

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC HEARING FOR ADMINISTRATIVE RULES AND PUBLIC MEETING
January 29, 2015**

Value Added Finance Authority (VAFA) board held its regular meeting on Thursday, January 29, 2015, 8:00 a.m. CT, in the SDDA Conference Room, Third Floor, Foss Building, 523 East Capitol Avenue, Pierre, South Dakota.

Board Members:

Bob Hull, Chairman
Jim Doolittle
Mark Gross
Bill Hansen
Chuck Jepson

Staff:

Terri LaBrie, VAFA Executive Director
Paula Gregg, SDDA Finance Specialist
Paul Kostboth, Director, Division of Ag Development
Chase McGrath, SDDA Ag Development Representative
Taya Runyan, SDDA Legal Counsel

Others Present: Gary Myers and John Schiering, Minkota Fisheries, Inc.

Call to Order. Chairman Hull opened the public hearing and meeting at 8:00 a.m. CT and asked for roll call. A quorum was present.

Public Hearing for Administrative Rules of Value Added Agribusiness Relending Program.

Terri LaBrie, VAFA Executive Director, introduced the proposed rules change to ARSD 12:22:02 Value Added Relending Program. Rule 12:22:02:01 changes the definition of a "Rural area" to meet the USDA's definition. Rule 12:22:02:04 increases the loan amount to not exceed 75% of the total project cost. The rules change will enhance the program. The public rules hearing was published in four South Dakota newspapers and distributed to interested parties. The proposed rules change was available for viewing on the state rules website and upon request. No public comments were received prior to the meeting and there were no public comments at the meeting. The rules hearing adjourned at 8:10.

VAFA regular meeting resumed.

Agenda. A motion to approve the agenda was made by Bill Hansen and seconded by Jim Doolittle. Motion prevailed by unanimous roll call vote.

Minutes. A motion to approve the minutes dated December 18, 2014 was made by Chuck Jepson and seconded by Bill Hansen. Motion prevailed by unanimous roll call vote.

Minkota Fisheries, Inc. VASF #2003-07-AG. Ms. LaBrie reported that Minkota Fisheries has requested an extension to the loan repayment moratorium. Gary Meyers and John Schiering, Minkota Fisheries, updated the board on their grant and loan funding sources, confirmed their intent to proceed with the business in South Dakota, and a projected construction timeline. Staff recommends to approve the moratorium extension conditional upon a current UCC filing on the feasibility and marketing study, the note by Richard Fagen, President, Minkota Fisheries, be

subordinated to the VASF loan, and the company sign an amendment to the loan agreement. A motion to approve the staff recommendation was made by Jim Doolittle and seconded by Chuck Jepson.

Rural Ag Site Certification. Paul Kostboth, Director of Agricultural Development, discussed with the board a proposal to develop a rural ag site certification program that works along with the County Site Analysis Program (CSAP) and Land Use Feasibility Study awarded through the VAFA board. An individual seeking a feasibility study could apply for a rural ag certification to allow them up to 3 years to market or pursue an agricultural economic opportunity as identified by the feasibility study. The certification would preserve the individual's right to pursue an opportunity without being impacted by new construction or improvements. Discussion was held about the board's interest in administering a rural ag site certification program. Representative G. Mark Mickelson introduced legislation authorizing county boards of adjustment the authority to adopt a rural ag certification program, adopt measures with a simple majority rule, and to adopt measures by the majority of board members present rather than the number of member bodies.

Kevin and Michele Franker, White Headed Robin Winery, VAARP #2011-01 and #2013-02. Ms. LaBrie informed the board that a Summons and Complaint was served on Kevin Franker and Michele Franker, White Headed Robin Winery. An answer is due in February.

Election of Officers. Ms. LaBrie asked for nominations for Chairman and Vice Chairman. A motion to nominate Bob Hull, Chairman, and Mark Gross, Vice Chairman, and nominations to cease was made by Jim Doolittle and seconded by Bill Hansen. Motion prevailed by unanimous roll call vote.

The next VAFA meeting will be February 26, 2015 via teleconference.

Hearing no further business, the meeting closed at 8:35 a.m. CT. A motion to adjourn was made by Mark Gross and seconded by Chuck Jepson. Motion prevailed by unanimous roll call vote.

Bob Hull, Chairman
Value Added Finance Authority

Date