

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

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**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
WEDNESDAY, OCTOBER 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  
Kameron  
Nelson**

**Representative  
Neal Pinnow**

**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 September 11, 2024 as presented

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Reinvestment Payment Program Memo**

Motion to approve the revised Reinvestment Payment Program Grant Agreement 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: The Chairman declared the board out of executive session at [        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**

**Borns Group, Inc.**

Motion to approve a REDI commitment extension to June 13, 2025.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

Please note times:

Call To Order: \_\_\_\_\_

Executive Session \_\_\_\_\_

Regular Session \_\_\_\_\_

Adjournment \_\_\_\_\_

**CCLLA, LLC**

Motion to approve the changes as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**City of Hartford**

Motion to approve the LIIP grant agreement extension to December 31, 2024.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**New Business**

**Smack Holdings USA, LLC**

Motion to approve a SD Works loan request from Smack Holdings USA, LLC in the amount of \$1,500,000. Secured by a second position on real estate, second position UCC, personal guaranties 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 \_\_\_\_\_.

**Smack Holdings USA, LLC**

Motion to approve a REDI loan request from Smack Holdings USA, LLC in the amount of \$1,000,000. Secured by a pro rata shared first position on the real estate, pro rata shared first UCC, personal guaranties 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 \_\_\_\_\_.

**Adjourn**

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

A

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
WEDNESDAY, OCTOBER 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](http://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 September 11, 2024, as presented.

**Reinvestment Payment Program Memo**  
RECOMMENDED ACTION: Motion to approve the revised Reinvestment Payment Program Grant Agreement 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**  
Borns Group, Inc.  
CCLLA, LLC  
City of Hartford  
Smack Holdings USA, 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, SEPTEMBER 11, 2024, 10:00 A.M., CT**

Members Present

Vice-Chairman Don Kettering, Sharon Casey, Mike Luken, Tom Jones, Joy Nelson, Eric Yunag, Kevin Tetzlaff, David Emery, Craig Christianson, Reynold Nesiba and Kameron Nelson

Staff Present

Commissioner Joe Fiala, Deputy Commissioner Jesse Fonkert, Ashley Moore, Jack Valentine, Stephanie Deyo, Lexxy Phillips, Nick Rabern, Nadine Agneau, Ann Gesick-Johnson, Tanner Beukelman, Katherine Kirby, Alissa Sendelbach, Curtis Egan and Dale Knapp

Other Staff Present

Mike Bietz and Shawn Hofer – BankWest, Inc.

Others Present

Bob Mercer – Keloland News

Call to Order

Vice-Chairman Kettering called the meeting to order at 10:00 a.m.

Agenda

A motion was made by Mike Luken and seconded by Tom Jones to approve the agenda as amended to recognize action on the Howard Building.

Motion passed by a voice vote.

Howard Building

A motion was made by Sharon Casey and seconded by Eric Yunag to approve Legal counsel's recommendation that the Board of Economic Development authorizes Staff to take all such action as is reasonably deemed necessary to protect the board's interests, including the retention of legal counsel, the engagement of a title company or realtor, or other means of selling the real property in Howard, to include authorizing Staff to act on the option to purchase terms of the lease with the current tenant, and to accept or refuse any proposed offer to purchase on the OREO property. The Board's Secretary is authorized to act on behalf of the Board regarding any forthcoming Purchase Agreements, Warranty Deed, and all other sales documents associated with the sale of this OREO property. Actions taken by staff to date, that are consistent with the terms of the foregoing authorization, are hereby ratified.

Motion passed by a voice vote.

Minutes

A motion was made by Joy Nelson and seconded by Craig Christianson to approve the minutes of the meetings held August 14, 2024, August 26, 2024 and September 3, 2024 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. Kevin Tetzlaff declared a potential conflict with RTI, LLC due to banking relations and would not partake in the discussion or vote on the project. 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

Executive Session

A motion was made by Sharon Casey and seconded by Mike Luken to enter into Executive Session at 10:13 a.m. to discuss contractual matters, and to discuss commercial and financial information relating to loan and other assistance applicants. SDCL 1-16G-11, 1-25-2(3) and 19-19-502

Motion passed by a voice vote.

