

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 9, 2024, 10:00 A.M., CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 9, 2024, 10:00 A.M., CT**

**Board
Members:**

Jeff Erickson
Matt Judson

**Sharon
Casey**

Mike Luken

**Don
Kettering**

Tom Jones

Reed Kessler

Joy Nelson

Eric Yunag

**Kevin
Tetzlaff**

David Emery

**Craig
Christianson**

Brad Moore

Non-Voting

**Senator
Reynold
Nesiba**

**Senator
Casey
Crabtree**

**Representative
Will Mortenson**

**Representative
Kameron
Nelson**

Motion Sheet

(STAFF RECOMMENDATIONS)

Agenda

Motion to approve the agenda as presented.

Motion made by _____ and seconded by _____.

Minutes

Motion to approve the minutes of the meetings held December 13, 2023 and January 2, 2024, as presented

Motion made by _____ and seconded by _____.

Conflicts of Interest Disclosures

Public Comments

Commissioners Comments

Executive Session

Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. SDCL 1-16G-11

Motion made by _____ and seconded by _____.

Chairman: Declare board out of executive session. [a.m.]. Chairman: The BED 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.

Motion to approve the chairman's report from executive session.

Motion made by _____ and seconded by _____.

Old Business

The Plains Apartments, LLC

Motion to approve an extension of the seconded amended commitment letter to August 1, 2024 and recommendations as presented

Motion made by _____ and seconded by _____.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

SFP, LLC

Motion to approve extending the RPP construction start date to December 17, 2024.

Motion made by _____ and seconded by _____.

New Business

Cheese World, LLC

Motion to approve the Cheese World, LLC project be awarded VASF funds in the amount of \$360,000 or 45% of the total eligible project costs. We further recommend this project be classified as a loan. If the concept is found feasible and the project proceeds with business creation, this amount will be repaid by the applicant according to the terms and conditions set forth in the VASF Loan Agreement.

Motion made by _____ and seconded by _____.

DeGeest Corp

Motion to approve a waiver of a loan over \$1,000,000 and approve a REDI loan request from DeGeest Corp in the amount of \$3,500,000. Secured by a prorated shared first lien position on assets and the personal guarantees from principals with 10% or more ownership.

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 made by _____ and seconded by _____.

DeGeest Corp

Motion to approve a SD Works loan request from DeGeest Corp in the amount of \$950,000. Secured by a sole second lien position on assets and the personal guarantees from principals with 10% or more ownership.

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 made by _____ and seconded by _____.

IMP Properties, LLC

Motion to approve a REDI loan request from IMP Properties, LLC in the amount of \$617,828. Secured by a shared first collateral position on financed assets, the personal guarantees from principals with 10% or more ownership and a corporate guaranty.

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 made by _____ and seconded by _____.

IMP Properties, LLC

Motion to approve a SD Works loan request from IMP Properties, LLC in the amount of \$176,522. Secured by a second lien position on finance assets, the personal guarantees from principals with 10% or more ownership and a corporate guaranty.

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 made by _____ and seconded by _____.

Kayla Lux

Motion to approve a SD Works loan request from Kayla Lux in the amount of \$400,000. Secured by a second lien position on the CRE, a blanket second lien UCC on the chattel assets, the personal guarantees from principals with 10% or more ownership and a corporate guaranty.

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 made by _____ and seconded by _____.

Bill

Motion to approve the bill payable to Department of Legislative Audit in the amount of \$27,264.70.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

A

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 9, 2024, 10:00 A.M., CT**

The public may participate by the following:

Call In Number: (669) 900-9128 Meeting ID: 96677988449 Participant Id: # Passcode: 421401

www.zoom.com Meeting ID: 96677988449 Passcode: 421401

REGULAR SESSION AGENDA

10:00 A.M. Call to Order, Chairman Jeff Erickson

10:05 A.M. **Agenda**
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.

Minutes
RECOMMENDED ACTION: Motion to approve the minutes of December 13, 2023 and January 2, 2024, as presented.

