

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
MONDAY, JUNE 26, 2017, 1:30 P.M. CT**

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Notice is further given to persons with disabilities that this meeting is being held in a physical 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.

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
MONDAY, JUNE 26, 2017, 1:30 P.M. CT**

Motion Sheet

EDFA Meeting: Please note times:

Call To Order _____

Executive Session: _____

Regular Session: _____

Adjournment: _____

Board Members

Terry Nelson

Gerrit Juffer

Jody Engel

Casey Derflinger

Ron Wagner

Jeff Erickson

Don Kettering

Trustees

Bert Olson

Liz Woodsend

Agenda

Motion to approve the Agenda as presented.

Motion made by _____ and seconded by _____.

Minutes

Motion to approve the minutes of the April 21, 2017 meeting, as presented.

Motion made by _____ and seconded by _____.

Clausen & Rice, LLP

Motion to approve the Clausen & Rice, LLP contract for accounting services as presented.

Motion made by _____ and seconded by _____.

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.

Motion made by _____ and seconded by _____.

Chairman: Declare board out of executive session. [p.m.]. Chairman: The EDFA entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action taken.

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

Motion made by _____ and seconded by _____.

Loan Reviews

Enclose Manufacturing, Inc., Michael E. Larson/Larson Data Communications and Sterling Technologies, Inc.

Motion to approve the loan reviews and recommendations as presented.

Motion made by _____ and seconded by _____.

Marmen Energy Co.

Motion to approve the loan review and recommendation as presented.

Motion made by _____ and seconded by _____.

Old Business

Oat Tech, Inc.

Motion to approve a moratorium for payments from June 2017 through December 2017 with payments to resume January 2018, with interest to be paid during the moratorium to allow the company to continue to sell equipment.

Motion made by _____ and seconded by _____.

Bills

Motion to approve the bill to Dorsey & Whitney, LLP in the amount of \$3,759.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY
GOED LARGE CONF. ROOM, 711 E WLLS AVE, PIERRE, SD
MONDAY, JUNE 26, 2017, 1:30 P.M. CT**

REGULAR SESSION AGENDA

- 1:30 P.M. Call To Order, Chairman, Terry Nelson
- 1:35 P.M. **Approve Agenda**
RECOMMENDED ACTION: Motion to approve Agenda as provided or amended.
- Approve Minutes**
RECOMMENDED ACTION: Motion to approve Minutes as provided or amended.
- Approve Clausen & Rice, LLP Accounting Contract**
RECOMMENDED ACTION: Motion to approve the Clausen & Rice, LLP contract for accounting services as presented.
- Quarterly Financials**
- 1:45 P.M. Commissioner's Comments
- 1:50 P.M. **Executive Session**
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 2:15 P.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions
Enclose Manufacturing, Inc.
Michael E. Larson/Larson Data Communications
Marmen Energy Co.
Sterling Technology, Inc.
Oat Tech, Inc.
- Bills
Dorsey & Whitney, LLP - \$3,759

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,

You can participate in the meeting at GOED office at 711 E Wells Ave, Pierre, South Dakota or the GOED office at the Zeal Center for Entrepreneurship at 2329 N. Career Avenue, Sioux Falls, South Dakota.

**Economic Development Finance Authority
GOED Conference Room, 711 E Wells Ave, Pierre, SD
Friday, April 21, 2017, 9:30 A.M. CT**

Members Present

Vice Chairman Gerrit Juffer, Chairman Terry Nelson, Jody Engel, Casey Derflinger, Ron Wagner and Don Kettering

Staff Present

Deputy Commissioner Don Kettering, Cassie Stoesser, Ashley Moore, LaJena Gruis, Cassidy Kulesa and Dale Knapp

Others Present

Liz Woodsend, Kyle Cipperley and Matt Adamson- First National Bank in Sioux Falls

Call to Order

Vice Chairman Juffer called the meeting to order at 9:31 a.m.

