

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
WEDNESDAY, JULY 12, 2023, 10:00 A.M., CT**

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**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
WEDNESDAY, JULY 12, 2023, 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**

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 meeting held June 14, 2023 and June 29, 2023, as presented

Motion made by _____ and seconded by _____.

Feasibility Study Memo

Motion to approve commissioning a board funded study pursuant to ARSD 68:02:02:20 and direct GOED to start the process of drafting a Request for Proposals.

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 _____.

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

New Business

SD Works

Kroeplin Air, LLC

Motion to approve a SD Works loan request from Kroeplin Air, LLL in the amount of \$450,000. Secured by a first position mortgage on hanger M and second position mortgage on hanger H 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 _____.

Reinvestment Payment Program

3M Center

Motion to approve the Reinvestment Payment Program grant application to 3M Center 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 \$14,976,206 but not to exceed 100% percent of State Sales/Use Tax paid on eligible project costs, is approved for 3M Center. 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 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
WEDNESDAY, JULY 12, 2023, 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
<https://state-sd.zoom.us/j/96677988449?pwd=S1I2bW5wRkd6OWJmVjUza0N2K1pDQT09>
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 June 14, 2023 and June 29, 2023, as presented.
- Feasibility Study Memo**
RECOMMENDED ACTION: Motion to approve commissioning a board funded study pursuant to ARSD 68:02:02:20 and direct GOED to start the process of drafting a Request for Proposals.
- Conflicts of Interest Disclosures**
- Public Comments**
- 10:20 A.M. **Commissioner's Comments**
- 10:25 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**
 Kroeplin Air, LLC
- 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, JUNE 14, 2023, 10:00 A.M., CT**

Members Present

Vice-Chairman Don Kettering, Matt Judson, Sharon Casey, Mike Luken, Tom Jones, Reed Kessler, Kevin Tetzlaff and David Emery

Staff Present

Commissioner Chris Schilken, Travis Dovre, Ashley Moore, Jack Valentine, Nick Rabern, Nadine Agneau, Stephanie Deyo and Joe Fiala

Other Staff Present

Shawn Hofer – BankWest, Inc.

Others Present

Bob Mercer – Keloland

Andrew Nilges – North Sioux City Economic Development Corporation

Call to Order

Vice-Chairman Kettering called the meeting to order at 10:02 a.m.

Agenda

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

Motion passed by a voice vote.

Minutes

A motion was made by Reed Kessler and seconded by Tom Jones to approve the minutes of the meetings held May 10, 2023, May 30, 2023 and June 6, 2023, as presented.

Motion passed by a voice vote.

Conflicts Disclosure

Vice-Chairman Kettering opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. Matt Judson declared a potential conflict with Custom Skirting, LLC due to banking relations. The Vice-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

Casey Peterson, LTD Accounting Contract

A motion was made by Mike Luken and seconded by Reed Kessler to approve the Casey Peterson, LTD accounting contract as presented.

Motion passed by a voice vote.

Executive Session

A motion was made by Kevin Tetzlaff and seconded by Mike Luken 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 Vice-Chairman declared the board out of Executive Session at 10:48 a.m. The Vice-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 Mike Luken to approve the Vice-Chairman's report from Executive Session.
Motion passed by a voice vote.

Reviews

Grant Reviews

Local Infrastructure Improvement Program (Clark County) and Reinvestment Payment Program (Blooming Valley Dairy, LLC, Dakota Range III, LLC, Red's All Natural, LLC, Royal Canin, US, SFP, LLC, Sweetland Wind Farm, LLC, Valley Queen Cheese Factory and Wild Springs Solar, LLC

A motion was made by Kevin Tetzlaff and seconded by David Emery to approve the grant reviews as recommended by staff and Grant Committee.
Motion passed by a voice vote.

Loan Reviews

SSM, LLC

A motion was made by Mike Luken and seconded by Reed Kessler to approve the loan review and recommendation as presented.
Motion passed by a voice vote.

Old Business

Clark County

A motion was made by Kevin Tetzlaff and seconded by David Emery to approve an extension of the grant agreement to June 9, 2025.
Motion passed by a voice vote.

Driftwood Dairy

A motion was made by Mike Luken and seconded by Tom Jones to approve an extension of the grant agreement to June 12, 2024.
Motion passed by a voice vote.

North Sioux City Economic Development Corporation

A motion was made by Reed Kessler and seconded by Kevin Tetzlaff to approve accepting the conditions and proposal as presented by staff and approving the amended commitment letter.
Motion passed by a voice vote.

Sioux Falls Development Foundation

A motion was made by Mike Luken and seconded by Kevin Tetzlaff to approve an extension of the grant agreement to September 8, 2023.
Motion passed by a voice vote.

