 10 year balloon option for real estate; 5 year balloon for equipment
3. Offer 10 year balloon for a limited time until REDI volume increases and cash balance reduces to reasonable levels
4. Take 2nd collateral position to bank

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

GOED Speculative Building Assistance Discussion 6/2/15

Background

During the 2010 legislative session, state lawmakers adopted a measure authorizing creation of the *South Dakota Certified Ready Sites Program*. The primary purpose of the program is to certify tracks of land meeting industry standards for business development as “shovel ready.”

To date, twenty-five sites in fifteen communities have been designated as Certified Ready Sites. See Addendum “A” for a complete listing of sites.

To encourage continued enrollment in the program, the GOED, beginning in Q2 2014, started using the Certified Ready Sites Program in the following ways:

- Ongoing marketing campaign to Site Selection Professionals promoting SD Certified Ready Sites.
- Responding to “Time-Critical” information requests (36 hours or less) with only SD Certified Ready Sites.

While having “shovel ready” land is an increasingly important pre-requisite for those business prospects interested in new construction, those business prospects looking for next to move-in-ready buildings have very few options throughout the state.

In fact, significantly more GOED prospects are looking for existing buildings than “greenfield sites.”

After a review of formal GOED Requests for Information (RFIs) since 2012:

- 13% were office users
 - 100% of office users preferred an existing building.
- 87% were manufacturing/industrial users
 - 70% of manufacturing/industrial prospects preferred an existing building.

Ideal building sizes ranged from 3,000 sq ft to over 150,000 sq ft. Average space required was 117,000 sq ft. See Addendum “B” for a full list of requests.

After a review of GOED's "Land & Building Database" there were one *available* industrial property in-state of 50,000 sq ft or greater that may be suitable for several current GOED industrial prospects. Below is a listing of known "spec buildings" across the state:

Industrial

- Watertown (Watertown Development Company Spec Building – 42,000 sq ft.)
- Huron (Huron Spec Building – 50,000 sq ft.)
- Yankton (Yankton Spec Building – 40,000 sq ft.)
- Beresford (Beresford Spec Building – 20,000 sq ft.)

Office

- Vermillion (VCDC Spec Building - 32,000 sq ft.)

With very limited available building options across the state, those prospects are not moving forward in South Dakota. GOED believes no less than 13 current projects would be seriously interested in industrial speculative buildings of 50,000-100,000 sq ft.

Proposal

Set aside \$10 million in REDI funds over 4 years to assist with the construction of up to 5 new speculative buildings in South Dakota.

Economic Development Corporations representing business parks that have already received Certified Ready Sites status are eligible to apply for low interest loan financing through the Board of Economic Development to assist with constructing a "spec building" in their certified business park.

Requirements:

- Building must be located in a South Dakota Certified Ready Park.
- Speculative buildings must be for commercial (non-retail) or industrial users that will ultimately create new primary jobs in the community/region.
- Eligible tenants or building acquirers must be creating *net new* jobs in *South Dakota*.
- The building must be expandable and be accompanied by sufficient land for expansion.
- The building may not be less than 30,000 sq ft of useable space and have sidewalls not less than 26' for industrial applications. The building may not be less than 15,000 sq ft of useable space for non-industrial, commercial applications. Buildings may be subdivided into multiple bays to accommodate several tenants.
- A bank or private lending partner must provide, at minimum, a match of the total REDI loan dollars towards the project.
- The building and land must be controlled by a local economic development corporation. Only EDCs are eligible to apply.
- The EDC and/or City Government must provide a satisfactory guarantee to ensure satisfactory loan debt service resumes no later than 3 years from date of initial loans.

REDI Terms:

- Not to exceed 45% of total project costs.
- Not to exceed \$2 million.
- No Principal & Interest for up to 3 years, until building is leased.*
- If building is not leased within 3 years, the repayment will begin (see EDC/City guarantee).
- Permanent financing, 5-10 years thereafter at 2% interest.
- Minimum 2nd collateral position

**Once the building is leased, whether partial or fully, for any period of time, for any eligible client, the debt service holiday ends and the borrower must begin payback.*

Bank/Private Lender:

- Must provide interim financing at an equal dollar match to REDI loan for up to 3 years, until building is leased. Once the building is leased, the bank/private lender loan converts to long-term, permanent financing not less than the REDI term. If building is not leased within 3 years, repayment will begin (see EDC/City guarantee)

Local EDC:

- Must provide a minimum of 10% equity towards project.
- EDC may pledge land or other satisfactory equity contribution towards project.
- Must outline and execute strategies to market the property to prospective users that meet the program criteria.