Agenda

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

Motion passed by a roll call vote.

Minutes

A motion was made by Terry Nelson and seconded by Ron Wagner to approve the minutes of December 8, 2016, as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Don Kettering and seconded by Casey Derflinger to enter into executive session at 9:52 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

The Vice Chairman declared the board out of executive session at 10:14 a.m. The Economic Development Finance Authority entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action taken.

A motion was made by Don Kettering and seconded by Terry Nelson to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

Oat Tech, Inc.

A motion was made by Don Kettering and seconded by Ron Wagner to approve a moratorium for payments from February through June 2017 to allow the company to continue to sell equipment under the supervision of the Liquidation Specialist.

Motion passed by a roll call vote.

Bills

A motion was made by Ron Wagner and seconded by Jody Bender to approve the bill to First National Trust and Investment Management Services in the amount of \$4,128.
Motion passed by a roll call vote.

Adjourn

A motion was made by and seconded by to adjourn the meeting at 9:58 a.m.
Motion passed by a roll call vote.

Ron Wagner, Secretary/Treasurer

STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this ___ day of June, 2017 by and between the State of South Dakota, Governor's Office of Economic Development, a state agency, of 711 E Wells Ave., Pierre, SD 57501, (the "State") and Clausen and Rice, LLP, 430 West Sioux Ave, PO Box 1117, Pierre, SD 57501(the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will perform services for the State as follows: prepare quarterly financial statements, assist in the fiscal year-end accounting, and audit for the SD Economic Development Finance Authority (EDFA).

2. The Consultant's services under this Agreement shall commence on July 1, 2017 and end on June 30, 2018, unless sooner terminated pursuant to the terms hereof.

3. The Consultant will not use State equipment, supplies or facilities. The Consultant will provide the State with its Employer Identification Number, Federal Tax Identification Number, or Social Security Number upon execution of this Agreement.

4. The State will make payment for services to be paid upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$19,500. Payment will be made pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26.

5. The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force applicable insurance coverage of the types as follows:

A. Commercial General Liability Insurance: The Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$250,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. Worker's Compensation Insurance: The Consultant shall procure and maintain workers' compensation and employers' insurance as required by South Dakota law.

Before beginning work under this Agreement, Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or non-renewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. Consultant shall furnish copies of insurance policies if requested by the State.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

No party shall be liable for a delay in performance or failure to perform its obligations under this Agreement if such delay or failure is due to acts of God or any other event beyond the control of the parties, including, without limitations, fire, explosion, weather, disease, war, insurrection, civil strife, riots, government action or power failure, provided, however, that the party who is unable to perform resumes performance as soon as possible following the end of the event causing the delay.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. Consultant hereby acknowledges and agrees that all reports, plans, specifications, technical data, miscellaneous drawings, software system programs and documentation, procedures, or files, operating instructions and procedures, source code(s) and documentation, including those necessary to upgrade and maintain the software program, and all information contained therein provided to the State by the Consultant in connection with its performance of services under this Agreement shall belong to and is the property of the State and will not be used in any way by the Consultant without the written consent of the State. Papers, reports, forms, software programs, source code(s) and other material which are a part of the work under this Agreement will not be copyrighted without written approval of the State.

16. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Scott Stern on behalf of the State, and by John Clausen, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

17. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

18. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

19. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE

CONSULTANT

BY: _____

BY: _____

DATE: _____

DATE: _____

- State Agency Coding (MSA Center):
- State Agency MSA Company for which contract will be paid:
- Object/subobject MSA account to which voucher will be coded:
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract: Cassie Stoesser 605-773-5195

SOUTH DAKOTA
ECONOMIC DEVELOPMENT FINANCE AUTHORITY

FINANCIAL REPORT
(Compiled)
March 31, 2017

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Clausen & Rice, LLP

Certified Public Accountants and Business Consultants

John E. Clausen, CPA

johnclausen.cpa@midconetwork.com

Daniel T. Rice, CPA

danrice.cpa@midconetwork.com

Accountant's Compilation Report

To the Board of Directors
South Dakota Economic Development Finance Authority
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Economic Development Finance Authority (a Non-Major Component Unit of the State of South Dakota) as of March 31, 2017, and the related statements of revenues, expenses and changes in net fund assets and cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to South Dakota Economic Development Finance Authority.