Executive Session Report

The Vice-Chairman declared the board out of Executive Session at 10:50 a.m. The Vice-Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters, commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Joy Nelson and seconded by Mike Luken to approve the Vice-Chairman's report from Executive Session.

Motion passed by a voice vote.

Grant Reviews

Local Infrastructure Improvement Program (Turner County) and Reinvestment Payment Program (Marion Industrial, Royal Canin US, SFP, LLC and Wilson Trailer)

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

Motion passed by a voice vote.

Loan Review Summary

RTI, LLC

A motion was made by Craig Christianson and seconded by Tom Jones to approve the loan review and recommendation as presented.

Motion passed by a voice vote with Kevin Tetzlaff abstaining.

Old Business

3M Center

A motion was made by Sharon Casey and seconded by Mike Luken to approve changing the project owner from 3M Center to Solventum.

Motion passed by a voice vote.

New Business

Hebron Brick Supply Co.

A motion was made by Kevin Tetzlaff and seconded by Craig Christianson to approve a SD Works loan request from Hebron Brick Supply Co in the amount of \$1,242,400. Secured by a second position on the real estate and a second on all chattel assets.

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.



#### CCLLA, LLC

A motion was made by Joy Nelson and seconded by Kevin Tetzlaff to approve a SD Works loan request from CCLLA, LLC in the amount of \$400,000. Secured by a second position on real estate, personal guaranties 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.

#### Morris, Inc.

A motion was made by Tom Jones and seconded by Mike Luken to approve a SD Works loan request from Morris, Inc. in the amount of \$600,000. Secured by a second position on finance assets and personal guaranties 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.

#### SFC Global Supply Chain, Inc.(1)

A motion was made by Joy Nelson and seconded by Craig Christianson to approve a waiver of a loan over \$1,000,000 and approve a REDI loan request from SFC Global Supply Chain Inc. in the amount of \$10,000,000. Secured by a shared first mortgage on the commercial real estate with REDI loan number two, a shared first lien position on the Reinvestment Payment Program Permit with REDI loan number two, a first position collateral assignment of tax rebate payments, and a corporate guaranty. Also, to waive ARSD to allow for a 10-year maturity, deviate from the base interest rate, and the take-out financing provision to allow this loan to close and fund as a part of the construction, acquisition, and installation financing.

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.

#### SFC Global Supply Chain, Inc.(2)

A motion was made by Mike Luken and seconded by David Emery to approve a waiver of a loan over \$1,000,000 and approve a REDI loan request from SFC Global Supply Chain Inc. in the amount of \$15,000,000. Secured by a shared first lien position mortgage on the commercial real estate with REDI loan number one, a shared first lien position on the Reinvestment Payment Program Permit, a second position collateral assignment of tax rebate payments, and a corporate guaranty. Also, to waive ARSD for a 10-year maturity, and the take-out financing provision to allow this loan to close and fund as a part of the construction, acquisition, and installation financing.

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 North Sioux City

A motion was made by Joy Nelson and seconded by Tom Jones to approve a Local Infrastructure Improvement grant award to City of North Sioux City in the amount of \$300,000 but not to exceed 19% of the LIIP eligible project costs of \$1,607,729.21, 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.

Bills

A motion was made by Craig Christianson and seconded by Mike Luken to approve a bill payable to Moody's Analytics Solutions, LLC in the amount of \$17,043.

Motion passed by a voice vote.

Adjourn

A motion was made by Sharon Casey and seconded by Kevin Tetzlaff to adjourn the meeting at 11:02 a.m.

Motion passed by a voice vote.

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Matt Judson, Treasurer

C

**Memorandum**

Date: October 9, 2024  
To: Board of Economic Development  
From: Stephanie Deyo, Grants Manager  
Re: Reinvestment Payment Program Grant Agreement

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Our office referred the standard Reinvestment Payment Program Grant Agreement to GOED/ BED legal counsel to perform a review. Partly this review was to ensure that the language in the agreement better communicated to the applicant, and is fully compliant with both ARSD's and SDCL's relating to the Reinvestment Payment Program.