Conflicts of Interest Disclosures

Public Comments

10:15 A.M. **Commissioner's Comments**

10:20 A.M. **Executive Session**
RECOMMENDED ACTION: Motion to enter into executive session to discuss contractual matters, and to discuss commercial and financial information relating to loan and other assistance applicants. SDCL 1-16G-11

11:00 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.

Other Motions
The Plains Apartments, LLC
SFP, LLC
Cheese World, LLC
DeGeest Corp
IMP Properties, LLC
Kayla Lux

Bills
Department of Legislative Audit - \$27,264.70

Adjournment

Notice is further given to persons with disabilities that this meeting is being held in a physically accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements.

B

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
WEDNESDAY, DECEMBER 13, 2023, 10:00 A.M., CT**

Members Present

Chairman Jeff Erickson, Don Kettering, Matt Judson, Sharon Casey, Mike Luken, Tom Jones, Reed Kessler, Joy Nelson, Kevin Tetzlaff, Craig Christianson, Brad Moore, Reynold Nesiba and Kameron Nelson

Staff Present

Commissioner Chris Schilken, Deputy Commissioner Jesse Fonkert, Travis Dovre, Ashley Moore, Jack Valentine, Nadine Agneau, Stephanie Deyo, Nick Rabern, Joe Fiala, Adam Molseed, Casey Peterka, Curtis Egan and Tanner Beukelman

Other Staff Present

Mike Bietz and Shawn Hofer – BankWest, Inc.

Others Present

Joshua Haiar – South Dakota Searchlight

Call to Order

Chairman Erickson called the meeting to order at 10:01 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 voice vote.

Minutes

A motion was made by Mike Luken and seconded by Joy Nelson to approve the minutes of the meetings held November 8, 2023, November 30, 2023 and December 4, 2023, as presented.

Motion passed by a voice vote.

Conflicts Disclosure

Chairman Erickson opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. Jeff Erickson declared a potential conflict with Dakota Protein Solutions, LLC as he is a shareholder and on the Board of Directors for American Bank and Trust and he would not partake in the discussion or vote on the project. Joy Nelson declared a potential conflict with Dakota Protein Solutions, LLC as she is a shareholder and on the Board of Directors for American Bank and Trust and she would not partake in the discussion or vote on the project. Matt Judson declared a potential conflict with DeSCo Architectural, Inc. due to banking relations. Mike Luken declared a potential conflict with Borns Group, Inc. due to family relations. Tom Jones declared a potential conflict with City of Viborg. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from the 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 10:10 a.m. to discuss contractual matters, and to discuss commercial and financial information relating to loan and other assistance applicants. SDCL 1-16G-11

Motion passed by a voice vote.

Executive Session Report

The Chairman declared the board out of Executive Session at 10:57 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 Matt Judson and seconded by Don Kettering to approve the Chairman's report from Executive Session.

Motion passed by a voice vote.

Reviews

South Dakota Division of Banking – Report from Examination

A motion was made by Joy Nelson and seconded by Reed Kessler to accept the exam as discussed and presented.

Motion passed by a voice vote.

Grant Reviews

Reinvestment Payment Program (Brightmark Full Circle RNG, LLC, Brightmark Mill Valley RNG, LLC, Moody Biogas, LLC, Maguire Iron, Inc., Bluestem Family Farms, Driftwood Dairy and Kingston, LLC) and South Dakota Jobs Program (Cole-TAC, LLC and Red's All Natural, LLC)

A motion was made by Mike Luken and seconded by Tom Jones to approve the grant reviews and recommendations as recommended by staff and Grant Committee.

Motion passed by a voice vote.

Old Business

City of North Sioux City

A motion was made by Sharon Casey and seconded by Don Kettering to approve an extension of the LIIP grant agreement expiration date to December 13, 2024.

Motion passed by a voice vote.

