

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC MEETING
June 30, 2016**

The South Dakota Value Added Finance Authority (VAFA) board held its regularly scheduled meeting/public hearing on Thursday, June 30, 2016, 8:00 a.m. CT, at the SDDA Conference Room, Third Floor, Foss Building, 523 East Capitol Avenue, Pierre, South Dakota.

Board Members Present:

Bob Hull, Chairman
Mark Gross, Vice Chairman
Nathan Jensen
Jim Doolittle

Board Members Absent:

Marcia Hendrickson
Chuck Jepson
Jim Schmidt

Staff Present:

Terri LaBrie, Executive Director VAFA, Paul Kostboth, Director of Ag Development, Kimberly DeSchepper, Secretary VAFA

Others Present: Brenda Forman, Association of Cooperatives; -Justin Inghram, Faith Locker Plant;- Jason Grubbs, The Frazer Lanier Company Inc; - Vince Robinson, CLR, Inc.

Call to Order: Chairman Hull opened the public hearing/meeting at 8:06a.m. CT and asked for roll call. A quorum was present.

Agenda: Chairman Hull asked for any additions to the agenda. Ms. LaBrie mentioned one addition to the agenda. HB 1214 was passed last legislative session regarding conflict of interest. VAFA isn't covered by HB 1214 and members do not have to comply. Ms. LaBrie did mention there is a conflict on prohibitions of interest in the statute that created VAFA in which the board will need to be mindful of. Our attorney suggests adding a line "Conflict of Interest" on future agendas.

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

Minutes: A motion to approve the minutes dated May 19, 2016 was made by Mark Gross and seconded by Jim Doolittle. Motion passed by unanimous roll call vote.

VASF 2015.01AG-CLR, LLC Extension: Ms. LaBrie gave an overview of the VASF 2015.01AG-CLR, LLC Extension request until February 28th 2017. Ms. LaBrie informed the board the study is still on going. CLR as of today, has submitted expenses for reimbursement in the amount of \$5,871.02. They are requesting the extension so they can finish the study and request further reimbursement.

Ms. LaBrie made a staff recommendation to approve the extension for 9 months with a project deadline of February 28th, 2017.

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

VASF Application Fee: Ms. LaBrie recommended keeping the application fee at \$0. The Board decided in FY2016 there wouldn't be an application fee.

Ms. LaBrie made a staff recommendation to keep the application fee at \$0.

A motion to follow staff recommendation was made by Nathan Jensen and seconded by Mark Gross. Motion passed by unanimous roll call vote.

VASF Project Update: Ms. LaBrie gave a brief overview of the spreadsheets that were sent out with the board packet, including projects that have been approved, and projects who are still working on the study. Ms. LaBrie pointed out the projects that are complete but have not been asked to begin repayment, except IntraGlobal who will start repayment in February 2017. Dakota Harvest paid in full this year and the Board commissioned study for the County Site Analysis project was completed and has paid 1st District \$87,000.00; which is under the \$100,000 requested.

Blimling and Associates: A vision for Dairy in the Dakotas. Ms. LaBrie reminded the board of the rule change that took effect on June 29th to allow the board to commission more than one study a year.

Ms. LaBrie referenced the Blimling and Associates proposal for dairy processing. A formal request will be forthcoming regarding a board commissioned study for this project. The total cost of the study is \$120,000. North Dakota has committed \$80,000, of the \$40,000 needed for SD; we have commitments of \$15,000. The maximum from VAFA would be \$25,000.

LNMB #6-0030 DairyWise Builders-SD, LLC Application: Ms. LaBrie summarized the DairyWise Builders-SD, LLC application for an \$8,000,000.00 tax exempt bond for their solid waste disposal costs associated with a \$22,000,000.00 dairy facility near Trent, SD in Moody County. Jason Grubbs with Frazier Lanier Company, Inc., representing the project, also discussed the project in detail and asked the board for support of the application.

