ECONOMIC DEVELOPMENT FINANCE AUTHORITY GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD TUESDAY, OCTOBER 9, 2018, 9:30 A.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

TUESDAY, OCTOBER 9, 2018, 9:30 A.M. CT EDFA Meeting: Please note times: Board Members **Motion Sheet** Call To Order: _____ Terry Nelson Executive Session: _____ **Agenda** Gerrit Juffer Motion to approve the Agenda as presented. Regular Session: _____ Jeff Erickson Motion made by _____ and seconded by _____ Adjournment: Don Kettering Minutes Sharon Motion to approve the minutes of the March 1, 2018 meeting, as presented. Casey Motion made by_____ and seconded by _____. Tom Jones Mike Luken Annual Report/Audit Report Trustees Motion to approve the 2018 Annual Report/Audit Report as presented. Bert Olson 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 _____. **Public Comment Policy** Motion to adopt the Public Comment Policy as presented. Motion made by _____ and seconded by _____. **Election of Officers** Motion to elect _____ as interim Secretary/Treasurer. 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 _____. a.m.]. Chairman: The Chairman: Declare board out of executive session. EDFA 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 .

Loan Reviews

Enclose Manufacturing, Inc., Fromm's Hardware and Plumbing and Michael E. **Larson/Larson Data Communications**

Motion to approve the loan reviews and recommendations as presented.

Motion made by_____ and seconded by _____.

New Business USD SDL I, LLC

Motion to preliminarily approve the EDFA Pooled Bond to USD, SDL I, LLC. in the
amount not to exceed \$25,000,000; loan will be secured by a first mortgage and a first
lien on all equipment and the limited, secured guaranty of Goldenrod Companies, LLC.

non on an equipment and the infliced	, secured guaranty or Coldeniod Companies, ELO.
Motion made by ar	nd seconded by
Bills Motion to approve the bills payable to \$4,181 and \$7,525.	to First National Wealth Management in the amount
Motion made by ar	nd seconded by
Adjourn Motion made by ar	nd seconded by

RESOLUTION RELATING TO AN ECONOMIC DEVELOPMENT PROJECT; GIVING PRELIMINARY APPROVAL TO THE ISSUANCE OF TAXABLE ECONOMIC DEVELOPMENT REVENUE BONDS (POOLED LOAN PROGRAM) TO FINANCE A PROJECT FOR USD SDL I, LLC

BE IT RESOLVED by the Board of Directors (the "Board") of the South Dakota Economic Development Finance Authority (the "Authority"), as follows:

Section 1. Recitals.

- 1.1. The Authority has determined to authorize from time to time the issuance of its Economic Development Revenue Bonds ("Pooled Loan Program") in one or more series and to use the proceeds derived from the sale thereof for the purpose of making loans to enterprises to finance economic development projects as provided in South Dakota Codified Laws, Chapter 1-16B, as amended (the "Act"). With respect to its Pooled Loan Program, the Authority also intends to provide additional financial assistance to the enterprises participating therein through the Capital Reserve Fund established as envisioned by the Act, and pledging the moneys on deposit in the Capital Reserve Fund to guarantee the payment of debt service payments on the bonds.
- USD SDL I, LLC, a Nebraska limited liability company (the "Company"), which was formed to hold real estate assets for Goldenrod Capital Partners II, LP, and Goldenrod Companies, LLC, has submitted an application (the "Application") to the Authority for the financing of a portion of a Project (as hereinafter described) through the issuance of taxable revenue bonds in one or more series (the "Bonds"). The Project to be financed consists of the construction of an 84,000 square-foot multi-tenant research laboratory, office and biopharmaceutical manufacturing space (the "Building") located in the University of South Dakota Discovery District on the corner of W. Nobel Street and N. Frances Avenue in the City of Sioux Falls, South Dakota, the acquisition and installation of manufacturing equipment therein, and the payment of costs of issuance of the Bonds (the "Project"). The Building will be owned by the Company, leased to SAB Biotherapeutics, Inc., a Delaware corporation; Alumend, LLC, a South Dakota limited liability company and a wholly owned subsidiary of Avera McKennan Hospital & University Health Center in Sioux Falls, South Dakota; and the University of South Dakota Research Park, Inc., a South Dakota nonprofit corporation (dba the University of South Dakota Discovery District), and offer 20,000 square-feet of open leasable space. The estimated maximum principal amount of the bond issue is \$24,000,000.

Section 2. <u>Public Hearing</u>. The Authority has published notice of its intent to hold a hearing on the Project and the issuance of taxable economic development revenue bonds at least once not fewer than 14 days prior to the date hereof in the official newspapers of the State and in a newspaper of general circulation in Sioux Falls, South Dakota. The Board held a public hearing on the date hereof on (i) the approval of the Project and (ii) the issuance of the Bonds for the purpose of financing the Project.

- Section 3. <u>Findings</u>. Based on the application of the Company and on other information available to the Authority, the Board hereby finds, determines and declares as follows:
- 3.1. The Company constitutes an "enterprise" and the Project constitutes a "development project" within the meaning of the Act.
- 3.2. The Project will create or maintain a sufficient number and type of jobs to justify participation by the Authority in its financing.
- 3.3. The Project is economically feasible with a reasonable expectation that the life of its economic feasibility will exceed the maturity of the loan of the proceeds of the Bonds to the Company. The feasibility of the Project and the creditworthiness of the Company and its affiliates will permit the Authority to sell Bonds required for the financing of the Project.
- 3.4. The Project will not have as an effect the transfer of jobs from one area of the State to another.
- 3.5. The Project will provide gainful employment opportunities within or for the people of the State, will aid and encourage the economic development of the State and will diversify and expand employment-promoting enterprises within the State.
 - 3.6. The financing of the Project will further the purposes of the Act.
- 3.7. The Board has been advised by representatives of the Company that conventional, commercial financing to pay the costs of the Project is available only on a limited basis and that the economic feasibility of constructing and equipping the Project would be significantly reduced, but that with the aid of financing by the Authority, and its resulting lesser borrowing cost, the Project is economically more feasible. The issuance of Bonds by the Authority would be a substantial inducement to the Company to proceed with the Project. Sufficient loans are not otherwise available from private or public lenders upon reasonably equivalent terms and conditions to finance costs of the Project to be financed from proceeds of the Bonds.
- 3.8. The Project is presently estimated to cost approximately \$27,811,309, exclusive of financing costs. There are no other proposed sources of public funding for the Project; other funding sources for the Project and its operation are expected to include equity of the Company.
- 3.9. On the basis of the Application and the information given the Authority to date, it appears that it would be in the public interest and in furtherance of the purposes of the Act if taxable economic development revenue bonds of the Authority were issued under its Pooled Loan Program to finance a portion of the costs of the Project and the costs and expenses incident to the issuance, sale and security of the bonds.
- Section 4. <u>Preliminary Approval</u>. This Board hereby gives preliminary approval the Project and the issuance of the Authority's Taxable Economic Development Revenue Bonds in the maximum aggregate face amount of \$25,000,000 (the "Bonds"), subject to final approval.

Section 5. <u>Costs</u>. The Company will make payment either directly or through the Authority of any and all costs incurred by the Authority in connection with the Project, whether or not the Project is carried to completion and whether or not the Bonds are issued.

Section 6. <u>Commitment Conditional</u>. The adoption of this resolution does not constitute a guarantee or a firm commitment that the Authority will issue the bonds as requested by the Company. The Authority retains the right, in its discretion, to withdraw from participation and accordingly not issue the Bonds should the Authority, at any time prior to the issuance of the Bonds, determine that it is in the best interests of the Authority not to issue the Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the transaction.