Dakota Protein Solutions, LLC

A motion was made by Mike Luken and seconded by Kevin Tetzlaff to approve an increase in the REDI loan commitment to Dakota Protein Solutions, LLC be made up to the amount of \$6,822,185 at 2.5% fixed interest. All other previous commitments made by the Board of Economic Development shall be adhered to.

Motion passed by a voice vote with Jeff Erickson and Joy Nelson abstaining.

Mitchell Area Development Corporation

A motion was made by Joy Nelson and seconded by Brad Moore to approve an extension of the LIIP grant agreement expiration date to August 31, 2024.

Motion passed by a voice vote.

New Business

REDI Loan

Borns Group, Inc.

A motion was made by Reed Kessler and seconded by Joy Nelson to approve a waiver of a loan over \$1,000,000 and approve a REDI loan request from Borns Group, Inc. in the amount of \$1,568,210. Secured by a shared first position on equipment and the personal guarantees from principals with 10% or more ownership.

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 voice vote with Mike Luken abstaining.

SD Works

Borns Group, Inc.

The Chairman deferred action to allow staff to conduct additional due diligence.

Dark Canyon Coffee

A motion was made by Don Kettering and seconded by Tom Jones to approve a SD Works loan request from Dark Canyon Coffee in the amount of \$60,000. Secured by second lien on security interest on the new equipment, a blanket UCC on business assets and the personal guarantees from principals with 10% or more ownership.

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 voice vote.

Gus Stop 8

A motion was made by Matt Judson and seconded by Sharon Casey to approve a SD Works loan request from Gus Stop 8 in the amount of \$130,000. Secured by a second position on equipment, the personal guarantees from principals with 10% or more ownership and a corporate guaranty.

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 voice vote.

MaSco 8, LLC

A motion was made by Mike Luken and seconded by Kevin Tetzlaff to approve a SD Works loan request from MaSco 8, LLC in the amount of \$115,000. Secured by a third position on mortgage, the personal guarantees from principals with 10% or more ownership and a corporate guaranty.

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 voice vote.

DeSCo Architectural, Inc.

A motion was made by Mike Luken and seconded by Don Kettering to approve a SD Works loan request from DeSCo Architectural, Inc. in the amount of \$34,366. Secured by sole 2nd lien position, blanket UCC on all assets and the personal guarantees from principals with 10% or more ownership.

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 voice vote with Matt Judson abstaining.

S&S Ag Supply, LLC

A motion was made by Joy Nelson and seconded by Mike Luken to approve a SD Works loan request from S&S Ag Supply, LLC in the amount of \$348,384. Secured by a sole first lien position on the equipment and the personal guarantees from principals with 10% or more ownership.

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 voice vote.

Local Infrastructure Improvement Program

City of Viborg

A motion was made by Craig Christianson and seconded by Sharon Casey to approve a Local Infrastructure Improvement grant award to the City of Viborg in the amount of \$500,000 but not to exceed 50% of eligible project costs, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy as recommended by staff and Grant Committee.

Motion passed by a voice vote with Tom Jones abstaining.

Corsica, Inc.

A motion was made by Mike Luken and seconded by Craig Christianson to approve a Local Infrastructure Improvement grant award to Corsica, Inc. in the amount of \$500,000 but not to exceed 50% of project costs, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy as recommended by staff and Grant Committee.

Motion passed by a voice vote.

Lake Area Improvement Corporation

A motion was made by Sharon Casey and seconded by Kevin Tetzlaff to approve a Local Infrastructure Improvement grant award to Lake Area Improvement Corporation in the amount of \$500,000 but not to exceed 50% of project costs, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy as recommended by staff and Grant Committee.

Motion passed by a voice vote.

Reinvestment Payment Program

Red Rock Real Estate, LLC

A motion was made by Joy Nelson and seconded by Don Kettering to approve the Reinvestment Payment Program grant application to Red Rock Real Estate, 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 \$1,094,080 but not to exceed 75% percent of State Sales/Use Tax paid on eligible project costs, is approved for Red Rock Real Estate, 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 voice vote.

