

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE  
VALUE ADDED FINANCE AUTHORITY  
MINUTES OF THE PUBLIC HEARING FOR ADMINISTRATIVE RULES AND PUBLIC MEETING  
May 28, 2015**

Value Added Finance Authority (VAFA) board held its regular meeting and a public hearing on Thursday, May 28, 2015, 8:00 a.m. CT, in the SDDA Conference Room, Third Floor, Foss Building, 523 East Capitol Avenue, Pierre, South Dakota.

Board Members Present:

Bob Hull, Chairman  
Mark Gross  
Bill Hansen  
Nathan Jensen  
Chuck Jepson

Staff Present:

Terri LaBrie, VAFA Executive Director  
Paula Gregg, SDDA Finance Specialist

Others Present: Cheri Rath, Value Added Agriculture Development Center (VAADC); Jeff Kelsey, Jason Schley, and Darrell Deneke, AgVisions Labs, LLC; Paul Casper, CLR, LLC; Walt Wendland, Ring-Neck Energy & Feed

**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 conform to the definition established by the USDA. USDA currently defines a rural area as city having a population of 50,000 or less. Rule 12:22:02:04 increases the loan amount to not exceed 75% of the total project cost. Staff believes the rules change will enhance the program.

The notice of public hearing was published in three South Dakota newspapers and distributed to interested parties. The proposed rule change was available for viewing on the state rules website and upon request.

No public comments were received prior to the meeting. Cheri Rath, VAADC, commented that increasing the maximum project costs will help new companies with start-up costs and also agreed with the increase in the rural population definition.

A motion to approve the draft rules and to proceed with the promulgation process was made by Mark Gross and seconded by Chuck Jepson. Motion prevailed by unanimous roll call vote. The rules hearing adjourned at 8:10.

VAFA regular meeting resumed.

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

**Minutes.** A motion to approve the minutes dated April 30, 2015 was made by Bill Hansen and seconded by Mark Gross. Motion prevailed by unanimous roll call vote.

**AgVisions Labs, LLC. VAARP #2015-01.** Ms. LaBrie reviewed the Value Added Agribusiness Relending Program application submitted by AgVisions Labs, LLC, Alpena SD, for \$250,000 to purchase laboratory equipment for

soil health testing. Jeff Kelsey, owner of Kelsey Seed & Ag Service, and Jason Schley addressed the board about their expansion into this new business venture to provide soil/tissue testing along with a soil consultant service. Staff recommend approval of the \$250,000 loan at 3% interest for 10 years. The loan will be secured by the new equipment, a corporate guaranty from Kelsey Seed & Ag Service, and personal guaranties from Jeff Kelsey and Jason Schley.

A motion to approve the loan as presented was made by Chuck Jepson and seconded by Mark Gross. Motion prevailed by unanimous roll call vote.

**CLR, LLC. VASF #2015-01-AG.** Ms. LaBrie reviewed the CLR, LLC application to request a VASF loan of \$27,565, not to exceed 45% of eligible project costs, to complete a Phase II assessment of a biodiesel plant to include a business plan, engineering designs, legal work for a business formation, and marketing. The application is from an eligible applicant and the project meets the definition of a project for the VASF. Cheri Rath, VAADC, and Paul Casper addressed the board about the project. Staff recommend approval of the loan application for a \$27,565 business and marketing study and to waive the processing fee.

A motion to approve the loan was made by Chuck Jepson and seconded by Bill Hansen. Motion prevailed by unanimous roll call vote.

**Ring-Neck Energy & Feed. VASF #2014-03-AG.** Walt Wendland presented an update on the proposed ethanol project in Onida SD. The supply of corn and livestock make central South Dakota a favorable location. A feasible site has been located near an existing grain elevator and railroad. Opponents of the proposed location have successfully petitioned for a public vote regarding the Sully County Commissioner's action to re-zone the parcel of land to agricultural industry. Ring-Neck hosted a public meeting in Onida on May 13th to discuss the project. The public vote will be June 16<sup>th</sup>.

Ms. LaBrie invited the board to attend the SD Governor's Agricultural Summit to be held at The Lodge at Deadwood on July 9-10 in Deadwood SD. Preregistration for the Summit will end soon.

The next VAFA meeting will be June 25, 2015 via teleconference.

A motion to adjourn was made by Mark Gross and seconded by Bill Hansen. Motion prevailed by unanimous roll call vote and the meeting adjourned at 9:25 a.m. CT.

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Bob Hull, Chairman  
Value Added Finance Authority

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Date