Section 7. <u>Limited Obligations</u>. The Bonds, if issued, shall be special, limited obligations of the Authority payable solely from the revenues realized from the loan agreement with respect to the loan financed with Bond proceeds, from the application of amounts on deposit in any debt service reserve fund established by the Authority with respect to the Bonds, from the Capital Reserve Fund to the extent available and from the revenues, moneys or assets of the Authority specifically pledged by the Authority (pursuant to a further resolution of the Authority) for the benefit of the Bondholders. The Bonds shall not constitute a debt of the State of South Dakota or any political subdivision thereof, and neither the State nor any agency thereof (other than the Authority) nor any political subdivision thereof shall be liable on the Bonds. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of or the interest on the Bonds.

Section 8. Effective Date. This resolution shall take effect immediately.

ADOPTED BY THE BOARD OF DIRECTORS OF THE SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY THIS 9^{th} DAY OF OCTOBER, 2018.

(SEAL)		
` /		Chairman
Attest:		
	Secretary	



ECONOMIC DEVELOPMENT FINANCE AUTHORITY GOED LARGE CONF. ROOM, 711 E WLLS AVE, PIERRE, SD TUESDAY, OCTOBER 9, 2018, 9:30 A.M. CT

REGULAR SESSION AGENDA

9:30 A.M. Call To Order, Chairman, Terry Nelson

9:35 A.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 Annual Report/Audit Report

RECOMMENDED ACTION: Motion to approve the 2018 Annual

Report/Audit Report as presented.

Approve Clausen & Rice, LLP Accounting Contract

RECOMMENDED ACTION: Motion to approve the Clausen & Rice, LLP

contract for accounting services as presented.

Public Comment Policy

RECOMMENDED ACTION: Motion to adopt the Public Comment Policy as

presented.

Public Comments

Election of Officers

RECOMMENDED ACTION: Motion to elect an interim Secretary/Treasurer.

Investment Report

10:00 A.M. Commissioner's Comments

10:05 A.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.

10:10 A.M. **Report from Executive Session**

RECOMMENDED ACTION: Approve Chairman's report from Executive

Session.

Other Motions

Enclose Manufacturing, Inc.

Fromm's Hardware and Plumbing

Michael E. Larson, Larson Data Communications

USD SDL I, LLC

Bills

First National Wealth Management - \$4,181 and \$7,525

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.

Note: Immediately following the conclusion of the Economic Development Finance Authority (EDFA) meeting, the EDFA will convene to hear public testimony on the bond issuance related to the UDS SDL I, LLC. At the conclusion of that hearing, the EDFA board will consider a resolution authorizing the issuance of bonds to finance that transaction.

B

Economic Development Finance Authority GOED Conference Room, 711 E Wells Ave, Pierre, SD Thursday, March 1, 2018, 9:30 a.m. CT

Members Present

Chairman Terry Nelson, Casey Derflinger, Sharon Casey and Tom Jones

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoeser, Ashley Moore, LaJena Gruis, Cassidy Kulesa and Dale Knapp

Others Present

Bert Olson and Matt Adamson - First National Bank in Sioux Falls

Call to Order

Chairman Nelson called the meeting to order at 9:34 a.m.

Agenda

A motion was made by Sharon Casey and seconded by Tom Jones to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Tom Jones and seconded by Casey Derflinger to approve the minutes of November 1, 2017 as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Casey Derflinger and seconded by Sharon Casey to enter into executive session at 9:53 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 Chairman declared the board out of executive session at 10:03 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 was taken.

A motion was made by Sharon Casey and seconded by Casey Derflinger to approve the chairman's report from executive session.

Motion passed by a roll call vote.

<u>Bills</u>

A motion was made by Casey Derflinger and seconded by Sharon Casey to approve the bills payable to First National Wealth Management in the amount of \$4,175 and Department of Legislative Audit in the amount of \$6,175.

Motion passed by a roll call vote.

<u>Adjourn</u>

A motion was made by Sharon Casey and seconded by Casey Derflinger to adjourn the meeting at 9:31 a.m.

Motion passed by a roll call vote.

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EDFA FUND

ECONOMIC DEVELOPMENT FINANCE AUTHORITY

JUNE 30, 2018 • ANNUAL FINANCIAL REPORT

Economic Development Finance Authority Members

Terry Nelson, Chairman, is most recently retired as First Vice President of RBC Wealth Management in Rapid City. Mr. Nelson is a Certified Financial Planner (CFP) and Financial Consultant. He graduated from South Dakota State University with a Bachelor of Science in Psychology and Economics and later a Master of Science in Counseling and also named a Distinguished Alumni. Mr. Nelson was previously a Realtor in Rapid City. Presently Mr. Nelson serves on The South Dakota Alumni Advocacy Board and on the SDSU Foundation. He is a past President of South Dakota Associated School Boards and is involved in numerous other civic organizations. The last three years he has been President of the Business Improvement District (BID) board which helps develop and finance Main Street Square Plaza in downtown Rapid City. He presently is in real estate development in the Black Hills.

Gerrit Juffer, Vice-Chairman, is President of Juffer Inc., a financial service company with offices in Wagner, Parkston, Mitchell, Woonsocket, Huron, Tea, Irene and Sioux Falls, South Dakota, along with Blair, Thedford and Sargent, Nebraska. Mr. Juffer has 35 years of financial services experience, providing insurance, investment and real estate. Mr. Juffer is active in numerous social and civic organizations, as well as business ventures. Mr. Juffer attended the University of South Dakota, Midwest Bankers and the Graduate School of Banking.

Jeff Erickson is currently owner of E&E Management, LLC, Manager of Border Plains, LLC, Chairman of The Schwan Company, and is a partner and Vice Chairman of the Board of American Bank & Trust. He was previously President and Chief Executive Officer of Great Western Bank. He is currently the Chairman of the South Dakota Banking Commission, Chairman of the Governor's Office of Economic Development Board (REDI), and is Chairman of the South Dakota Community Foundation. He was the Chairman of Governor Dennis Daugaard's Transition Team (2010). He has also served as Vice Chairman of the South Dakota Ellsworth Development Authority, Chairman of Focus Watertown and the Watertown Development Company and also has served as the President of the Watertown Area Chamber of Commerce and as a Board Member of the Sioux Falls Development Foundation. A graduate of Northern State University in Aberdeen, South Dakota, in 2008 he was named "Distinguished Alumni". In addition, Jeff is a graduate of the Pacific Coast Banking School at the University of Washington in Seattle, Washington; and is a graduate of the University of Iowa Executive Development Program in Iowa City, Iowa. Mr. Erickson has worked in the financial services industry for 30+ years. He has been married to his wife, Linda, for 40 years and has four children and 11 grandchildren. In addition to enjoying time spent with his family, he enjoys sharing sporting events and pheasant hunting with friends and family. He and his family believe in giving back to the communities they live in by volunteering both time and money to worthwhile causes.

Don Kettering, is a South Dakota born, farm-raised, Brentford High School, Northern State College (BA) and South Dakota State University (MA) graduate. He trained in the United States Army and has worked in agricultural banking for the past 39 years. Mr. Kettering and his wife have two children and five grandchildren. He has lived and worked in the Yankton community for almost forty years. Mr. Kettering currently serves as a board member for the Economic Development Finance Authority and the Yankton County Commission and has been actively involved in economic development, infrastructure improvements, planning and zoning and the local Boys and Girls Club Board and Club activities. He enjoys hunting, fishing, golf, gardening, and woodworking as pastime activities. Working with community and State organizations that promote growth and opportunities for others has been very gratifying for him.

