

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, DECEMBER 11, 2018, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Sharon Casey, John Calvin, Mike Luken, Don Kettering, Pat Prostrollo, Tom Jones, Norbert Sebade, Reed Kessler, Pat Costello and Matt Judson

Staff Present

Interim Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, LaJena Gruis, Cassidy Kulesa, Dale Knapp and Natalie Likness

Other Staff Present

Mike Bietz and Laura Hansen - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 9:31 a.m.

Agenda

A motion was made by Sharon Casey and seconded by Pat Prostrollo to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by John Calvin and seconded by Dale Clement to approve the minutes of the meetings held November 13, 2018, November 20, 2018 and December 3, 2018, as presented.

Motion passed by a roll call vote.

Conflicts Disclosure

Chairman Erickson opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. Tom Jones declared a potential conflict with Viborg Economic Development Corporation and Turner County due to his association with the Viborg Economic Development Corporation and Turner County and Matt Judson declared a potential conflict with Dak Pak, LLC due to banking relationships with First National Bank and Farmers and Merchants Bank. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from board members and no objection to proceeding with the agenda.

Public Comments - none

Executive Session

A motion was made by Mike Luken and seconded by Don Kettering to enter into executive session at 9:45 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:22 a.m. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Pat Prostrollo and seconded by Sharon Casey to approve the Chairman's report from executive session.
Motion passed by a roll call vote.

Loan Review Summary

Red's All Natural, LLC

A motion was made by Don Kettering and seconded by Mike Luken to approve the loan review and recommendation as presented.

Motion passed by a roll call vote

At 10:25 a.m. Dale Clement left the call.

Grant Reviews

Economic Development Partnership Program (City of Kimball, De Smet Development Corporation, Faulkton Area Economic Development Corporation, Wagner Area Growth, Inc. and Viborg Economic Development Corporation) Local Infrastructure Improvement Program (City of Beresford, City of Mitchell and Lincoln County), Reinvestment Payment Program (Ag Processing, Inc., POET Biorefining, LLC, Ring-Neck Energy & Feed, LLC and Royal Canin, Us) and South Dakota Jobs Program (Century Custom Molding, Inc.)

A motion was made by Matt Judson and seconded by Sharon Casey to approve the grant reviews as recommended by staff and Grant Committee.

Motion passed by a roll call vote with Tom Jones abstaining.

Old Business

Dak-Pak, LLC

A motion was made by Pat Prostrollo and seconded by Sharon Casey to approve the collateral changes as presented.

Motion passed by a roll call vote with Matt Judson abstaining.

Rosebud Economic Development Corporation

A motion was made by Pat Prostrollo and seconded by Sharon Casey to approve an extension of the grant agreement to June 30, 2019, retroactive to October 11, 2018.

Motion passed by a roll call vote.

New Business

RPC Land, LLC

A motion was made by Norbert Sebade and seconded by Pat Prostrollo to approve a loan request from RPC Land, LLC in the amount of \$845,000. Secured by a shared first collateral position on the real estate, the personal guaranty of principals with 10% or more ownership and the corporate guaranty of Carstensen Contracting, Inc.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion passed by a roll call vote.

At 10:30 Pat Prostrollo left the call.

Watertown Development Company

A motion was made by Mike Luken and seconded by John Calvin to approve a loan request from Watertown Development Company in the amount of \$931,900. Secured by a shared first position on the real estate and assignment for lease.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion passed by a roll call vote.

Economic Development Partnership Program

Wagner Area Growth, Inc.

A motion was made by Sharon Casey and seconded by Don Kettering to approve as recommended by staff and Grant Committee.

Wagner Area Growth, Inc.

Approve an Economic Development Partnership grant award to Wagner Area Growth, Inc. in the amount of \$1,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training Only.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program

Edmunds County and Turner County

A motion was made by Matt Judson and seconded by Reed Kessler to approve as recommended by staff and Grant Committee.

Edmunds County

Approve a Local Infrastructure Improvement grant award to Edmunds County in the amount of \$273,702, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Turner County

Approve a Local Infrastructure Improvement grant award to Turner County in the amount of \$163,500 not to exceed 50% of the total project, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a roll call vote with Tom Jones abstaining.

Reinvestment Payment Program

Coyote Ridge Wind, LLC

A motion was made by Norbert Sebade and seconded by Don Kettering to approve the Reinvestment Payment Application to Coyote Ridge Wind, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$3,703,613 but not to exceed 70 percent of State Sales/Use Tax paid on eligible project costs, is approved for Coyote Ridge Wind LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Deuel Harvest Wind Energy, LLC

A motion was made by Sharon Casey and seconded by Tom Jones to approve the Reinvestment Payment Application to Deuel Harvest Wind Energy, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$9,236,588 but not to exceed 70% percent of State Sales/Use Tax paid on eligible project costs, is approved for Deuel Harvest Wind Energy, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Ethanol Products, LLC

A motion was made by Tom Jones and seconded by Norbert Sebade to approve the Reinvestment Payment Application to Ethanol Products, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$45,000 but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for Ethanol Products, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Fall River Solar

A motion was made by Mike Luken and seconded by Don Kettering to approve the Reinvestment Payment Application to Fall River Solar as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$1,058,564 but not to exceed 70 percent of State Sales/Use Tax paid on eligible project costs, is approved for Fall River Solar. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

US Foods

A motion was made by Norbert Sebade and seconded by Sharon Casey to approve the Reinvestment Payment Application to US Foods as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$67,500 not to exceed State Sales/Use Tax paid on eligible project costs, is approved for US Foods, Inc. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

South Dakota Jobs Program

Benaiah Management Company, Inc.

A motion made by Don Kettering and seconded by Mike Luken to approve the South Dakota Jobs grant application to Benaiah Management Company, Inc. as recommended by staff.

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$100,000, but not to exceed 50% of the State Sales and Use Tax paid on eligible equipment costs during the first year of the project, is approved for Benaiah Management Company, Inc. The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule.

Motion passed by a roll call vote.

Bills

A motion was made by Sharon Casey and second by Mike Luken to approve the bill payable to Department of Legislative Audit in the amount of \$6,487.00 for the REDI Audit.

Motion passed by a roll call vote.

Adjourn

A motion was made by Mike Luken and seconded by Don Kettering to adjourn the meeting at 10:40 a.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or Matt Judson, Treasurer