Attached is the agreement containing the revisions recommended by legal counsel for the Board of Economic Development's review and approval. As approved, this template will be utilized immediately and going forward for future Reinvestment Payment Program Grant Awards.

**Recommendation**

Staff recommends the approval of the revised Reinvestment Payment Program Grant Agreement.



**SOUTH DAKOTA**  
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

GRANT AGREEMENT

REINVESTMENT PAYMENT – RPP –(#####)

(DATE)

(Company Name)

(Attn:)

(Address)

Dear (Contact Person):

(Company Name) (the “Applicant”) submitted an application dated (Date) to the Board of Economic Development (“BED”) for a Reinvestment Program payment (“Application”). The Application has been approved and the Governor’s Office of Economic Development (“GOED”) shall issue a permit to Applicant pursuant to ARSD 68:02:07 upon the following terms and conditions:

1. The total amount of the Reinvestment Program payment shall be the lesser of (\$\$\$\$) or (%%%%) of the actual state sales/use tax paid on eligible (project costs/machinery and equipment costs) incurred during the project time period as described in the Application (“Reinvestment Payment”). To remain eligible for the Reinvestment Payment, the project as completed must be substantially similar to the project described in the Application and Applicant must comply with the requirements and deadlines set out in ARSD Ch. 68:02:07.

2. The Applicant or an authorized representative must, prior to disbursement of the Reinvestment Payment, timely and properly execute and return to GOED the following documents:

- Quarterly Reports
- Affidavit for Reinvestment Payment

Applicant is solely responsible for the timely submission of reports, the Affidavit for Reinvestment Payment and compliance with the other requirements of the Reinvestment Payment program. The failure to timely and otherwise properly comply with the requirements of the program may result in the lapse or other forfeiture of eligibility for a payment under the program.

3. If Applicant is a corporation or limited liability company, Applicant must also prior to disbursement of any funds provide the following documents to GOED:

(a) A certificate of good standing or similar instrument, certified by the Secretary of State of the state of incorporation or organization, as well as a copy of the Articles of Incorporation, Articles of Organization, or similar document, with amendments, on file in that office;

(b) A certified copy of the By-Laws or Operating Agreement of the Applicant presently in force; and

(c) A certified copy of the Resolution of the board of directors, members or other governing entity of the Applicant authorizing the execution of this Agreement and any related documents.

4. The Applicant must comply with the following special conditions:

Provide GOED with evidence of the total project costs along with verification of the amount of South Dakota Sales/Use Tax paid on the project.

Provide GOED with semi-annual employment reports on a form provided by GOED beginning six months after the Reinvestment Program payment is disbursed and for a period of three (3) years thereafter.

Assign all right, title, and interest in and to the Reinvestment Payment to [REDACTED]. The assignment shall be on a form provided by GOED. The assignee must then file an amended application with GOED pursuant to SDCL 1-16G-60.

5. By execution of this Grant Agreement, the Applicant attests that it is in compliance with the following as required by SDCL 1-56-10:

a) A conflict of interest policy is enforced within the recipient's or sub-recipient's organization;

b) The Internal Revenue Service Form 990 has been filed, if applicable, in compliance with federal law, and is displayed immediately after filing on the recipient's or sub-recipient's website;

c) An effective internal control system is employed by the recipient's or sub-recipient's organization; and

d) If applicable, the recipient or sub-recipient is in compliance with the federal Single Audit Act, in compliance with § 4-11-2.1, and audits are displayed on the recipient's or sub-recipient's website.

6. No condition or covenant stated herein may be waived without the prior written consent of the BED. The GOED shall have no obligation to make any disbursement to Applicant unless and

until all of the conditions set forth above, as well as any other conditions which the BED or GOED, as applicable, may legally impose, have been met to the BED's satisfaction or the GOED's satisfaction, as applicable.

7. By execution of this Agreement, Applicant agrees, upon demand by BED, to reimburse the BED for any and all expenses incurred, or which may hereafter from time to time be incurred, by the BED or its agents, including reasonable attorney's fees, in connection with or by reason of Applicant's application for, and the making and administration of, the Reinvestment Payment. Applicant agrees to be responsible for such costs and expenses whether or not the Reinvestment Payment described herein is disbursed.