Tom Jones is the previous owner of Jones' Food Centers in Viborg, Lake Andes, Alcester, Springfield, Parker, Vermillion and Missouri Valley, IA. Mr. Jones graduated from Huron College in December 1962 with a degree in Bachelor of Arts and in May of 1969 from South Dakota State University with a Master's Degree in Education Administration. Mr. Jones also was previous owner of Sunny Side Plaza in Hartford, Southeastern Overhead Door, Ltd in Mitchell and Beresford and Dakota Ace Hardware in Viborg. Tom currently serves as a board member for the Economic Development Finance Authority and has previously served as a Viborg City Council Member, Chairman of the Viborg Economic Development Board, 4-H Turner County Horse Leader, Chairman of the South Dakota 4-H Horse Board, Active Money Raiser for Make-A-Wish, South Dakota Sports Hall of Fame Advisory

Board, South Dakota Hall of Fame Board Member, South Dakota Rodeo Association Board, United State Team Penning Association Board, National Cutting Horse Association, Masonic Member of Joppa Lodge, El Riad Shrine Member, South Dakota House of Representatives from 2011-2012 and the South Dakota Senate from 2012-13. He also has served as a head and assistant basketball coach at the college and high school level. Mr. Jones has also been named Business Man of the Year, is in the Huron College Hall of Fame, was an All American College Football player, and was Coach of the Year at the college and high school levels. He and his wife Linda have 2 daughters and 5 grandchildren.

Sharon Casey is an original member of the Board of Economic Development, appointed by Governor Mickelson. She is a businesswoman, formerly co-owner of Casey Drug and Jewelry and serves as a board member for the Economic Development Finance Authority. Sharon remains active in her local community, including as a board member of the Lake Francis Case Development, a council member and a building committee member of the St. James Catholic Church, and a member of the Kiwanis Club. She also has served on the board of the South Dakota Art Museum, Employer Support for the Guard Reserve (ESGR), and is a past President of the Chamberlain Chamber of Commerce. Sharon placed foreign exchange students and teachers with Youth for Understanding from 1971 to 1980. During that time they hosted exchange students from Brazil, Yugoslavia, Norway, Philippines, Holland and France. Sharon attended South Dakota State University. Sharon and her husband now enjoy catching up on the activities of their four children, 12 grandchildren and 3 great grandchildren and taking in frequent travels.

Mike Luken is a native of Watertown, South Dakota. He has been involved in farming in Northeast South Dakota, custom combining, and reconditioning the former Memorial Hospital to develop affordable housing in the community. He has also started numerous businesses that include a tanning salon, Glacial Lakes Bottling and Marketing, and Express Photo with locations in both Watertown and Sioux Falls. Mr. Luken was also part of the Discount Farm Center and later was hired by ABT to manage the operation. Currently Mr. Luken sells real estate for Hoftiezer Real Estate in Watertown. He is a past chairman of the Board for the Watertown Area Chamber of Commerce, serves on the Lake Area Tech Foundation Board and was appointed to the Watertown Municipal Utilities Board by Mayor Gary Williams. Current Mayor Steve Thorson also re-appointed Mr. Luken to serve another 5 year term to the Watertown Municipal Utilities Board and is the current President. Mr. Luken is also involved in many other civic and private organizations. He has one daughter, Jennifer, and a son-in-law, Chris Loiseau, and a 14 year old granddaughter.

Loan Portfolio

Economic Development Finance Authority Activity Loans Approved Fiscal Year 2018

APEX Fund

APEX FUND TOTAL

PROJECTED LOAN PROJECT
COMPANY JOBS AMOUNT AMOUNT

COMPANY JOBS AMOUNT AMOUNT COMMUNITY

N/A

N/A

FY 2018 Total: 0 loans

EDFA Bonds

BOND FUND TOTAL
PROJECTED LOAN PROJECT COMMUNITY
COMPANY JOBS AMOUNT AMOUNT

FY 2018 Total: 0 loans

SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY

AUDIT REPORT

Fiscal Year Ended June 30, 2018



DRAFT

State of South Dakota

Department of Legislative Audit

427 South Chapelle

c/o 500 East Capitol

Pierre, SD 57501-5070

SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY TABLE OF CONTENTS

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MARTIN L. GUINDON, CPA AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Dennis Daugaard Governor of South Dakota

and

Board of Directors
South Dakota Economic Development Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the South Dakota Economic Development Finance Authority (Authority), a component unit of the State of South Dakota, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Martin L. Guindon, CPA Auditor General

September 28, 2018







MARTIN L. GUINDON, CPA AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard Governor of South Dakota

and

Board of Directors
South Dakota Economic Development Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the South Dakota Economic Development Finance Authority (Authority), a component unit of the State of South Dakota, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Martin L. Guindon, CPA Auditor General

September 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Economic Development Finance Authority's (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2018. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements, and notes to the financial statements.

Financial Analysis

During the year the Authority received \$830,580 in regularly scheduled pooled loan payments and paid \$839,058 in principal and interest payments on the Series 2013A bonds. Additionally, the Authority received \$225,616 in APEX loan repayments and currently has no debt owed for the APEX loan program. There were no additional APEX or pooled loans issued during the year.

Financial Highlights as of June 30, 2018

- Total assets of the Authority decreased \$376,124 (or 2.01%) primarily due to the decrease in loans receivable for the year ending June 30, 2018.
- Total liabilities of the Authority decreased by \$406,027 (or 4.17%) primarily due to the decrease in bonds payable for the year ending June 30, 2018.
- No new bond issuances or early redemptions of bonds occurred in the year ending June 30, 2018.

Changes in Assets and Liabilities

				%
	Restated		Increase	Increase
	FY 2017	FY 2018	(Decrease)	(Decrease)
Assets:				
Cash and Cash Equivalents	\$ 1,406,706	\$ 1,670,784	\$ 264,078	18.77%
Investments	8,273,241	8,223,830	(49,411)	(0.60)
Loans Receivable	9,336,170	8,745,379	(590,791)	(6.33)
Allowance for Uncollectible Loans	(283,367)	(283,367)	0	0.00
Total Assets	18,732,750	18,356,626	(376,124)	(2.01)
Liabilities:				
Bonds Payable	385,000	395,000	10,000	2.60
Accrued Interest Payable	146,082	111,378	(34,704)	(23.76)
Loan Escrow Payable	855,599	869,276	13,677	1.60
Noncurrent Bonds Payable	8,355,000	7,960,000	(395,000)	(4.73)
Total Liabilities	9,741,681	9,335,654	(406,027)	(4.17)
Restricted Net Position	5,000,000	5,000,000	0	0.00
Unrestricted Net Position	3,991,069	4,020,972	29,903	0.75
Total Net Position	\$ 8,991,069	\$ 9,020,972	\$ 29,903	0.33%
				

Change in Net Position

	_	Y 2017		FY 2018		ncrease	% Increase (Decrease)
Revenues:		1 2017		1 2016	_(L	ecrease)	(Decrease)
	ው	460,000	Φ	400 040	φ	(C FFC)	(4.40)0/
Interest Income on Loans	\$	468,899	\$	462,343	\$	(6,556)	(1.40)%
Investment Income		69,110		63,088		(6,022)	(8.71)
Total Revenues		538,009		525,431		(12,578)	(2.34)
Expenses:							
Interest Expense		459,767		451,892		(7,875)	(1.71)
Contractual Services		44,736		43,636		(1,100)	(2.46)
Total Expenses		504,503		495,528		(8,975)	(1.78)
Change in Net Position	\$	33,506	\$	29,903	\$	(3,603)	(10.75)%

• The related decreases to the balances in loans receivable and debt outstanding resulted in the associated decreases to interest income on loans and interest expense.

Debt Administration:

- The Authority did not issue any tax-exempt bonds during fiscal year 2018.
- Outstanding bonds payable bear interest at rates ranging from 3.125% to 5.80% as of June 30, 2018. \$385,000 of regularly scheduled bonds was redeemed during fiscal year 2018.
- The Authority's bonds are rated AA by Standard and Poor's as of June 30, 2018.
- More detailed information about the Authority's debt can be found in Note 4, Long-Term Debt.

This report is presented to provide additional information regarding the operations of the Authority and to meet the requirements of GASB No. 34.

SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY STATEMENT OF NET POSITION June 30, 2018

Assets		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$	1,663,541
Restricted Cash and Cash Equivalents (Note 2)		7,243
Total Cash and Cash Equivalents		1,670,784
Investments (Note 2)		632,889
Restricted Investments (Note 2)		3,839,851
Investment Interest Receivable		36,035
Loan Interest Receivable		36,719
Loans Receivable (Note 3)		547,127
Total Current Assets		6,763,405
		_
Noncurrent Assets:		4 740 000
Investments (Note 2)		1,719,939
Loans Receivable (Net of Allowance for Loan Loss) (Note 3) Restricted Investments (Note 2)		7,878,166 1,995,116
Total Noncurrent Assets	-	11,593,221
Total Honoaltone Accord		11,000,221
Total Assets		18,356,626
Liabilities		
Current Liabilities:		
Accounts Payable		29
Accrued Interest Payable	_	111,349
Bonds Payable (Note 4)		395,000
Total Current Liabilities		506,378
		_
Noncurrent Liabilities:		000.070
Loan Escrow Payable		869,276
Bonds Payable (Note 4) Total Noncurrent Liabilities		7,960,000 8,829,276
Total Noticulterit Liabilities		0,029,270
Total Liabilities		9,335,654
Net Position		
Restricted for Debt Service (Note 1)		5,000,000
Unrestricted		4,020,972
	_	
Total Net Position	\$	9,020,972

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Fiscal Year Ended June 30, 2018

Operating Revenue:	
Interest Income on Loans	\$ 462,343
Total Operating Revenue	462,343
Operating Expenses:	
Contractual Services	43,636
Interest Expense	 451,892
Total Operating Expenses	495,528
Operating Income (Loss)	(33,185)
Nonoperating Revenue:	
Investment Income	63,088
Total Nonoperating Revenue	63,088
Change in Net Position	29,903
Net Position at the Beginning of the Year	8,991,069
Net Position at End of Year	\$ 9,020,972

The notes to the financial statements are an integral part of this statement.



SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2018

Cash Flows from Operating Activities: Receipts for Pooled Loan Repayments Receipts for APEX Loan Repayments Payment to APEX Loan Recipient Payments for Contractual Services Other Receipts Net Cash Provided by Operating Activities	\$	830,580 225,616 (35,513) (43,723) 12,680	989,640
Cash Flows from Noncapital Financing Activities: Principal Paid on Revenue Bonds Interest Payments on Loans, Bonds and Notes Net Cash Used by Noncapital Financing Activities		(385,000) (454,058)	(839,058)
Cash Flows from Investing Activities: Proceeds from Sales and Maturities of Investment Securities Investment Income Purchase of Investment Securities Net Cash Used by Investing Activities		3,107,374 134,157 (3,128,035)	113,496
Net Decrease in Cash and Cash Equivalents During the Fiscal Year			264,078
Cash and Cash Equivalents at Beginning of Year Cash and Cash Equivalents at End of Year			\$ 1,406,706 1,670,784
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities Operating Income (Loss) Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	_	Τ	\$ (33,185)
Interest Expense		451,892	
Decrease/(Increase) in Assets: Loan Interest Receivable Loans Receivable		682 590,120	
Increase/(Decrease) in Liabilities: Accounts Payable Loan Escrow Payable Total Adjustments Net Cash Provided by Operating Activities		(32,549) 12,680	\$ 1,022,825 989,640

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Authorizing Legislation

Executive Order 87-1 established the South Dakota Economic Development Finance Authority (Authority). The Authority was established for the purpose of making loans to businesses for the acquisition and construction of land, buildings, machinery, and equipment to spawn economic growth. The Authority is authorized by South Dakota Codified Law to issue negotiable notes and bonds in such principal amounts as it determines necessary to provide sufficient funds for achieving any of its corporate purposes. The total outstanding amount of such notes and bonds shall not exceed three hundred million dollars at any time. No obligation issued by the Authority shall constitute debt or liability or obligation of the State of South Dakota or any political subdivision or a pledge of the faith and credit of the State or any political subdivision. Because the State of South Dakota is able to impose its will over the Authority, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. The Authority is a business-type activity component unit of the State of South Dakota and, as such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

B. Fund Accounting

The Authority is accounted for as an enterprise fund. Enterprise funds are used to account for activities for which a fee is charged to external users for goods or services. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees.

C. Basis of Accounting

The Authority is reported on the accrual basis of accounting. Revenue is recognized in the accounting period in which it is earned and expenses are recognized when they are incurred.

D. Cash and Cash Equivalents

This account includes cash and investments with original maturities of ninety days or less. Cash and cash equivalents reported in the Statement of Cash Flows represent all investments with an original maturity of ninety days or less.

E. Investments

Investments are reported at fair value. Unrealized gains and losses due to fluctuations in market value are included in investment income.

F. Loan Escrow Payable

All bond issues require that 10 percent of the original principal amount of the bond or the largest principal and interest payment for any one year be deposited into the Loan Escrow Payable. Amounts accumulating in excess of the Loan Escrow Payable requirements are applied toward borrower principal and interest payments.

G. Net Position

Net Position is classified in the following three components:

- Net investment in capital assets This component consists of capital assets, net
 of accumulated depreciation, reduced by the outstanding balances of any debt
 that is attributable to the acquisition, construction or improvement of those
 assets
- Restricted Consists of net position with constraints placed on their use by (1) bond indentures and (2) law through enabling legislation.
- Unrestricted Consists of net position that does not meet the definition of net investments in capital assets or restricted.

H. Restricted Net Position

The bond indentures provide that certain reserve accounts be established. The reserve accounts, as of June 30, 2018, are comprised of restricted net position as follows:

Capital Reserve Account \$ 5,000,000

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest, only when and to the extent that other moneys are not available. The amount on deposit in the Capital Reserve Account must be equal to at least 12.5 percent of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred and used for other purposes.

I. Conduit Debt Obligations

The Authority issues pooled and stand alone bond issues. A pooled bond issue is secured by the Authority's Capital Reserve Account. A stand alone issue is based solely on the credit of the borrower and the Authority acts only as a conduit to the financing.

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by an entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued and the debt is not included in the accompanying financial statements. As of June 30, 2018, the aggregate amount of stand-alone bond principal outstanding was \$280,000. The original issue amount of stand-alone bonds outstanding totaled \$4,840,000.

J. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

K. Revenue and Expense Recognition

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering items in connection with an enterprise fund's principal ongoing operations. The Authority records all revenues derived from interest on loans as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its purpose. Operating expenses include interest expense, grants and subsidies, and contractual service expenses related to the administration of the Authority's programs.

L. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Under the terms of the General Bond resolution of the 2013A pooled bond issue, the Authority is generally restricted to investments in direct obligations of the federal government and of any agency or instrumentality of the United States of America; debt obligation guaranteed by the federal government; bank instruments collateralized by debt obligations guaranteed by the federal government; and shares of an investment company whose investments are in debt obligations guaranteed by the federal government. The funds associated with the 2013A pooled bond issue can also be invested in notes, bonds, or indentures issued by a corporation organized under the laws of one of the states of the United States of America, provided they are rated in one of the two highest rating categories.

Restricted and Unrestricted Cash and Investments:

A portion of the total reported cash and investments are restricted resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt services payments. Cash and investments are broken down as follows:

	F	air Value
Unrestricted Cash and Investments	\$	4,016,369
Restricted Cash and Investments – Capital		
Reserve Account and Loan Reserve Accounts		5,842,210
Total Cash and Investments	\$	9,858,579

Custodial Credit Risk:

The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value on investment securities and deposits that are in the possession of an outside party. The Authority does not have a policy in place for custodial credit risk. Investments securities totaling \$1,670,498 were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name.

