

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JUNE 10, 2014 9:30 AM CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JUNE 10, 2014 9:30 AM 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

*Rob
Skjonsberg*

Non-Voting

David Lust

*Bruce
Rampelberg*

Tom Jones

Scott Parsley

**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 May 13, 2014, May 21, 2014 and May 27, 2014 as presented.

motion made by _____ and seconded by _____.

Internal Controls

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

motion made by _____ and seconded by _____.

Loan Origination Fee

Motion to approve reducing the loan origination fee to _____ as presented.

Motion made by _____ and seconded by _____.

Economic Development Partnership Program Award Policy for IEDC Basic Training

Motion to approve the Economic Development Partnership Award Policy for IEDC Basic Training as presented.

motion made by _____ and seconded by _____.

Economic Development Partnership Program Award Policy for Training

Motion to approve the Economic Development Partnership Award Policy for Training as presented

motion made by _____ and seconded by _____.

Local Infrastructure Preference Policy

Motion to adopt the Local Infrastructure Preference Policy 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 and to consult with legal counsel.

motion made by _____ and seconded by _____.

Chairman: Declare board out of executive session. [a.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 and consulted with legal counsel.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

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

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:

Dakota Real Properties, LLC

JH Investments, LLC

Motion made by _____ and seconded by _____.

Old Business

Bel Brands USA, Inc.

[NO RECOMMENDATION]

Motion made by _____ and seconded by _____.

Deadwood Biofuels, LLC

Motion to approve the borrower's request as presented.

Motion made by _____ and seconded by _____.

Satern Properties, LLC

Motion to approve the additional loan request from Satern Properties, LLC in the amount of \$27,500. Secured by a shared first on real estate, second blanket UCC filing, personal guaranties of principals with 10% or more ownership, and a corporate guaranty.

Motion made by _____ and seconded by _____.

New Business

DBI Holdings, LLC

Motion to approve the waiver for a loan over \$1,000,000.

Motion made by _____ and seconded by _____.

Motion to approve the loan request from DBI Holdings, LLC in the amount of \$2,178,500. Secured by a shared first on the facility and personal guarantees of principals with 10% or more ownership and a corporate guarantee.

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 _____.

JMo Holdings, LLC

Motion to approve the waiver for a loan over \$1,000,000.

Motion made by _____ and seconded by _____.

Motion to approve the loan request from JMo Holdings, LLC in the amount of \$1,125,000. Secured by a shared first on real estate and personal guarantees of principals with 10% or more ownership and a corporate guarantee.

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 _____.

Rosenbauer South Dakota, LLC

Motion to approve the loan request from Rosenbauer South Dakota, LLC in the amount of \$990,000. Secured by a shared first on real estate and a corporate guarantee.

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 IEDC Basic Training
Brookings Economic Development Corporation and Lake Area Improvement
Corporation**

Motion to approve the Economic Development Partnership Program IEDC Basic Training grant application of the Brookings Economic Development Corporation and Lake Area Improvement Corporation as follows:

Brookings Economic Development Corporation

- Grant award to the Brookings Economic Development Corporation in the amount of \$905.66, to be granted in accordance with the board's Economic Development Partnership Award Policy for IEDC Basic Training.

Lake Area Improvement Corporation

- Grant award to the Lake Area Improvement Corporation in the amount of \$888.12, to be granted in accordance with the board's Economic Development Partnership Award Policy for IEDC Basic Training.

Motion made by _____ and seconded by _____.

**Economic Development Partnership Program
City of Canton, Glacial Lakes Area Development, Brookings Economic Development
Corporation and Mitchell Area Development Corporation**

Motion to approve the Economic Development Partnership Program grant applications of the City of Canton, Glacial Lakes Area Development (RLF), Brookings Economic Development Corporation and Mitch Area Development Corporation as follows:

City of Canton

- Grant award to the City of Canton in the amount of \$2,092.50, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training only.

Glacial Lakes Area Development (RLF)

- Grant award to the Glacial Lakes Area Development (RLF) in the amount of \$200,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Brookings Economic Development Corporation

- Grant award to the Brookings Economic Development Corporation in the amount of \$84,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

Mitchell Area Development Corporation

- Grant award to the Mitchell Area Development Corporation in the amount of \$139,502, to be granted in accordance with the board’s Economic Development Partnership Award Policy for Staff Funding.