Sonstegard Foods, LLC

A motion was made by Mike Luken and seconded by Tom Jones to approve the Reinvestment Payment Program grant application to Sonstegard Foods, 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 \$3,275,738 but not to exceed 100% percent of State Sales/Use Tax paid on eligible project costs, is approved for Sonstegard Foods, 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 voice vote.

Adjourn

A motion was made by Sharon Casey and seconded by Don Kettering to adjourn the meeting at 11:16 a.m.

Motion passed by a voice vote.

Matt Judson, Treasurer

CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, JANUARY 2, 2024, 11:00 A.M. CT

Members Present

Chairman Jeff Erickson, Don Kettering, Matt Judson and Craig Christianson

Staff Present

Commissioner Chris Schilken, Deputy Commissioner Jesse Fonkert, Ashley Moore, Travis Dovre, Jack Valentine, Nadine Agneau, Lexxy Phillips, Joe Fiala and Adam Molseed

Others Present

Shawn Hofer – BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 11:02 a.m.

Agenda

A motion was made by Craig Christianson and seconded by Matt Judson to approve the agenda as amended.

Motion passed by a voice vote.

Conflicts Disclosure – Chairman Erickson opened the floor for committee members to identify potential conflicts under SDCL Chapter 3-23. There were none from committee members and no objection to proceeding with the agenda.

Public Comments- none

Executive Session

A motion was made Don Kettering and seconded by Matt Judson to enter into Executive Session at 11:04 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. SDCL 1-16G-11.

Motion passed by a voice vote.

Executive Session Report

The Chairman declared the Credit Committee out of Executive Session at 12:04 p.m. The Chairman reported that the Board of Economic Development Credit Committee 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 Don Kettering and seconded by Matt Judson to approve the Chairman's report from executive session.

Motion passed by a voice vote.

Old Business

The Plains Apartments, LLC

Credit Committee recommends to the Board approving an extension of the seconded amended commitment letter to August 1, 2024 and recommendations as presented

A motion was made by Matt Judson and seconded by Don Kettering.

Motion passed by a voice vote.

New Business

DeGeest Corp

Credit Committee recommends to the board approving the REDI application as presented.
A motion was made by Don Kettering and seconded by Matt Judson.
Motion passed by a voice vote.

DeGeest Corp

Credit Committee recommends to the board approving the SD Works application as presented.
A motion was made by Matt Judson and seconded by Craig Christianson.
Motion passed by a voice vote.

IMP Properties, LLC

Credit Committee recommends to the board approving the REDI application as presented.
A motion was made by Don Kettering and seconded by Craig Christianson.
Motion passed by a voice vote.

IMP Properties, LLC

Credit Committee recommends to the board approving the SD Works application as presented.
A motion was made by Don Kettering seconded by Matt Judson.
Motion passed by a voice vote.

Kayla Lux

Credit Committee recommends to the board approving the SD Works application as presented.
A motion was made by Matt Judson and seconded by Don Kettering.
Motion passed by a voice vote.

Adjourn

A motion was made by Matt Judson and seconded by Craig Christianson to adjourn the meeting at 12:09 p.m.
Motion passed by a voice vote.

Matt Judson, Treasurer

L

**Board of Economic Development
January 9, 2024**

BILLS REQUIRING APPROVAL FOR PAYMENT

Department of Legislative Audit

\$27,264.70

N284121004

December 8, 2023

For the audit of the fiscal affairs of the REDI Fund
for the period ended June 30, 2023.

Audit Services:

Total Hours: 307.0 hours

Non-billable General Fund: 0.0 hours

and 307.0 hours billable at the following rates:

5.3 hours at the Fiscal 2023 rate of	\$78.00 per hour	\$413.40
<u>301.7 hours at the Fiscal 2024 rate of</u>	<u>\$89.00 per hour</u>	<u>\$26,851.30</u>
307.0		\$27,264.70

Cost Center Breakdown:

Other Programs	<u>307.0 hours</u>	<u>\$27,264.70</u>
	307.0 hours	\$27,264.70