Interest Rate Risk:

The Authority limits the maturities of investments for its restricted accounts (all accounts other than the General Account) to terms of two years or less from the date of investment. As of June 30, 2018, the Authority had the following investments:

		Investment Maturities (in Ye								
Investment Type	 Fair Value			Less Than 1			1-5			6-10
U.S. Treasury Note	\$ 1,059,007		\$	782,388	\$,	276,619		\$	0
U.S. Government Agencies*	1,040,524			891,798			148,726			0
Municipal Bonds	365,559			0			284,962			80,597
Certificates of Deposit	5,722,705			2,798,554			2,924,151			0
Total	\$ 8,187,795		\$	4,472,740	\$		3,634,458		\$	80,597

^{*} U.S. Government Agency securities include the Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA) and the Federal Home Loan Bank (FHLB).

Credit Risk:

The Investment Management Policy of the Authority limits investments in Corporate Bonds to those rated in either of the two highest rating categories by either Moody's Investors Service or Standard & Poor's Corporation.

As of June 30, 2018, the Authority had the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government or insured by FDIC, which are not considered to have credit risk.

Moody's Rating	Fair Value
AA+	\$ 101,558
AAA	1,304,525
	\$ 1,406,083

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Authority does not have a policy on concentration of credit risk. The Authority does not have any concentration of credit risk, excluding any government issues.

The Authority's policy permits the maximum portfolio exposure to permitted investments as follows:

	Restricted Account		Unrestricted Account		
	Portfolio	Exposure	Portfolio Exposure		
	Total	Individual	Total	Individual	
U.S. Governments	100%	100%	100%	100%	
U.S. Agencies	100%	100%	100%	100%	
Repurchase Agreements	50%	25%	50%	25%	
Corporate Bonds	0%	0%	50%	10%	
Municipal Bonds	0%	0%	50%	10%	
Certificates of Deposit	100%	100%	100%	100%	
Money Market Funds	25%	25%	25%	25%	

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

First National Bank (FNB), which serves as trustee, uses a pricing service, ICE Data Pricing and Referencing, LLC., to value investments. ICE Data Pricing and Referencing, LLC uses market approach pricing which utilizes models and pricing systems as well as mathematical tools and pricing analyst judgment. All investments are priced by this service, which is not quoted prices in an active market, but rather significant other observable inputs; therefore, the investments in U.S. Treasury Notes, U.S. Government Agencies, and Municipal Bonds are categorized as Level 2.

3. LOANS RECEIVABLE

Change in loans receivable for the year ending June 30, 2018 consisted of the following:

Beginning Balance Pooled Loans Principal Payments APEX Program Loan Principal Payments Principal portion of Prior Year Adjustment (Note 6) Loans Receivable – Before Allowance	\$ 9,266,317 (387,500) (202,609) 32,452 8,708,660
Allowance for Loan Loss applicable to the Pooled Loan Program to the APEX Loan Program	 (218,019) (65,348)
TOTAL LOANS RECEIVABLE – Net of Allowance	\$ 8,425,293

The Allowance for Loan Loss applicable to the Pooled Loans is 1% for the year ending June 30, 2018. The pooled loan associated with the 2013A bond issuance has an ending balance of \$8,256,250 before allowance.

The Agricultural Processing and Export (APEX) Program was created in 1988 when loans from Rural Development (RD) and Revolving Economic Development and Initiative Fund were issued to the Authority. The Authority has no outstanding loans from RD for the year ending June 30, 2018. The APEX loan program is structured to encourage processors to add value to South Dakota's raw agricultural products, export them outside the state, and to locate industry in rural communities.

4. LONG-TERM DEBT

Tax exempt debt in the form of revenue bonds was issued by the Authority. The following represents the changes in revenue bonds for the pooled bond program as of June 30, 2018:

Beginning Balance	\$ 8,740,000
Bonds Retired	(385,000)
Ending Balance	\$ 8,355,000
Due Within One Year	\$ 395,000

The following are the revenue bonds outstanding for the pooled bond program at June 30, 2018:

Issue	Interest Rate	Maturity Through	Principal Balance	
Series 2013A Serial Bonds Term Bonds	4.00% 3.125-5.80%	2021 2033	\$ 420,000 7,935,000 8,355,000	

The following is a schedule of future bond payments and future interest payments remaining at June 30, 2018:

Year Ended June 30	_	Principal		Interest		al Principal nd Interest
2019	\$	395,000	\$	445,395	9	\$ 840,395
2020	·	405,000	•	433,051		838,051
2021		420,000		420,395		840,395
2022		435,000		403,595		838,595
2023		455,000		383,368		838,368
2024-2028		2,685,000		1,516,990		4,201,990
2029-2033		3,560,000		642,640		4,202,640
Total	\$	8,355,000	\$	4,245,434	- (\$ 12,600,434

5. PUBLIC ENTITY POOL FOR LIABILITY

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the various programs administered by the State of South Dakota. These risk management programs are funded through assessments charged to participating entities. The risk management program includes coverage for risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability) through the State's Public Entity Pool for Liability Fund. Financial information relative to the self-insurance funds administered by the State is presented in the State of South Dakota Comprehensive Annual Financial Report.

6. PRIOR PERIOD ADJUSTMENT

An APEX borrower made payments from June 1, 2013 to February 1, 2018 to the Authority based on a 10 year amortization schedule. The correct amortization schedule is 20 years. A prior period restatement was made in the amount of \$32,452 for the overpayment of loan principal. The restatement increased loans receivable and accounts payable and did not affect net position. The total amount refunded to the institution was \$35,513 which included an adjustment for loan interest.



SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

711 EAST WELLS AVENUE, PIERRE, SOUTH DAKOTA 57501 605-773-GOED • WWW.SDREADYTOWORK.COM



STATE OF SOUTH DAKOTA CONSULTING CONTRACT

AGREEMENT made and entered into this ____ day of June, 2018 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, 2018 and end on June 30, 2019, 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.

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- 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.

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- 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 Stoeser 605-773-5195



Procedure for Public Comment Periods At Economic Development Finance Authority Meetings

Pursuant to SDCL 1-25-1 as amended by House Bill 1172 in the 2018 Legislative Session the procedure for conducting public comment periods during meetings of the Economic Development Finance Authority shall be as follows:

The chair of the Economic Development Finance Authority shall reserve a period for public comment, limited at the chair's discretion, at each meeting.

Before the beginning of the public comment period all persons who wish to make comments during that period shall indicate their desire to do so on a form that will be provided by the Governor's Office of Economic Development Director of Finance. The form shall indicate the person's name, city of residence and the matter or matters on which the person wishes to comment.

The amount of time allocated to each interested person who wishes to make comments will be determined at the chair's discretion at each meeting.

Comments must be limited to matters which are under the jurisdiction of the Authority.

All persons making public comments at meetings of the Authority must do so in a manner that maintains civility. Comments which contain offensive language or profanity will not be tolerated.

Adopted October 9, 2018





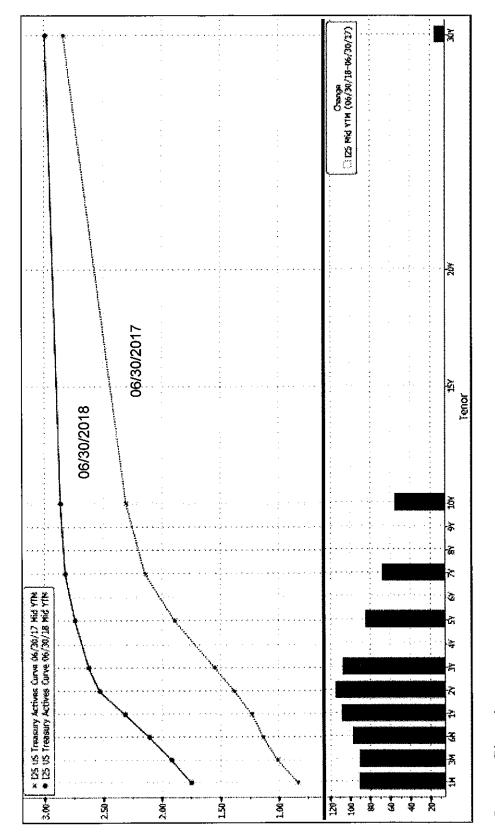
Development Finance Authority South Dakota Economic