Motion made by _____ and seconded by _____.

Local Infrastructure Improvement Program

City of Tyndall and City of Gregory

Motion to approve the Local Infrastructure Improvement grant applications of the City of Tyndall and City of Gregory as follows:

City of Tyndall

- Grant award to the City of Tyndall in the amount of \$100,000, to be granted in accordance with the board’s Local Infrastructure Improvement Award Policy.

City of Gregory

- Grant award to the City of Gregory in the amount of \$150,000, to be granted in accordance with the board’s Local Infrastructure Improvement Award Policy.

Motion made by _____ and seconded by _____.

City of Parkston and Tea Economic Development Corporation

Motion to deny the Local Infrastructure Improvement grant applications of the City of Parkston and the Tea Economic Development Corporation as follows:.

City of Parkston

- Deny the application to the City of Parkston for Local Infrastructure Improvement grant award in the amount \$137,000.

Tea Economic Development Corporation

- Deny the application of the Tea Economic Development Corporation for Local Infrastructure Improvement grant award in the amount \$225,000.

Motion made by _____ and seconded by _____.

Bills

Motion to approve the bill payable to BankWest, Inc. in the amount of \$11,000.00 for the May Servicing, Clausen & Rice, LLP in the amount of \$1,500.00 for Accounting Work, Costello, Porter, Hill, Heisterkamp, Bushnell & Carpenter, LLP Attorneys at Law in the amount of \$1,080.40 for Legal Work and Woods, Fuller, Shultz & Smith P.C. Lawyers in the amount of \$1,875.00 for Legal Work.

motion made by _____ and seconded by _____.

Adjourn

motion made by _____ and seconded by _____.

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, SD
TUESDAY, JUNE 10, 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 May 13, 2014, May 21, 2014 and May 27, 2014 as presented.
- Internal Controls**
RECOMMENDED ACTION: Motion to approve the changes to the Internal Controls as presented.
- Loan Origination Fee**
RECOMMENDED ACTION: Motion to approve reducing the loan origination fee as presented.
- Economic Development Partnership Program Award Policy for IEDC Basic Training**
RECOMMENDED ACTION: Motion to approve the Economic Development Partnership Award Policy for IEDC Basic Training as presented.
- Economic Development Partnership Program Award Policy for Training**
RECOMMENDED ACTION: Motion to approve the Economic Development Partnership Award Policy for Training as presented.
- Local Infrastructure Preference Policy**
RECOMMENDED ACTION: Motion to adopt the Local Infrastructure Preference Policy as presented.
- 9:45 AM Commissioner's Comments
- 9:55 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.
Deadwood Biofuels, LLC
Satern Properties, LLC
DBI Holdings, LLC

JMo Holdings, LLC
Rosenbauer South Dakota, LLC
Economic Development Partnership Program IEDC Basic Training
Lake Francis Case Development Corporation
Bison Area Economic Development
Brookings Economic Development Corporation
Lake Area Improvement Corporation
Economic Development Partnership Program
City of Canton
Glacial Lakes Area Development (RLF)
Brookings Economic Development Corporation
Mitchell Area Development Corporation
Local Infrastructure Improvement Program
City of Tyndall
City of Gregory
City of Parkston
Tea Economic Development Corporation

Bills

BankWest, Inc.-\$11,000.00
Clausen & Rice, LLP- \$1,500.00
Costello, Porter, Hill, Heisterkamp, Bushnell & Carpenter, LLP
Attorney's at Law- \$1,080.40
Woods, Fuller, Shultz & Smith P.C. Lawyers- \$1,875.00

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, MAY 13, 2014 – 9:30 AM CT**

Members Present

Chairman Jeff Erickson, Tony Klein, Sharon Casey, John Calvin, Tom Burchill, Mike Luken, Greg Heineman, Tim Kessler, Ted Husted, Don Kettering, Pat Prostrollo, Rob Skjonsberg, David Lust, and Tom Jones

Staff Present

Kim Easland, Travis Dovre, Ashley Moore, Cherissa Nielson, Dale Knapp, Hunter Roberts

Other Staff Present

Mandy Kuipers- BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 9:30 AM.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Pat Prostrollo and seconded by Tim Kessler to approve the minutes of the meetings held April 8, 2014 and May 1, 2014 as presented.