All loans would still be subject to Board of Economic Development approval. The BED will evaluate the type and scope of facility to be constructed, local participation, plan to market the facility, etc. when making their lending decision. The GOED and local EDC must mutually agree to any lease or purchase agreements tied to the spec building.

Addendum A

Certified Ready Site

Canton Industrial Park
Pheasant Ridge Industrial Park
Sturgis Industrial Park
West Industrial Park
Archery Business Park
Brown Industrial Site
Marquardt Industrial Site
Schenk Industrial Site
Yaggies Industrial Site
Mallard Pointe Business Park
Belle Fourche Industrial Rail Park
Brandon Industrial Park
Carl W. Soukup Property
Corson Development Park
Ellsworth Business Park
Lakeview Industrial Park
Whitewood Park
Milbank Industrial Park
Research Park at SDSU
Flynn Business Park
Brooks Industrial Park
Heikes Addition Business Park
Riverbend Business Park
Sioux Falls Business Park #8
East Business Park

Community

Canton
Watertown
Sturgis
Huron
Yankton
Yankton
Yankton
Yankton
Yankton
Watertown
Belle Fourche
Brandon
Tea
Brandon
Box Elder
Madison
Aberdeen
Milbank
Brookings
North Sioux City
Vermillion
Vermillion
Vermillion
Sioux Falls
Aberdeen (not announced)

Addendum B

Industrial

70,000 sq ft. 28' Sidewalls. 20 acres.

200,000 sq ft. 40 acres.

100,000 sq ft. 30' Sidewalls.

170,000 sq ft. 20 acres.

32,000 sq ft. 40' sidewall. 6 acres.

New Build. 15 acres.

12,000 sq ft. 24' Sidewalls.

20,000 sq ft. 7 acres.

New Build. 30 acres.

50,000 sq ft.

New Build. 30 acres.

50,000 sq ft. 20 acres.

100,000 sq ft.

12,000 sq ft.

2,000 sq ft. – Company located in GA.

75,000 sq ft. 40' sidewalls. 6 acres.

600,000 sq ft. – 2,000,000 sq ft. 200-500 acres.

120' long. 16' sidewalls. 15 acres.

10,000 sq ft.

20,000 sq ft.

50,000 sq ft. 10 acres.

7,500 sq ft.

20,000 sq ft. 20 acres.

120,000 sq ft. Airplane Hangar.

30,000 sq ft.

100,000 sq ft. 8 acres

New build. 40 acres

20,000 sq ft. – Company located in Indiana.

60,000 sq ft.

New Build. 15 acres.

New Build. 20 acres.

New Build. 40 acres.

12,000 sq ft. 20' Sidewalls. 5 acres.

10,000 sq ft.

30,000 sq ft. 30' Sidewalls. 5 acres.

New Build. 50 acres.

50,000 sq ft. 40 acres.

150,000 sq ft. 20 acres.

50,000 sq ft.

375,000 sq ft.

New Build. 100 acres.

100,000 sq ft. 30' Sidewalls.

320 acres.

70,000 sq ft. 5 acres.

100,000 sq ft. 20 acres.

5,000 sq ft.
30,000 sq ft. 10 acres.
New Build. 300 acres.
New Build. 150 acres.
20,000 sq ft.
60,000 sq ft. 100 acres
New Build. 200 acres.
New Build. 200 acres.

Office

4,500 sq ft.
10,000 sq ft.
2,000 sq ft.
15,000 sq ft. – Company located in TX.
40,000 sq ft.
20,000 sq ft.
50,000 sq ft. – Company located in Mexico.
43,000 sq ft.

Color Key

Company expanded in South Dakota
Company expanded outside South Dakota
Current GOED prospect actively looking for existing building(s).