Investment Review as of June 30, 2018

Matt Adamson, CFA, Investment Portfolio Manager F. Bert Olson, VP and Corporate Trust Officer



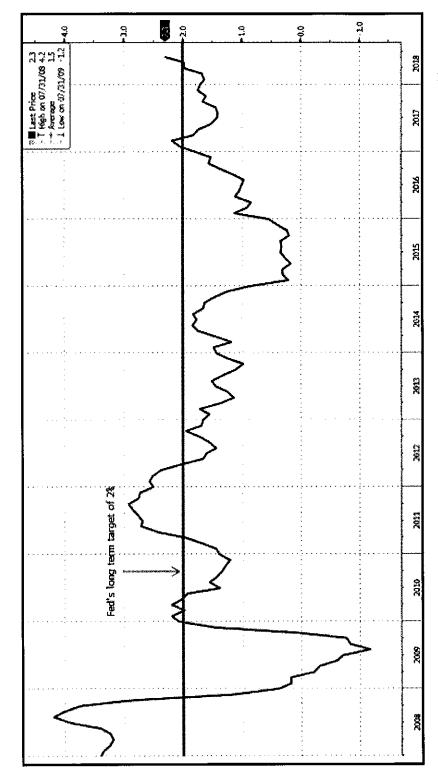
Treasury Yield Movement 6/30/2017 - 6/30/2018



Source: Bloomberg



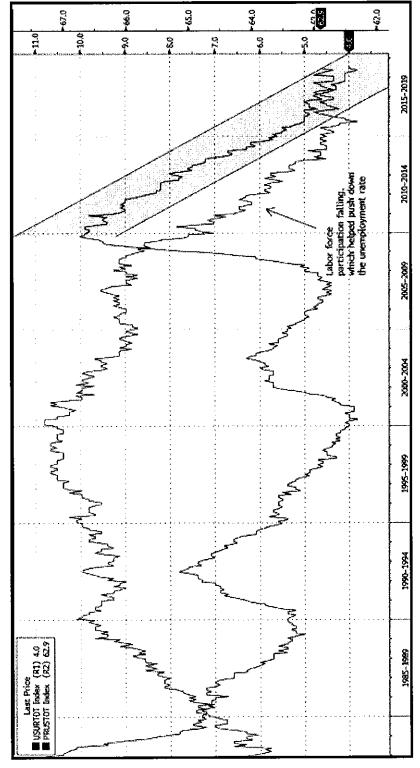
Personal Consumption Expenditures (PCE) Inflation Index



PCE inflation rose throughout 2017 after a trough was seen in the summer months, and is now at 2.3%. This is above the Fed's long term target of 2.0%. Concerns about accelerating inflation have driven the Fed to steadily raise the Fed Funds rate to the current 1.75%-2.00% range. Markets are anticipating one if not two more increases in



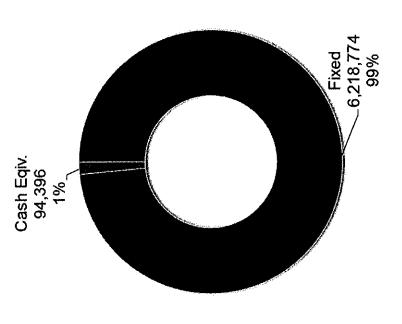
Unemployment & Labor Force Participation



Unemployment continues its post-recession fall. The seasonally adjusted rate (U3) has fallen from 5.6% at the end of 2014 to 4.0% as of June 30, 2018. Labor force participation has generally fallen during the recovery, but has now stabilized in the 62.5 to 63.0 percent range. This is positive for employment since it means more people are looking and available for employment. This is the lowest the unemployment rate has been since 2000.



Asset Allocation as of 6/30/2018



Portfolio Market Value: \$6,313,170

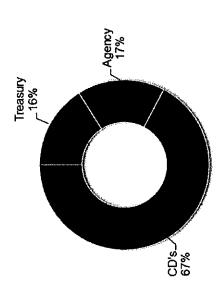
As the largest determinant of returns and variability, you want this positioned for future goals

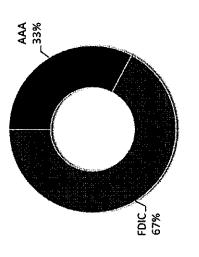


Fixed Income Characteristics as of 6/30/2018

Fixed Income Allocation







Fixed Income Market Value	\$6,218,774
Estimated Income From Fixed	\$96,177
Weighted Average Market Yield*	2.27%
Weighted Duration (Years)	0.73

"Weighted Average Market Yield is based on Market Yield for individual bonds and 30 Day SEC Yield for Fixed Mutual Funds