Clausen & Rice, LLP

Pierre, South Dakota
April 26, 2017

South Dakota
Economic Development Finance Authority
Statement of Net Position
March 31, 2017
See Accountant's Compilation Report

ASSETS

Cash and investments	9,967,896.29
Loans receivable - net of allowance of \$283,367	9,151,412.81
Loan interest receivable	38,578.52
Investment income receivable	25,968.36
Accounts Receivable	0.00
Deferred Charges	0.00

TOTAL ASSETS	<u><u>19,183,855.98</u></u>
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LIABILITIES

Accounts payable	4,387.15
Accrued Interest payable	230,116.25
Due to other governments	0.00
Bonds payable	9,120,000.00
Long term loan escrow payable	853,045.00
Amounts held in custody for others	0.00

TOTAL LIABILITIES	<u><u>10,207,548.40</u></u>
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NET POSITION

Restricted for Debt Service	5,000,000.00
Unrestricted	<u>3,976,307.58</u>

TOTAL NET POSITION	<u><u>8,976,307.58</u></u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>19,183,855.98</u></u>
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**South Dakota
Economic Development Finance Authority
Statement of Revenues, Expenses, & Changes in Net Position
For the Period Ending March 31, 2017
See Accountant's Compilation Report**

	Current Period Jan. to Mar.	Year to Date
	<u> </u>	<u> </u>
OPERATING REVENUE		
Interest income on loans	120,373.50	361,627.89
LESS OPERATING EXPENSES		
Administrative expenses	1,898.00	39,207.31
Interest expense	115,058.12	346,282.79
Refund to Institution	-	-
Payments to Loan Recipients	-	-
	<u> </u>	<u> </u>
NET INCOME (LOSS) FROM OPERATIONS	3,417.38	(23,862.21)
NONOPERATING REVENUE		
Investment Income	<u>27,353.70</u>	<u>73,106.57</u>
NET INCOME (LOSS)	30,771.08	49,244.36
NET POSITION, BEGINNING	8,945,536.50	8,927,063.22
	<u> </u>	<u> </u>
NET POSITION, ENDING	<u><u>8,976,307.58</u></u>	<u><u>8,976,307.58</u></u>

**South Dakota
Economic Development Finance Authority
Statement of Cash Flows
For the Period Ending March 31, 2017
See Accountant's Compilation Report**

	Current Period Jan. to Mar.	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	30,771.08	49,244.36
Adjustments to Reconcile Net Income to		
Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Loans Receivable	112,136.87	337,998.11
(Increase) Decrease in Loan Interest Receivable	-	-
(Increase) Decrease in Investment Income Receivable	(1,643.89)	(6,047.99)
Increase (Decrease) in Accounts Payable	-	-
Increase (Decrease) in Accrued Interest Payable	115,058.12	114,236.70
Increase (Decrease) in Due to State General Fund	-	-
Increase (Decrease) in Due to Other Governments	-	(361,226.61)
Increase (Decrease) in Bonds Payable	-	-
Increase (Decrease) in Long Term Escrow Payable	2,191.65	7,315.66
Increase (Decrease) in Amounts Held in the Custody for Others	-	-
	258,513.83	141,520.23
NET INCREASE IN CASH AND INVESTMENTS		
CASH AND INVESTMENTS - BEGINNING	9,709,382.46	9,826,376.06
CASH AND INVESTMENTS - ENDING	9,967,896.29	9,967,896.29

**Economic Development Finance Authority
June 26, 2017**

BILL REQUIRING ACTION

Dorsey & Whitney, LLP

\$3,759