Motion passed by a roll call vote.

Clausen & Rice, LLP Accounting Contract

Discussed and tabled pending an explanation.

Executive Session

A motion was made by John Calvin and seconded by Tony Klein to enter into executive session at 9:37 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 10:30 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 Tim Kessler and seconded by Don Kettering to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Clausen & Rice, LLP Accounting Contract

A motion was made by Tony Klein and seconded by Tom Burchill to approve the Clausen & Rice, LLP contract for accounting services as amended.

Motion passed by a roll call vote.

Loan Reviews

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

A motion was made by Pat Prostrollo and seconded by Don Kettering to approve the loan reviews and recommendations as presented.

Motion passed by a roll call vote.

Old Business

Bel Brands USA, Inc.

A motion was made by Ted Hustead and seconded by Greg Heineman to approve adjusting the interest rate as presented.

Motion passed by a roll call vote.

Vermillion Area Chamber & Development Company

A motion was made by Pat Prostrollo and seconded by Tom Burchill to approve extending the loan commitment 6 months.

Motion passed by a roll call vote.

New Business

Consumers Supply Distributing, LLC

A motion was made by Mike Luken and seconded by Don Kettering to approve the Reinvestment Payment application of Consumers Supply Distributing, LLC as recommended by staff in the board packet.

Consumers Supply Distributing, LLC

- 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 Consumers Supply Distributing, LLC for an equipment upgrades reinvestment payment of \$240,852.00, but not to exceed the State Sales and Use Tax paid on eligible equipment costs, is approved for Consumers Supply Distributing, LLC. 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.

Campbell County Wind Farm, LLC

A motion was made by Sharon Casey and seconded by Tim Kessler to approve the Reinvestment Payment application of Campbell County Wind Farm, LLC as recommended by staff in the board packet

Campbell Count Wind Farm, LLC

- 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, a new or expanded facility reinvestment payment of \$3,883,683.00, but not to exceed 75% of the State Sales and Use Tax paid on eligible project costs, is approved for Campbell County Wind Farm, LLC. 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.

Carl V. Carlson Company

A motion was made by Don Kettering and seconded by Tim Kessler to deny the Reinvestment Payment application to Carl V. Carlson Company as recommended by staff in the board packet.

Motion passed by a roll call vote.

Satern Properties, LLC

A motion was made by Pat Prostrollo and seconded by John Calvin to approve the loan request from Satern Properties, LLC in the amount of \$220,000. Secured by a shared first on real estate and personal guarantees of principals with 10% or more ownership and a corporate guarantee

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.

Bills

A motion was made by Ted Hustead and seconded by Mike Luken approve the bill payable to BankWest, Inc. in the amount of \$11,000.00 for the April Servicing.

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 10:40 am.

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
WEDNESDAY, MAY 21, 2014 – 2:00 PM CT

Members Present

Chairman Tim Kessler, Sharon Casey, Mike Luken, Greg Heineman, Bruce Rampelberg and Tom Jones

Staff Present

Kim Easland, Travis Dovre, Ashley Moore, Cherissa Nielson

Call to Order

Chairman Kessler called the meeting to order at 2:08 pm.

Agenda

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

Motion passed by a roll call vote.

Economic Development Partnership Program Award Policy for IEDC Basic Training

Grant Committee recommends to the Board approving the Economic Development Partnership Program Award Policy for IEDC Basic Training as presented.

A motion was made by Sharon Casey and seconded by Mike Luken.

Motion passed by a roll call vote

Economic Development Partnership Program Award Policy for Training

Grant Committee recommends to the Board approving the Economic Development Partnership Program Award Policy for Training as presented.

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

Motion passed by a roll call vote

Executive Session

A motion was made by Sharon Casey and seconded by Greg Heineman to enter into executive session at 2:11 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 board out of executive session at 2:40 pm. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss commercial and financial information relating to loan and other assistance to applicants.

A motion was made by Mike Luken 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 IEDC Basic Training

Brookings Economic Development Corporation and Lake Area Improvement Corporation

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

Brookings Economic Development Corporation

Approve an Economic Development Partnership grant award to the Brookings Economic Development Corporation in the amount of \$905.66, to be granted in accordance with the board's Economic Development Partnership Award Policy for IEDC Basic Training.