Reserve Accounts Fixed Income Holdings Summary as of 6/30/2018

Par Value	Market Value	Book Value	Asset Name	Coupon Rate	Maturity Date	Estimated Income	Bond Reting
94,395.59	\$94,395.59	\$94,395.59	Federated Government Obligations Fund Premier	0.00%	7/1/2018	\$1,750.35	
145,000.00	\$144,949.11	\$144,440.30		0.90%	7/13/2018	\$1,305.00	FDIC
175,000.00	\$174,970.78	\$175,000.00		1.55%	7/16/2018	\$2,712.50	FOIC
89,000.00	\$88,883.50	\$88,817.55	Wells Fargo Bank NA SD CD Dtd 08/17/2016 1.050% Due 08/17/2018	1.05%	8/17/2018	\$934.50	500
125,000.00	\$124,807.00	\$124,673.75		1.10%	8/24/2018	\$1,375.00	FDIC
248,000.00	\$247,351.48	\$248,000.00		1.05%	9/28/2018	\$2,604.00	56
200,000.00	\$199,484.40	\$199,276.43		1.25%	10/31/2018	\$2,500.00	AAA
125,000.00	\$124,580.38	\$124,720.00	Merrick Bank UT CD Dtd 11/08/2016 1.100% Due 11/08/2018	1.10%	11/8/2018	\$1,375.00	FDIC
250,000.00	\$249,248.00	\$250,571.99		1.25%	11/15/2018	\$3,125.00	¥¥
385,000.00	\$384,241.55	\$387,425.96		1.63%	11/27/2018	\$6,256.25	AAA
105,000.00	\$104,791.16	\$104,898.18	American Express Bk Fsb UT CD Dtd 08/29/2017 1.600% Due 11/29/2018	1.60%	11/29/2018	\$1,680.00	FDIC
120,000.00	\$119,605.08	\$120,000.00	BMW Bank North America UT Dtd 11/30/2016 1.300% Due 11/30/2018	1.30%	11/30/2018	\$1,560.00	FDIC
147,000.00	\$146,520.63	\$147,000.00	Everbank/Jacksonville FL Dtd 12/09/2016 1.350% Due 12/07/2018	1.35%	12/7/2018	\$1,984.50	DIC.
250,000.00	\$248,869.75	\$249,414.01	Fannie Mae Dtd 11/03/2015 1.125% Due 12/14/2018	1.13%	12/14/2018	\$2,812.50	Æ
20,000.00	\$19,920.72	\$19,960.00		1.45%	1/22/2019	\$290.00	500
300,000.00	\$298,746.00	\$298,488.28		1.50%	1/31/2019	\$4,500.00	¥¥
90,000,00	\$89,669.61	\$90,000.00		1.55%	2/1/2019	\$1,395.00	-PIC
100,000.00	\$99,582.30	\$100,000.00	Ally Bank UT CD Dtd 08/31/2017 1.600% Due 02/28/2019	1.60%	2/28/2019	\$1,600.00	5
45,000.00	\$44,755.16	\$44,922.81	Midland States Bank IL CD Dtd 02/28/2017 1.400% Due 02/28/2019	1.40%	2/28/2019	\$630.00	FDIC
125,000.00	\$124,362.75	\$125,000.00		1.50%	3/8/2019	\$1,875.00	FDIC
260,000.00	\$258,686.48	\$260,241.03	Federal Home Loan Bank Dtd 02/06/2012 1.500% Due 03/08/2019	1.50%	3/8/2019	\$3,900.00	AAA
50,000.00	\$49,748.60	\$49,976.63		1.60%	3/28/2019	\$800.00	FPIC
200,000.00	\$198,843.80	\$200,000.00	_	1.50%	3/29/2019	\$3,000.00	-DEC
180,000.00	\$179,130.96	\$180,000.00		1.65%	4/5/2019	\$2,970.00	FDIC
160,000.00	\$159,155.36	\$159,976.03		1.65%	4/22/2019	\$2,640.00	PPC
250,000.00	\$248,390.75	\$249,136.70		1.55%	5/3/2019	\$3,875.00	- <u>P</u>
95,000.00	\$94,363.22	\$95,000.00	Franklin Synergy Bank TN CD Dtd 08/30/2017 1.700% Due 06/28/2019	1.70%	6/28/2019	\$1,615.00	FDIC
147,000.00	\$145,878.24	\$146,990.06		1.70%	7/29/2019	\$2,499.00	FDIC
30,000.00	\$29,757.48	\$29,965.76		1.70%	8/12/2019	\$510.00	FDIC
123,000.00	\$121,938.76	\$122,759.68	Comenity Capital Bank UT CD Dtd 08/28/2017 1.700% Due 08/28/2019	1.70%	8/28/2019	\$2,091.00	FDIC
248,000.00	\$245,979.05	\$248,000.00	Capital One NA VA CD Dtd 08/30/2017 1.750% Due 08/30/2019	1.75%	8/30/2019	\$4,340.00	FDIC
100,000.00	\$99,022.40	\$100,000.00		1.70%	9/30/2019	\$1,700.00	FDIC
110,000.00	\$108,826.74	\$110,000.00		1.70%	10/25/2019	\$1,870.00	-Dic
245,000.00	\$242,457.15	\$245,000.00	Morgan Stanley Bank NA UT CD Dtd 11/02/2017 1.750% Due 11/04/2019	1.75%	11/4/2019	\$4,287.50	FDIC
245,000.00	\$242,257.96	\$245,000.00		1.70%	11/8/2019	\$4,165.00	FDIC
190,000.00	\$187,972.51	\$190,000.00	Ally Bank UT CD Otd 11/09/2017 1.750% Due 11/12/2019	1.75%	11/12/2019	\$3,325.00	FDIC
250,000.00	\$247,763.75	\$247,431.64	US Treasury Note Dtd 01/02/2018 1.875% Due 12/31/2019	1.88%	12/31/2019	\$4,687.50	₹
150,000.00	\$148,725.90			1.95%	1/10/2020	\$2,925.00	AAA
175,000.00	\$174,535.90		Stifel Bank & Trust MO CD Dtd 03/29/2018 2.550% Due 03/30/2020	2.55%	3/30/2020	\$4,462.50	FDIC
\$6,346,395.59	\$6,313,169.96	\$6,341,018.49		1.52%	4/4/2019	\$97,927.10	



Reserve Accounts Detailed Summary as of 6/30/2018

	Capital Reserve	Marmen Energy 2013A	TOTAL
Certificates of Deposit			
Sallie Mae Bank Salt Lk UT CD dtd 7/13/16 .90%, due 7/13/18	\$145		\$145
Bank of China NY, NY CD dated 7/17/17 1.55%, due 7/16/18	\$175		\$175
Wells Fargo Bk CD dtd 8/17/16 1.05%, due 8/17/18	\$89		\$89
Capital One Bk CD dtd 8/24/16 1.1% due 8/24/18	\$125		\$125
Brookline Bk MA CD dtd 9/29/16 1.05%, due 9/28/18	\$248		\$248
Merrick Bk UT CD dtd 11/8/16 1.1%. due 11/8/18	\$125		\$125
BMW Bk UT CD dtd 11/30/16 1.3%, due 11/30/18	\$120		\$120
Everbank Jacksonville FL CD dtd 12/9/16 1.35%, due 12/7/18	\$147		\$147
BMW Bk UT CD dtd 1/20/17 1.45%, due 1/22/19	\$20		\$20
Wells Fargo Bk CD dtd 2/1/17 1.55%, due 2/1/19	06\$		06\$
Midland States II. CD dtd 2/28/17 1.4%, due 2/28/19	\$45		\$45
Ally Bank UT dtd 8/31/17 1.6% due 2/28/19		\$100	\$100
Key Bank OH CD dtd 3/29/17 1.5%, due 3/29/19	\$200		\$200
Capital One Bk VA CD dtd 3/8/17 1.5%, due 3/8/19	\$125		\$125
Goldman Sachs Bk NY CD dtd 3/30/17 1.6%, due 3/28/19	\$50		\$50



Detailed Summary as of 6/30/2018

	Capital Reserve	Marmen Energy 2013A	TOTAL
Certificates of Deposit Amer Exp Centurion SLC UT CD dtd 4/5/17	\$180		\$180
1.65%, due 4/5/19	0		6
Whitney BK MS LA CD ata 4/20/17 1.65%, due 4/22/19	001		001 &
American Exp Bk fsb UT CD dtd 5/3/17 1 55%, due 5/3/19	\$250		\$250
Franklin Synergy Bank TN CD dtd 8/30/17	\$95		\$95
1.70%, due 0/20/18 Ally Bank UT dtd 7/27/17		\$147	\$147
1.7%, due 7/29/19			
Morgan Stanley Bank UT CD dtd 8/10/17 1.7%, duer 8/12/19	\$30		\$30
Comenity Capital Bank UT CD dtd 8/28/17	\$123		\$123
Capital One VA CD dtd 8/30/17	\$248		\$248
1.75%, due 8/30.19			
Northern Bank and Trust MA CD dtd 9/29/17 1 7%, due 9/30/19	\$100		\$100
Hanmi Bank CA CD dtd 10/25/17	\$110		\$110
1.7%, due 10/25/19			
Morgan Stanley Bank UT CD dtd 11/2/17 1.75% due 11/4/19		\$245	\$245
Discover Bank DE CD dtd 11/8/17		\$245	\$245
1.7%, due 11/8/19			
Ally Bank UT CD dated 11/12/19	\$190		\$190
1.75%, due 11/12/19 American Express Bank UT dtd 8/29/17		\$105	\$105
1.6%, due 11/29/18			
Stifel Bank & Trust MO dtd 3/29/18 2.55% due 3/30/20	\$175		\$175
Total —	\$3,365	\$842	\$4,207



Detailed Summary as of 6/30/2018

	Capital	Marmen Energy	
US Government & Agencies	Reserve	2013A	TOTAL
US Treasury Nt dtd 10/31/13	\$200		\$200
1,25%, due 10/13/18			
US Treasury Nt dtd 11/16/15	\$250	ļ	\$250
1.25%, due 11/15/18			
Fannie Mae Bond dtd 10/1/13	\$385	i	\$385
1.35%, due 11/27/18			
Fannie Mae Bond dtd 11/3/15	\$250	ļ	\$250
1.125%, due 12/14/18			
US Treasury Nt dtd 1/31/14	\$300	I	\$300
1.5%, due 1/31/19			
Federal Home Loan Bank dtd 2/6/12	\$260	l	\$260
1.5%, due 3/8/19			
US Treasury Nt dtd 1/02/18	\$250	1	\$250
1.875%, due 12/31/19			
Fed Farm Credit Bank Nt dtd 1/10/18	\$150	I	\$150
1.95%, due 1/10/20			
Total	\$2,045	0\$	\$2,045
Total Certificates of Deposit	\$3,365	\$842	\$4,207
Total US Government Agencies	\$2,045	\$0	\$2,045
Federated MM	\$84	\$10	\$94
TOTAL ASSETS	\$5,494	\$852	\$6,346



