

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC MEETING – RULES HEARING
May 19, 2016**

The South Dakota Value Added Finance Authority (VAFA) board held its monthly meeting and public rules hearing on Thursday, May 19, 2016, 8:00 a.m. CT, at the SDDA Conference Room, Third Floor, Foss Building, 523 East Capitol Avenue, Pierre, South Dakota and via teleconference.

Board Members Present:
Bob Hull, Chairman
Jim Doolittle
Chuck Jepson
Jim Schmidt
Nathan Jensen

Staff Present:
Terri LaBrie, Executive Director VAFA, Paul Kostboth, Director of Ag Development

Others Present: Cheri Rath, Value Added Agriculture Development Center, Brenda Forman, Association of Cooperatives, and Justin Inghram, Faith Locker Plant.

Call to Order. Chairman Hull opened the public hearing/meeting at 8:02 a.m. CT and asked for roll call. A quorum was present.

Agenda. Chairman Hull asked for any additions to the agenda. Hearing none, a motion to approve the agenda was made by Jim Schmidt and seconded by Jim Doolittle. Motion passed by unanimous roll call vote.

Minutes. A motion to approve the minutes dated March 31, 2016 was made by Chuck Jepson and seconded by Jim Schmidt. Motion passed by unanimous roll call vote.

Public Rules Hearing. Chairman Hull opened the public rules hearing. Ms. LaBrie gave an overview of the VASF rule. The VAFA board gave its approval to proceed with the rules promulgation at its March 31, 2016 meeting. ARSD 12:22:03:05 would allow the board to commission more than one study annually. No written comments were received by staff to date.

Chairman Hull asked for further public comments. Brenda Forman asked for clarification and an explanation regarding the maximum allowed per study of \$100,000, and expressed concern about not having a cap on the total of those studies cumulatively. Cheri Rath mimicked Ms. Forman's concerns and added that the change could be good and helpful to those projects but thought a cap was appropriate.

Discussion from board members and public took place. The board considered the comments. Nathan Jensen added that the board has a fiduciary duty to properly manage the fund and this rule change would provide flexibility to do so. Jim Doolittle reiterated the discussions that took place at the March meeting and why the board wanted this rule change and doesn't feel the board should change the proposed rule. Jim Schmidt added the change would broaden the scope with exploring new projects.

A motion to approve the rules as presented was made by Jim Doolittle and seconded by Nathan Jensen. Motion passed by unanimous roll call vote.

Justin and Sharmin Inghram dba Faith Locker Plant VAARP #2016-01. Terri LaBrie gave an overview on the Value Added Agribusiness Relending Program application for Justin and Sharmin Inghram for

working capital and equipment in the amount of \$150,000. Justin Inghram explained in further detail the need for the loan and answered all of the board's questions regarding the project and the equipment to be purchased. Board member Doolittle added that there is a definite need in that area for this business.

A motion was made to approve the \$150,000 loan by Jim Schmidt and seconded by Jim Doolittle. Motion passed by unanimous roll call vote.

Other Business. Ms. LaBrie informed the board of upcoming conferences they are invited to attend.

The next VAFA meeting is scheduled for June 30, 2016 via conference call.

A motion to adjourn was made by Nathan Jensen and seconded by Chuck Jepson. Motion passed by unanimous roll call vote and the meeting adjourned at 8:35 a.m. CT.

Bob Hull
Bob Hull, VAFA Chairman

7/8/16
Date