New Business

SD Works

Blankenship Properties, LLC

A motion was made by Mike Luken and seconded by David Emery to approve a SD Works loan request from Blankenship Properties, LLC in the amount of \$67,500. Secured by a second on financed assets, blanket UCC filing and 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.

REDI

M.A. Murphy, LLC

A motion was made by Tom Jones and seconded by Sharon Casey to approve a REDI loan request to M.A. Murphy, LLC in the amount of \$969,741. Secured by a shared first lien position, personal guarantees from principals with 10% or more ownership and corporate guarantees.

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.

SD Works

Custom Skirting, LLC

A motion was made by Mike Luken and seconded by Reed Kessler to approve a SD Works loan request from Custom Skirting, LLC in the amount of \$320,000. Secured by a sole 1st position on equipment, 2nd lien position on building and real estate and 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.

Reinvestment Payment Program

SFP, LLC

A motion was made by Mike Luken and seconded by Tom Jones to approve the Reinvestment Payment Program grant application to SFP, 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 \$612,900 but not to exceed 100% percent of State Sales/Use Tax paid on eligible project costs, is approved for SFP, 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.

Wilson Trailer Company

A motion was made by Sharon Casey and seconded by Reed Kessler to approve the Reinvestment Payment Program grant application to Wilson Trailer Company 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 \$104,000 but not to exceed 20% percent of State Sales/Use Tax paid on eligible project costs, is approved for Wilson Trailer Company. 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 Matt Judson and seconded by Reed Kessler to adjourn the meeting at 11:02 a.m. Motion passed by a voice vote.

Matt Judson, Treasurer

CREDIT COMMITTEE
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
THURSDAY, JUNE 29, 2023, 1:00 P.M. CT

Members Present

Chairman Jeff Erickson, Don Kettering, Reed Kessler and Matt Judson

Staff Present

Ashley Moore, Travis Dovre, Jack Valentine, Nadine Agneau, Nick Rabern and Joe Fiala

Others Present

Shawn Hofer – BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 1:00 p.m.

Agenda

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

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. Jeff Erickson declared a potential conflict with North Prairie Butchery, LLC due to banking relations. 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 Reed Kessler and seconded by Matt Judson to enter into Executive Session at 1:02 p.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 2:06 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.

New Business

Kroeplin Air, LLC

Credit Committee recommends to the board approving the SD Works application as presented.

A motion was made by Don Kettering and seconded by Reed Kessler.

Motion passed by a voice vote.

North Prairie Butchery, LLC

Credit Committee recommends to table both loans subject to hiring an outside consultant to conduct additional feasibility research.

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

Motion passed by a voice vote with Jeff Erickson abstaining.

Adjourn

A motion was made by Reed Kessler and seconded by Matt Judson to adjourn the meeting at 2:10 p.m.

Motion passed by a voice vote.

Matt Judson, Treasurer

C

MEMORANDUM

TO: Board of Economic Development

FROM: Travis Dovre, Finance Director

RE: Board commissioned feasibility study

DATE: July 12, 2023

GOED staff is requesting permission to start the process to engage an independent consultant to conduct a feasibility study for small meat packing plants.

Since COVID, there has been a lot of interest in building and developing local and regional meat packing facilities. The USDA has devoted millions of dollars to these projects to help get them off the ground. However, the meat packing industry is competitive, and remains largely dominated by the biggest names in the industry thus creating multiple challenges for start up companies.

Having local and regional facilities in the state would be a benefit to economic growth, ag producers, and consumers. Yet basic economics tells us local and regional markets can only support so much. To get a better understanding of all the dynamics in flux, GOED feels it would be beneficial to commission a statewide feasibility study on this topic.

The study would be paid for with funds from the Value Added Agriculture Subfund pursuant to ARSD 68:02:02:20 which reads in part: “....No more than once per fiscal year, the board may commission a study and pay the entire cost of the study from VASF if it determines that doing so may avoid duplication of effort or will serve an unmet need. The cost to the VASF of a board-commissioned study may not exceed \$100,000.”

It is proposed the insights from the study would be made available to projects pursuing such facilities so they would be able to better position themselves for project success. Those same insights would also provide guidance to the Board when making future determinations about approving loans to these projects.

If approved, GOED would work with select board members to draft a Request for Proposal, which would be presented to the full board for approval in August. After soliciting the RFP and interviewing the qualified and responsible respondents, a

contractor would likely then be selected at the October meeting. Among other things, the study would be required to provide information on:

- available cattle supply
- sales and marketing; both on the procurement and finished product side
- processing economics; both direct and overhead costs
- a reasonable capital stack; i.e. debt to equity ratio at startup
- costs associated with rural construction and rural residual values of MPP facilities
- the small packing industry as it exists today in SD
- true workforce availability

Recommendation

Approve commissioning a board funded study pursuant to ARSD 68:02:02:20 and direct GOED to start the process of drafting a Request for Proposals.