8. If Applicant demonstrates its acceptance of the terms and conditions imposed by BED, as stated herein, the Applicant shall either show it has complied with the conditions imposed by the BED, or agree in writing to comply with any such conditions prior to issuance of the Reinvestment Payment. Evidence showing compliance with any conditions described herein must be appended to this Agreement when returned to the GOED. Or, if applicable, Applicant's agreement to comply with conditions prior to disbursement of the Reinvestment Payment must be set out in a separate writing which makes reference to the conditions and must be signed by an authorized representative of Applicant.

9. The commitment on the part of GOED set forth herein is good for a period of 90 days from the date hereof and will lapse at that time if this Agreement is not accepted in writing by the Applicant. Within 30 days after receiving a fully executed copy of this Agreement, GOED shall issue a permit entitling Applicant to submit an affidavit for Reinvestment Payment. The Applicant must commence construction on the project no later than six months after receiving the permit from GOED, unless an extension is granted by the BED in accordance with ARSD 68:02:07:09. No project costs that occur after three years from the construction date are eligible to be included in the final project cost determination for purposes of calculating the Reinvestment Payment amount, unless extended by the BED pursuant to ARSD 68:02:07:09. The Reinvestment Payment Affidavit and final costs must be submitted within six months of project completion. The terms "completed the project" or "completion of the project" means the first date when the project is operational. See SDCL 1-16G-56(3). The BED reserves the right to withdraw the permit for Reinvestment Payment at any time if any of the conditions of this Agreement or those conditions and deadlines set forth in SDCL Ch. 1-16G and ARSD Ch. 68:02:07 have not been met to the BED's satisfaction.

10. Any of the following shall constitute a default upon the conditions of the Reinvestment Payment:

(a) If the person filing the affidavit for the Reinvestment Payment knowingly makes any material false statement or report in the affidavit for a Reinvestment Payment;

(b) Failure to adhere to the conditions of the Reinvestment Payment;

(c) Repeated failure by the Applicant to provide access to the project or related documents or to provide the reports and other information required under this Agreement or by ARSD Ch. 68:02:07; or

(d) Failure of the Applicant to remain current on its tax obligations to the State of South Dakota. However, for the purposes of this section, the Applicant is not deemed delinquent on its tax obligations to the State of South Dakota if the Applicant is currently disputing its tax obligation in accordance with the appeal procedures provided by law.

If there is a default as determined by BED, within thirty days of written demand from BED, the Applicant shall repay to GOED any part of the Reinvestment Payment that has been disbursed. In addition to any other action considered appropriate by BED to protect the interest of the BED, BED may commence a civil action to recover any Reinvestment Payment proceeds that the Applicant is required to repay.

If you wish to proceed with the Reinvestment Payment upon the terms and conditions set forth above, please indicate your acceptance by having a duly authorized representative execute this Agreement and return it to the GOED within 90 days of the date hereof. If the Applicant is a corporation, limited liability company or partnership, please attach appropriate proof of authority.

If you have any questions, please contact Stephanie Deyo at (605) 773-4633. Thank you for your interest in the Reinvestment Payment Program and in South Dakota's future.

Sincerely yours,

SOUTH DAKOTA BOARD OF ECONOMIC DEVELOPMENT

BY: \_\_\_\_\_  
Matt Judson, Treasurer

Applicant agrees to the terms above set forth.

APPLICANT  
(Company Name)

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

ATTEST:

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Upon execution return to BED at the address indicated above.

**NOTE: Corporate Applicants must execute Agreement, in corporate name, by duly authorized officer, and seal must be affixed and duly attested; Limited Liability Company Applicants must execute Agreement by duly authorized Manager or by all members; Partnership Applicants must execute Agreement in firm name, together with signature of an authorized general partner.**

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

711 EAST WELLS AVENUE PIERRE SOUTH DAKOTA 57501 | P 605 773 4633 | T 800 872 6190 | SDGOED.COM