Lake Area Improvement Corporation

Approve an Economic Development Partnership grant award to the Lake Area Improvement Corporation in the amount of \$888.12, to be granted in accordance with the board's Economic Development Partnership Award Policy for IEDC Basic Training.

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

Economic Development Partnership Program Grant Applications

City of Canton, Glacial Lakes Area Development (RLF), Brookings Economic Development Corporation, Mitchell Area Development Corporation

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

City of Canton

Approve an Economic Development Partnership grant award to the City of Canton in the amount of \$2,092.50, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training only.

Glacial Lakes Area Development (RLF)

Approve an Economic Development Partnership grant award to the Glacial Lakes Area Development (RLF) in the amount of \$200,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Brookings Economic Development Corporation

Approve an Economic Development Partnership grant award to the Brookings Economic Development Corporation in the amount of \$84,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

Mitchell Area Development Corporation

Approve an Economic Development Partnership grant award to the Mitchell Area Development Corporation in the amount of \$139,502, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding and Training.

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

Local Infrastructure Improvement Program Grant Applications

City of Tyndall and City of Gregory

Grant Committee recommends to the Board approving as recommended by staff

City of Tyndall

Approve a Local Infrastructure Improvement grant award to the City of Tyndall in the amount of \$100,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Gregory

Approve a Local Infrastructure Improvement grant award to the City of Gregory in the amount of \$150,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

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

City of Parkston and Tea Economic Development Corporation

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

City of Parkston

Deny the application of the City of Parkston for the Local Infrastructure Improvement grant aware in the amount of \$57,000.

Tea Economic Development Corporation

Deny the application of the Tea Economic Development Corporation for Local Infrastructure Improvement grant award in the amount \$225,000.

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

Adjourn

A motion was made by Sharon Casey and seconded by Mike Luken to adjourn the meeting at 2:45 pm.

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
MAY 27, 2014 – 1:30 PM CT

Members Present

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

Staff Present

Kim Easland, Travis Dovre, Ashley Moore

Other Staff Present

Mandy Kuipers and Mike Bietz- BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:35 pm.

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.

Loan Origination Fee

Credit Committee recommends to the Board approving reducing the loan origination fee to 1% as amended.

A motion was made by Don Kettering and seconded by Tom Burchill.

Motion passed by a roll call vote

Executive Session

A motion was made by Tom Burchill and seconded by Don Kettering to enter into executive session at 1:40 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 2:23 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 Pat Prostrollo and seconded by Tom Burchill to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Reviews

Dakota Real Properties, LLC and JH Investments, LLC

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

A motion was made by Pat Prostrollo and seconded by Tom Burchill.

Motion passed by a roll call vote with Don Kettering abstaining.

Old Business

CurMar, LLC

Credit Committee recommends to the Board approving the action plan as amended.

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

Motion passed by a roll call vote.

Deadwood Biofuels, LLC

Credit Committee recommends to the Board approving the borrower's request and staff recommendation as amended.

A motion was made by Pat Prostrollo and seconded by Tom Burchill.

Motion passed by a roll call vote.

New Business

DBI Holdings, LLC

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

A motion was made by Don Kettering and seconded by Tom Burchill.

Motion passed by a roll call vote.

JMo Holdings, LLC

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

A motion was made by Pat Prostrollo and seconded by Tom Burchill.

Motion passed by a roll call vote.

Rosenbauer South Dakota, LLC

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

A motion was made by Tom Burchill and seconded by Don Kettering.

Motion passed by a roll call vote with Pat Prostrollo abstaining.

Adjourn

A motion was made by Tom Burchill and seconded by Pat Prostrollo to adjourn the meeting at 2:28 pm.

Motion passed by a roll call vote

Dale Clement, Secretary or
Tony Klein, Treasurer

MEMORANDUM

TO: Board of Economic Development

FROM: Travis Dovre

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 Board of Economic Development 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 the Administration Division for payment processing. The payment vouchers are entered on the State's online accounting system, approved, and

forwarded to the State Auditor's Office for payment via direct check or Wire/ACH transfer. The checks are distributed to the vendors by the State Auditor's Office. The payment vouchers are monitored by the Administration Division online until balanced; and once paid, an electronic report is received by the Administration Division through the State's Accounting System.

