

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC MEETING
October 29, 2015**

The South Dakota Value Added Finance Authority (VAFA) board held its regular meeting on Thursday, October 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 Present:

Bob Hull, Chairman
Mark Gross
Jim Doolittle
Bill Hansen
Marcia Hendrickson
Nathan Jensen

Staff Present:

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

Others Present: Sara Beard, SJB Enterprises LLC, John Beard, Cheri Rath, Value Added Agriculture Development Center (VAADC), and Michael Crinion, Global Dairy LP

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.

Agenda. A motion to approve the agenda was made by Marcia Hendrickson and seconded by Mark Gross. Motion passed by a roll call vote.

Minutes. A motion to approve the minutes dated July 30, 2015 was made by Jim Doolittle and seconded by Bill Hansen. Motion passed by a roll call vote.

Wildrose Dairy LLC. LNMBP #6-0019. Terri LaBrie reviewed a Request to Adjust Loan Terms submitted by Wildrose Dairy, LLC, loan recipient, and First Bank & Trust, bond purchaser, to change the interest rate to 5.25% and the monthly payment to \$2,218.04. The original livestock nutrient management bond #6-0019 was issued December 2007 for \$309,600 at 6.75% interest rate. Staff recommends approval of the request and to pass Resolution M. A motion to approve the request as presented was made by Jim Doolittle and seconded by Mark Gross. Motion passed by a roll call vote.

Robert Ragatz. BFBP #2-0078. Ms. LaBrie reviewed a Request to Adjust Loan Terms submitted for BFBP #2-0078, Robert Ragatz, loan recipient, and Dean Bindenagel, bond holder. The bond was issued June 2013 for \$500,000 at 6% interest rate. The beginning farmer is selling a portion of the land; releasing the land as collateral for the bond and will retain 80 acres. The bond interest rate and maturity will remain the same. Staff recommends approval of the request, pending receipt of the processing fee, and to pass Resolution M. A motion to approve the request as presented was made by Marcia Hendrickson and seconded by Mark Gross. Bill Hansen stated an indirect conflict of interest and abstained from voting. Motion passed by a roll call vote.

Darin Zuehlke. BFBP #2-0075. Ms. LaBrie reviewed a Request to Adjust Loan Terms submitted for BFBP #2-0075, Darin Zuehlke, loan recipient, and Gladys Reyelts Family Trust, bond holder. Gladys Reyelts Family Trust will sell the land to a third party, Lee P. Johnson, and request the transfer of the

bond and assignment of the Contract for Deed to the new bond holder. The tax exempt interest status will remain in effect and the loan terms of the bond will not change. Staff recommends approval of the request, pending receipt of the processing fee, and to pass Resolution M. A motion to approve the request as presented was made by Bill Hansen and seconded by Jim Doolittle. Motion passed by a roll call vote.

Dakota Shine. VAARP #2002-03 and #2003-06. Ms. LaBrie reported that Dakota Shine has held 3 VAARP loans over the past years. One loan was paid off in October 2014. The two remaining loans will be paid in full on October 30, 2015 and the mortgage release will be filed.

SJB Enterprises, LLC. VAARP #2015-02. Ms. LaBrie reviewed the VAARP loan application from Sara Beard, dba SJB Enterprises, Ranchers Feed and Seed, for \$190,000 for the real estate purchase of the Buffalo Gap Feed and Ranch Store. The loan will be secured with a 1st Mortgage on the real estate and personal guarantee by John Beard, Sara's father. Sara Beard and John Beard addressed the board about the project. The business has been in operation since 1927. She purchased the business at auction in April 2015. The business sells all types of ranching supplies, livestock feed, and a feed delivery service with a market area covering counties in southwestern South Dakota and northwestern Nebraska. Staff recommends approval of the \$190,000 loan at 3% interest for 10 years pending approval by USDA Rural Development. A motion to approve the loan as presented was made by Mark Gross and seconded by Bill Hansen. Motion passed by a roll call vote.

Purity Seed. VASF #2008-01-AG. Ms. LaBrie reviewed a request by Purity Seeds to extend for an additional year a modified loan payment schedule of \$50 principal per month. Purity has provided an updated tax return and balance sheet. Staff recommends approval of the request to extend the payment schedule of \$50 per month for one year. A motion to approve the modified payment request as presented was made by Jim Doolittle and seconded by Marcia Hendrickson. Motion passed by a roll call vote.

Global Dairy LP. VASF #2014-01-AG. Ms. LaBrie reviewed a request by Global Dairy to amend their VASF project for \$50,900 additional funding in order to complete a thorough business plan. In April 2014, VAFA approved an application to study the feasibility of adding an anaerobic digester to their dairy operation. Cheri Rath and Michael Crinion addressed the board. The feasibility study identified an anaerobic digester with a Nutrient Concentration System as the best technology fit for the dairy. They request additional funding to develop a business structure, marketing plan, and product branding. The vendors will be US Biogas, Value Added Agriculture Development Center, Cutler Law Firm, and Lapour Photography and Design. Staff recommends approval of the additional \$50,900 loan to complete a business plan for the project. A motion to approve the amended project application as presented was made by Bill Hansen and seconded by Jim Doolittle. Motion passed by a roll call vote.

Other Business.

Ms. LaBrie provided information about the bond application, issuance, and legal counsel fee structure of other states regarding their federal tax exempt bond programs.

Ms. LaBrie reminded members that the term for Bob Hull, Mark Gross, Marcia Hendrickson, and Chuck Jepson will expire on October 30th. The authority to appoint board members is held by the Governor.

The VAFA Annual Report for SFY 2015 has been distributed to the board members. Ms. LaBrie will present the report to the Legislative Interim Bonding Committee on November 16, 2015.

The next VAFA meeting will be December 17, 2015 via teleconference.

A motion to adjourn was made by Marcia Hendrickson and seconded by Nathan Jensen. Motion passed by unanimous roll call vote and the meeting adjourned at 8:38 a.m. CT.

Bob Hull, Chairman
Value Added Finance Authority

Date