

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC MEETING
March 31, 2016**

The South Dakota Value Added Finance Authority (VAFA) board held its regularly scheduled meeting/public hearing on Thursday, March 31, 2016, 8:00 a.m. CT, at the Holiday Inn City Centre Cascade Room, 100 W. 8th St., Sioux Falls, SD and a listening post at the SDDA Conference Room, Third Floor, Foss Building, 523 East Capitol Avenue, Pierre, South Dakota.

<u>Board Members Present:</u>	Bob Hull, Chairman
Mark Gross, Vice Chairman	Jim Doolittle
Marcia Hendrickson	Jim Schmidt
Chuck Jepson	Nathan Jensen

Staff Present:

Terri LaBrie, Executive Director VAFA, Paul Kostboth, Director of Ag Development, Bill Hansen, Development Representative, SD Dept. of Ag., and David Skaggs, Development Representative, SD Dept. of Ag.

Others Present: Cheri Rath, Value Added Agriculture Development Center (VAADC), John Kramer with Yankton Area Progressive Growth, Karen Marshall, Dihl Grohs, and Craig Livingston with Hydro Green, Inc., Lori Finnesand with GROW SD, Lynne Keller Forbes with SECOG, and via teleconference David Claypool with Dorsey & Whitney, LLP.

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.

Chairman Hull indicated that one of the guest speakers, Lynne Keller Forbes with the Southeast Council of Governments (SECOG) is going to give an overview immediately since she needed to catch a flight.

Ms. Forbes provided the board with an update on SECOG. Lynne explained what SECOG does and what financial programs they have. She expressed her cooperation and willingness to partner and collaborate with the VAFA and department of agriculture whenever appropriate. She detailed their financial programs and gave examples of some of the projects they have assisted with.

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

Minutes. A motion to approve the minutes dated January 28, 2016 was made by Jim Doolittle and seconded by Mark Gross. Motion passed by unanimous roll call vote.

Yankton Area Progressive Growth. VASF #2016-01-AG. Ms. LaBrie gave an overview of the VASF application for YAPG in the amount of \$10,000. The request is for a feasibility study for the rail park at NAPA Junction. John Kramer, with YAPG, gave a brief history of the rail line and explained the analysis of the site; whereas natural gas a major concern, the SD Public Utilities Commission is working with them, and they have a lot of local and community support. John discussed other financial backing of the study with other organizations and urged the board's support.

Ms. LaBrie made a staff recommendation to approve the loan for \$10,000 from the VASF pending all funding is approved and to waive the processing fee.

A motion to follow staff recommendation was made by Jim Schmidt and seconded by Jim Doolittle. Motion passed by unanimous roll call vote.

Hydrogreen Inc. VASF #2016-02-AG. Terri LaBrie gave an update on the VASF request for a feasibility study for live green grass benefit validation as well as legal counsel for business development and patent work, professional writing, and content development for market branding. HG is applying for funding in the amount of \$143,345. Craig Livingston explained the project in greater detail and answered questions from the board. Cheri Rath added to Mr. Livingston's explanation and reiterated the automation of this system sets it apart from others out there. Staff indicated that the maximum allowed for any one project per ARSD is \$100,000 unless voted otherwise by a majority of the members of the board. Staff recommends approving the request in the amount of \$143,345, the consultants outlined in the application, and waiving the processing fee.

A motion to follow staff recommendation was made by Marcia Hendrickson and seconded by Chuck Jepson. Motion passed by unanimous roll call vote.

VASF Potential Rule Change: Ms. LaBrie gave a brief overview of a potential rule change to the Value Added Sub Fund rules. The rule would essential allow for more than one board commissioned study annually and asked for thoughts from the board. Mr. Kostboth further explained the reason behind this request with other potential studies that have been brought to our attention; however, because the board used their one commission study this year on the County Site Analysis Program, they are unable to commission another valuable study that would benefit the state of SD. The board asked questions and discussed briefly.

A motion to support staff and proceed with the promulgation of rules and changes to the VASF rules was made by Jim Doolittle and seconded by Nathan Jensen. Motion passed by unanimous roll call vote.

Bond Fee Schedule. Ms. LaBrie gave an update to the board on research that was done over the last year and a half regarding our bond counsel contract and fees for larger bond issues. A summary was provided to the board for comparison of the previous fees vs. the new proposed fees. Staff reiterated that the fee change is only relevant for the larger issues; not the beginning farmer bond – those will remain as they have been. Mr. Dave Claypool, Dorsey & Whitney, DesMoines IA, was on the line to answer any questions the board had.

A motion to approve the new fee schedule and work on renewing the Dorsey & Whitney bond counsel contract with the new fees was made by Nathan Jensen and seconded by Jim Schmidt. Motion passed by unanimous roll call vote.

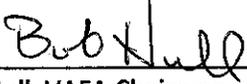
Guest Speakers. Lori Finnesand with Grow SD, Glenn Muller with SD Pork, and David Skaggs with the department of agriculture gave an update and overview on their respective organizations.

Other Business. Mr. Kostboth reviewed agricultural legislative matters with the board and went over a couple bills that recently passed during the 2016 legislative session and answered questions from the board.

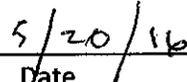
Chairman Hull asked Bill Hansen to come forward. A plaque was given to Mr. Hansen for his years of service on the board from 2007 – 2015. Bill resigned in December 2015 to take another position.

The next VAFA meeting is scheduled for April 28, 2016 via conference call.

A motion to adjourn was made by Jim Doolittle and seconded by Chuck Jepson. Motion passed by unanimous roll call vote and the meeting adjourned at 10:30 a.m. CT.



Bob Hull, VAFA Chairman



Date