Recommendation

Approve the changes to the Internal Controls as presented.

Dovre, Travis

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
605-295-2425 cell

MEMORANDUM

TO: Board of Economic Development
FROM: Travis Dovre
RE: REDI Loan Origination Fee
DATE: June 10, 2014

The Board has had a busy spring with increased activity in the REDI loan program. Several of the borrowers have inquired about reducing or waiving the origination fee which is currently 1.5% (where it was set in 2009.)

As opposed to negotiating the rate on individual deals, staff felt it was best to re-evaluate the fee as a whole. Staff contacted several banks which we have partnered with recently. In summary, 1% was the most common commercial loan origination fee amongst banks. However, several individuals indicated this rate was often negotiated down.

Currently, borrower pays for the appraisal, title work, and other necessary fees required. Tim Engle has estimated he spends 3-4 hours corresponding and reviewing loan documents on an average REDI loan deal.

Credit Committee has recommended these fees be passed along to the borrower if the interest rate is reduced.

A reduction in the rate would have minimal impact on REDI's financial position as origination fees represent a small percentage of income compared to interest income from loans and investments. Interest earnings are currently more than sufficient to cover administrative expenses of the program.

Recommendation

Approve reducing the origination fee to 1%. The change will be applicable to any REDI loan approved but not yet funded. Legal fees for preparing the Loan Documents will be the responsibility of the Borrower.

Economic Development Partnership Program Award Policy for IEDC **Basic Training**

Award Requirements

- Applicants must provide a 1:1 match for Economic Development Partnership grant.
- Funds will be reimbursed to the Recipient upon:
 - Receipt of proof of matching funds
 - Receipt of Registration for the IEDC Basic Course
 - Copy of Training Agenda
 - Voucher/Receipts for Travel/Training Expenses
 - Copy of Certificate of Course Completion

Economic Development Partnership Program Award Policy for Training Only

Award Requirements

- Applicants must provide a 1:1 match for Economic Development Partnership grant.
- Funds will be reimbursed to the Recipient upon:
 - Receipt of proof of matching funds
 - Receipt of Registration for the Training
 - Copy of Training Agenda
 - Voucher/Receipts for Travel/Training Expenses
 - Copy of Certificate of Course Completion

MEMORANDUM

TO: Board of Economic Development
FROM: Kim Easland
RE: Local Infrastructure Preference Policy
DATE: June 10th, 2014

After reviewing several applications for this program, staff is asking the board to adopt a policy concerning preferred projects. The intent is to make the process more efficient so that projects not likely to be approved will not apply. Preferred projects must meet the following criteria:

- Applicant must be local non-profit development corporation or municipality or other unit of local government
- Infrastructure to be constructed or improved must be owned by a local non-profit development corporation or municipality or other unit of local government
- The majority of the benefited real estate adjoining the infrastructure to be constructed must be otherwise generally unimproved and owned by a local non-profit development corporation or other unit of local government
- The foregoing guidelines may be waived if the project will result in significant job creation or if the project is located in or adjacent to a municipality with a population of 5,000 or less

**Board of Economic Development
June 10, 2014**

BILLS REQUIRING APPROVAL FOR PAYMENT

Company	Amount	Regarding
BankWest, Inc.	\$11,000.00	REDI Fund Servicing – May
Clausen & Rice, LLP	\$1,500.00	Accounting Work
CPHHB&C, LLP	\$1,084.40	Legal Work- 7.75 hours
WFS&S P.C. Lawyers	\$1,875.00	Legal Work- 12.50 hours



STATEMENT

May 27, 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 May 2017 (Based on average balance of \$40,800,151.78)	\$ 9180.03
Contract monthly minimum	\$11,000.00
Total Due	<u>\$ 11,000.00</u>

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

Attn: Mandy Kuipers

Clausen & Rice, LLP

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

May 23, 2014

Kim Easland
SD Revolving Economic Development Initiative Fund
Capitol Lake Plaza
711 East Wells
Pierre, South Dakota 57501

Invoice No. 6218

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 Revolving Economic Development
Initiative Fund.
Less amount of time over the contract amount

1,765.00
(265.00)

Total for professional services rendered

1,500.00

We appreciate your business!