

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC MEETING
April 30, 2015**

Value Added Finance Authority (VAFA) board held its regular meeting on Thursday, April 30, 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
Bill Hansen
Marcia Hendrickson
Nathan Jensen
Chuck Jepson

Staff:

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

Others Present:

Cheri Rath, Value Added Agriculture Development Center
James Schiltz, IntraGlobal Biologics

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 Jim Doolittle and seconded by Bill Hansen. Motion prevailed by unanimous roll call vote.

Minutes. A motion to approve the minutes dated February 26, 2015 was made by Chuck Jepson and seconded by Nathan Jensen. Motion prevailed by unanimous roll call vote.

Kevin & Michele Franker, Whiteheaded Robin Winery. VAARP #2011-01 and #2013-02. Ms. LaBrie reported that Kevin & Michele Franker have 2 VAARP loans for a wine business. The business has closed. The loans were secured by a mortgage. The property was offered for sale and they accepted an offer with a closing date set for April 30, 2015. VAFA will be paid in full for the outstanding loan principal, interest, fees, and other costs incurred. No action required by the board.

Intraglobal Biologics, Inc. VASF #2007-02-AG. Cheri Rath, VAADC, and Jim Schultz, Intraglobal Biologics, Inc., gave an update about the project. Intraglobal Biologics was awarded a subfund loan in 2007 that has proven feasible in the research and marketing of goose egg sera to create therapeutic antibodies and vaccines for the treatment of viral diseases. Patents have been issued nationally and internationally. The subfund project is complete. Intraglobal Biologics will enter the commercialization phase to market a product in the "companion animal" market. They are waiting for USDA to issue a conditional permit to allow marketing of a product. Intraglobal Biologics requests that loan repayment be delayed until January 2016 amortized over 10 years to allow the start-up company to generate revenue. Ms. LaBrie advised the board that administrative rule requires the mature date be no more than 5 years from the date of the final disbursement, however, with a 2/3 majority vote, the board can agree to other terms. Staff recommends beginning monthly payments on January 10, 2016 amortized over 10 years with a balloon payment after 5 years. Staff feels the combination of a longer amortization with a balloon and smaller monthly payments will be conducive to getting funds returned to the program and loaned out for other projects. A motion to approve staff recommendation was made by Bill Hansen and seconded by Marcia Hendrickson. Motion prevailed by a 2/3 majority unanimous roll call vote.

Global Dairy, LP. VASF #2014-01-AG. Cheri Rath, VAADC, informed the board about the completed feasibility study by US BioGas for capturing the livestock nutrient stream for a large dairy. The study was feasible for a digester and nutrient concentration system using reverse osmosis to get a liquid fertilizer and screening the solids for fertilizer. In the near future, Global Dairy plans to amend the application for the 2nd phase to create a viable business plan to implement the study. Ms. LaBrie stated that Global Dairy requested reimbursement from VAFA for the study and staff will continue to monitor the project and update the board. No action required at this time.

Ms. LaBrie informed the board that the public hearing for VAARP rule changes will be May 28, 2015, 8:00 a.m. CT, in the SDDA Conference Room. The rules will increase the population limit for a rural area from 25,000 to 50,000 or less and increase the loan amount from 50% to 75% of the total project cost.

The next VAFA meeting will be May 28, 2015 via teleconference following the rules hearing.

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

Bob Hull, Chairman
Value Added Finance Authority

Date