

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JUNE 12, 2018, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Don Kettering, Dale Clement, Sharon Casey, John Calvin, Ted Husted, Tom Jones, Pat Costello, Matt Judson, Spencer Hawley and Lee Qualm

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, Cassidy Kulesa, LaJena Gruis, Dale Knapp, Mary Lehecka Nelson and Natalie Likness

Other Staff Present

Mike Bietz - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

Chairman Jeff Erickson called the meeting to order at 9:32 a.m.

Agenda

A motion was made by Matt Judson and seconded by Don Kettering to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Dale Clement and seconded by John Calvin to approve the minutes of the meetings held May 8, 2018, May 31, 2018 and June 5, 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. 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.

BankWest, Inc. Servicing Contract Amendment

A motion was made by John Calvin and seconded by Sharon Casey to approve the BankWest, Inc. Servicing Contract Amendment as presented.

Motion passed by a roll call vote.

Public Comment Policy

A motion was made by Don Kettering and seconded by Dale Clement to adopt the Public Comment Policy as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Sharon Casey and seconded by Ted Husted to enter into executive session at 9:50 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 10:30 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 Ted Hustead and seconded by Don Kettering to approve the Chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

Rosebud Economic Development Corporation

A motion was made by Don Kettering and seconded by Sharon Casey to approve an extension of the grant agreement to October 11, 2018, retroactive to April 11, 2018 as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

SD Sun I, LLC and SD Sun II, LLC

A motion was made by Dale Clement and seconded by John Calvin to approve changing the project owner to Black Hills Power, Inc.

Motion passed by a roll call vote.

New Business

Dak Pak, LLC

A motion was made by Don Kettering and seconded by Sharon Casey to approve a waiver of a loan over \$1,000,000 and approve the loan request from Dak Pak, LLC in the amount of \$1,080,000. Secured by a shared first collateral position on the building and equipment, the personal guaranty of principals with 10% or more ownership and a corporate guaranty of Max One Nutrition, LLC.

The loans are 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 with Matt Judson abstaining.

Farmers Union Industries, LLC

A motion was made by Dale Clement and seconded by Tom Jones to approve a waiver of a loan over \$1,000,000 and approve the loan request from Farmers Union Industries, LLC in the amount of \$3,600,000. Secured by a sole first collateral position on real estate and a corporate guaranty of Farmer Union Enterprises.

The loans are 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.

The Three Amigos, LLC

A motion was made by Ted Hustead and seconded by Matt Judson to approve the loan request from The Three Amigos, LLC in the amount of \$654,433. Secured by a shared first collateral position on real estate, the personal guaranties of principals associated with the operating companies and a corporate guaranty of Strategic Financial Group, LLC, Barefoot Ventures, LLC and Dakota Del Sur, LLC.

The loans are 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

City of Freeman

A motion was made by Sharon Casey and seconded by Matt Judson to deny as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program

Grant County Development Corporation

A motion was made by Don Kettering and seconded by Dale Clement to deny as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Edmunds County and White Rock Township

A motion was made by Don Kettering and seconded by Matt Judson 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 \$375,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

White Rock Township

Approve a Local Infrastructure Improvement grant award to White Rock Township in the amount of \$25,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a roll call vote.

Reinvestment Payment Program

Prevailing Wind Park, LLC

A motion was made by Ted Hustead and seconded by Matt Judson to approve the Reinvestment Payment Application of Prevailing Wind Park, 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 \$4,329,410 but not to exceed 65 percent of State Sales/Use Tax paid on eligible project costs, is approved for Prevailing Wind Park, 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.

Willow Creek Wind Power, LLC

A motion was made by Sharon Casey and seconded by Dale Clement to approve the Reinvestment Payment Application of Willow Creek Wind Power, LLC as recommended by staff.

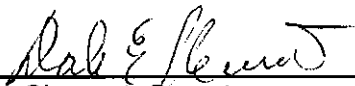
Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$3,800,250 but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for Willow Creek Wind Power 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.

Adjourn

A motion was made by Dale Clement and seconded by Matt Judson to adjourn the meeting at 10:40 a.m.

Motion passed by a roll call vote.



Dale Clement, Secretary