Ms. LaBrie made a staff recommendation to approve the application for the bond issue up to \$8 million and pass Resolution A.

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

Bankwest Checking Account: Ms. LaBrie reminded the Board the checking account for the Relending Program with USDA pass through dollars requires two signatures. Terri LaBrie, the Division Director, and the Secretary of Ag are on the signature card and have been since 2002. Due to some recent changes in the way the relationship between VAFA and the department is viewed, it is recommended that board members and the executive director are on the signature card.

Ms. LaBrie made a staff recommendation that Chuck Jepson's name be added to the signature card since he lives in Pierre. Mark Gross agreed he wants 2 names on the signature card and suggested Bob Hull as well.

A motion to add two Board signatures Bob Hull and Chuck Jepson to the signature card was made by Mark Gross and seconded by Jim Doolittle. Motion passed by unanimous roll call vote.

VAARP #2016-01 Justin and Sharmin Inghram Update to Project: Ms. LaBrie discussed changes to the project that was initially brought before the Board at the May meeting in which \$150,000 VAARP loan was approved. Ms. LaBrie recommended the Board pause the closing action of this loan until such time a complete financial package is identified.

A motion to follow staff recommendation was made by Nathan Jensen and seconded by Mark Gross. Motion passed by unanimous roll call vote.

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

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Justin Inghram, Faith Locker was on the line and concurred with Ms. LaBrie's recommendation to the Board. Mr. Inghram believes it would be difficult for this project to succeed with the parameters the bank is requiring of him at this time. He doesn't feel comfortable going forward with this project at this time and asks the Board to hold off closing or reconsider his application at a later time.

Ms. LaBrie made a staff recommendation to table this project until further financial information is received.

A motion to table the project was made by Jim Doolittle and seconded by Mark Gross. Motion passed by unanimous roll call vote.

Legal Counsel Fees: May, Adam Gerdes & Thompson: Tim Engel, May, Adam Gerdes & Thompson is requesting an increase in his hourly rate to \$155 per hour. Ms. LaBrie and staff feel this is a reasonable rate given his expertise and lack of increases historically.

Ms. LaBrie asked for a motion to approve the rate increase to \$155 per hour.

A motion to approve the rate increase was made by Mark Gross and seconded by Jim Doolittle. Motion passed by unanimous roll call vote.

Election of Officers for FY17: Ms. LaBrie asked for nominations for the 2017 Officers.

Jim Doolittle motioned keeping the same officers Bob Hull as Chairman and Mark Gross as Vice Chairman, Nathan Jensen seconded it. Motion passed by unanimous roll call vote.

H.R. 5335- NCOSAFP working with CDFA: Ms. LaBrie summarized the attachment of the H.R. 5335 included in the board packet. She mentioned the increase of limits to any eligible project to \$520,000 whether real estate or depreciable property or livestock: as well as change the eligibility from current land ownership from 30% of the median to 30% of the average to make this in line with federal USDA updates that took place in the 2008 farm bill.

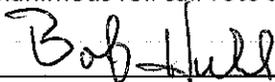
Bond Counsel Contract- Dorsey & Whitney: Ms. LaBrie made a staff recommendation to approve another 2 year contract with Dorsey & Whitney, Dave Claypool. A copy of the current contract as well as the new one is in the board packet for reference.

A motion to approve the 2 year contract was made by Jim Doolittle seconded by Mark Gross. Motion passed by unanimous roll call vote.

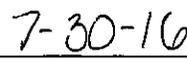
VAFAs Annual Report FY16 BIO's: Board was informed that Kimberly DeSchepper will be emailing the BIOs we have and requesting the Board to make updates as needed, also that we will be working on the FY16 annual reports and financial statements.

The next VAFAs meeting is scheduled for July 28th, 2016 via conference call.

A motion to adjourn was made by Nathan Jensen and seconded by Mark Gross. Motion passed by unanimous roll call vote and the meeting adjourned at 9:00 a.m. CT.



Bob Hull, VAFAs Chairman



Date