

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
THURSDAY, SEPTEMBER 13, 2018, 9:30 A.M. CT**

Members Present

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

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, LaJena Gruis, Dale Knapp and Natalie Likness

Other Staff Present

Mike Bietz and Teresa Brandenburg- BankWest, Inc.

Others Present

Bob Mercer
Bob Christianson

Call to Order

Chairman Erickson called the meeting to order at 9:30 a.m.

Agenda

A motion was made by Don Kettering and seconded by Mike Luken 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 August 14, 2018, August 29, 2018 and September 6, 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. Pat Prostrollo declared a potential conflict with Terex South Dakota, Inc. due to business relations with Prostrollo All American Automall. 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 Matt Judson and seconded by John Calvin 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 10:32 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 Sharon Casey and seconded by Reed Kessler to approve the Chairman's report from executive session.
Motion passed by a roll call vote.

Reed Kessler exited the meeting at 10:32 a.m.

Loan Review Summary

Aberdeen Development Corporation, Moffatt Products, Inc. and R & R Holdings, LLC

A motion was made by Don Kettering and seconded by Pat Prostrollo to approve the loan reviews and recommendations as presented.
Motion passed by a roll call vote.

Grant Reviews

Economic Development Partnership Program (Greater Rapid City Area EDC, City of Wall, Brookings Economic Development Corporation, Belle Fourche Development Corporation and Mitchell Area Development Corporation) Local Infrastructure Improvement Program (City of Elk Point, City of Volga, Four Bands Community Fund and City of Box Elder), Reinvestment Payment Program (Agropur, Inc.) and South Dakota Jobs Program (VRC Metal Systems, LLC)

A motion was made by Don Kettering and seconded by Sharon Casey to approve the grant reviews as recommended by staff and Grant Committee.
Motion passed by a roll call vote.

Old Business

City of Elk Point, Four Bands Community Fund and Brown County

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

City of Elk Point

Approve a six-month extension of time to December 20, 2018.

Four Bands Community Fund

Approve a six-month extension of time to February 10, 2019.

Brown County

Approve a six-month extension of time to February 15, 2019.

Motion passed by a roll call vote.

Prevailing Wind Park, LLC

A motion was made by Ted Hustead and seconded by Don Kettering to approve an increase in the grant amount to \$6,193,646, not to exceed 65% of the actual state sales/use tax paid on the eligible project costs incurred during the project period as described.

Motion passed by a roll call vote.

New Business

SSM, LLC

A motion was made by Dale Clement and seconded by Mike Luken to approve the loan request from SSM, LLC in the amount of \$370,500. Secured by a shared first collateral position on land and building, the personal guaranty of principals with 10% or more ownership and the corporate guarantor of B9Creations, 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.

Terex South Dakota, Inc.

A motion was made by John Calvin and seconded by Don Kettering to approve a waiver of a loan over \$1,000,000 and approve the loan request from Terex South Dakota, Inc. in the amount of \$10,000,000. Secured by a shared first collateral position on equipment and the corporate guarantor of Terex Corporation.

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 Pat Prostrollo abstaining.

Weisser Falls Properties, LLC

A motion was made by Matt Judson and seconded by Sharon Casey to approve a waiver of a loan over \$1,000,000 and approve the loan request from Weisser Falls Properties, LLC in the amount of \$1,241,000. Secured by a shared first collateral position on real estate, the personal guaranty of principals with 10% or more ownership and the corporate guarantor of Weisser Distributing, Inc.

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.

Local Infrastructure Improvement Program

Bryant Area Improvement, Inc., City of Colman and City of Garretson

A motion was made by Pat Prostrollo and seconded by Tom Jones to approve as recommended by staff and Grant Committee.

Bryant Area Improvement, Inc.

Approve a Local Infrastructure Improvement grant award to Bryant Area Improvement, Inc. in the amount of \$267,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Colman

Approve a Local Infrastructure Improvement grant award to the City of Colman in the amount of \$454,978, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Garretson

Approve a Local Infrastructure Improvement grant award to the City of Garretson in the amount of \$500,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a roll call vote.

Reinvestment Payment Program

3M Aberdeen

A motion was made by Don Kettering and seconded by Mike Luken to approve the Reinvestment Payment Application of 3M Aberdeen 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 \$123,480 but not to exceed 100 percent of State Sales/Use

Tax paid on eligible project costs, is approved for 3M Company-Aberdeen. 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.

Terex South Dakota, Inc.

A motion was made by John Calvin and seconded by Dale Clement to approve the Reinvestment Payment Application of Terex South Dakota, Inc. 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 \$2,483,445 but not to exceed 100% percent of State Sales/Use Tax paid on eligible project costs, is approved for Terex South Dakota, 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 with Pat Prostrollo abstaining.

South Dakota Jobs Program

Forest Products Distributors, Inc.

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve the South Dakota Jobs grant application of Forest Products Distributors, 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 \$21,937, but not to exceed 75% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Forest Products Distributors, 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.

Adjourn

A motion was made by Matt Judson and seconded by Don Kettering to adjourn the meeting at 10:50 a.m.

Motion passed by a roll call vote.



Dale Clement, Secretary or Matt Judson, Treasurer