Transaction Summary as of 6/30/2018

Asset Sales/Maturities:	\$125,000	Israel Discount Bank CD 1.25%, 1/16/18
	\$100,000	Sallie Mae Bank CD .90%, 2/12/18
	\$160,000	Privatebank & Trust Co CD .85%, 2/28/18
	\$125,000	Comenity Capital Bank CD 1%, 3/1/18
	\$175,000	US Treasury Notes .75%, 3/31/18
	\$125,000	Zions First Natl Bank CD .90%, 4/05/18
	\$238,000	Luana Savings Bank CD .80%, 5/8/18
Asset Purchases:	\$150,000	Fed Farm Credit Bank, 1.95%, due 1/10/20
	\$300,000	US Treasury Notes, 1.5%, due 1/31/19
	\$175,000	Stifel Bank and Trust CD, 2.55%, 3/30/20
	\$200,000	US Treasury Notes, 1.25%, due 10/13/2018
	\$250,000	US Treasury Notes, 1.875%, 12/31/19
Disbursements:	N/A	
Receipts:	N/A	
Transfers:	\$5,566	Marmen-Income over Reserve Requirement
	\$425	FNB Semi-Annual Invt Mgmt Fee from Marmen Reserve Acct
Interest Income Received:	\$45,386	



Performance Summary for Period Ending 6/30/2018

1 3 5 7 YEARS YEARS YEARS	1.03 0.94 0.82 0.78 0.69 0.53 0.49 0.44	1.30 0.96 0.84 0.80 0.29 0.29 0.29 0.29 0.29	1.21 0.60 0.34 1.27 0.60 0.37	. 2.8 1.9 1.6 1.6 1.6
	TOTAL PORTFOLIO (Net of Fees) BENCHMARK	FIXED/TAXABLE - PORTFOLIO Fixed ST Memil 0-3 Month T-Bill Index Fixed ST Memil Transmy 4 3 Your Index	CASH & EQUIV -PORTFOLIO Cash Equiv. Citigroup 1 Month T-Bill Index	GPI-U (as of 5/3/1/8)

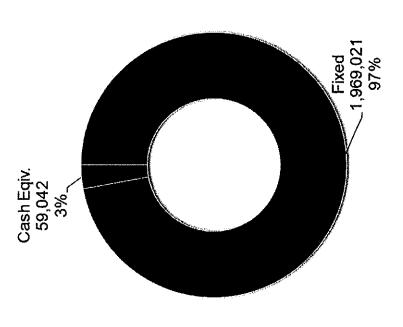
an actual portfolio. Total returns are geometric and include the income and change in value of the investment assets over the time total account returns are net of fees when fees are deducted from the account(s). Returns over 1 year are annualized. Benchmark indices are not available for direct investment; their performance does not reflect the expenses associated with the management of period shown. Past performance is no guarantee of future results. Investment products are not bank guaranteed, may lose value, and are not FDIC Insured.

Current benchmark is 50% Merrill 0-3 Month T-Bill Index, 50% Merrill Treasury/Agency 1-3 Year Index. Prior to 1/1/2009 the benchmark was a blend of 80% 1-5 Year US Treasuries and 20% 1-3 Year US Corporate.



General Account

Asset Allocation As of 6/30/2018



Portfolio Market Value: \$2,028,063

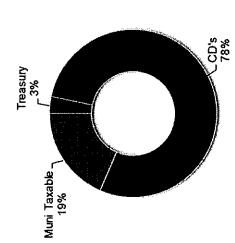
As the largest determinant of returns and variability, you want this positioned for future goals



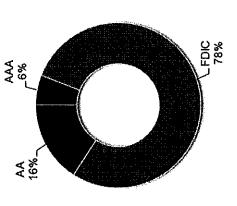
General Account

Fixed Income Characteristics as of 6/30/2018

Fixed Income Allocation



Quality Breakout



SOURCE OF SECTION STREET, SECT	
Fixed Income Market Value	\$1,969,021
Estimated Income From Fixed	\$47,133
Weighted Average Market Yield*	2.87%
Weighted Duration (Years)	2.58

*Weighted Average Market Yield is based on Market Yield for individual bonds and 30 Day SEC Yield for Fixed Mutual Funds



General Account Fixed Income Holdings Summary as of 6/30/2018

Par Value	Market Value	Book Value	Asset Name	Coupon Rate	Maturity Date	Estimated Income	Bond Rating
59,042.18	\$59,042.18	\$59,042.18	Federated Government Obligations Fund Premier	0.00%	7/1/2018	\$1,094.80	
35,000.00	\$34,909.77	\$34,873.37	US Treasury Note Dtd 10/31/2013 1.250% Due 10/13/2018	1.25%	10/31/2018	\$437.50	AAA
55,000.00	\$54,854.69	\$54,836.70	Ally Bank UT CD Dtd 05/11/2017 1.350% Due 11/13/2018	1.35%	11/13/2018	\$742.50	FDIC
70,000.00	\$69,692.07	\$70,000.00	MB Financial Bank NA ILCD Dtd 06/10/2016 1100% Due 12/10/2018	1.10%	12/10/2018	\$770.00	FDIC
25,000.00	\$24,868.03	\$24,988.51	Whitney Bank/Ms LA CD Dtd 04/20/2017 1.650% Due 04/22/2019	1.65%	4/22/2019	\$412.50	FDIC
65,000.00	\$64,756.84	\$64,565.15	Synchrony Bank Draper UT CD Otd 06/27/2014 2.050% Due 06/27/2019	2.05%	6/27/2019	\$1,332.50	FDIC
100,000.00	\$101,558.00	\$104,151.92	State of Washington WA UTGO Dtd 06/01/2010 4.019% Due 08/01/2019	4.02%	8/1/2019	\$4,019.00	A+
125,000.00	\$124,580.38	\$124,142.00	State Bank Of India New York NY CD Dtd 10/17/2014 2.250% Due 10/17/2019	2.25%	10/17/2019	\$2,812.50	FDIC
70,000.00	\$68,943.00	\$70,000.00	American Express Centurion UT Dtd 12/01/2016 1.550% Due 12/02/2019	1.55%	12/2/2019	\$1,085.00	FDIC
87,000.00	\$84,254.72	\$86,475.39	Discover Bank DE CD Dtd 07/07/2016 1.200% Due 07/07/2020	1.20%	7/7/2020	\$1,044.00	FDIC
100,000.00	\$98,130.70	\$100,000.00	Everbank/Jacksonville FL CD Dtd 09/30/2015 2.000% Due 09/30/2020	2.00%	9/30/2020	\$2,000.00	FDIC
70,000.00	\$72,317.00	\$75,393.51	Washington County Clean Water OR Revenue Dtd 04/28/2010 4.628% Due 10/01/2020	4.63%	10/1/2020	\$3,239.60	AAA
80,000.00	\$77,728.00	\$80,000.00	Mb Financial Bank NA IL CD Dtd 12/14/2016 1.700% Due 12/14/2020	1.70%	12/14/2020	\$1,360.00	FDIC
70,000.00	\$69,077.82	\$69,811.00	Goldman Sachs Bank USA New York NY CD Dtd 01/28/2015 2.150% Due 01/28/2021	2.15%	1/28/2021	\$1,505.00	FDIC
70,000.00	\$67,239.83	\$70,000.00	Wells Fargo Bank NA SD CD Dtd 06/17/2016 1.750% Due 06/17/2021	1.75%	6/17/2021	\$1,225.00	FDIC
100,000.00	\$98,260.20	\$99,696.00	Synchrony Bank UT CD Dtd 09/04/2015 2.350% Due 09/07/2021	2.35%	17/2021	\$2,350.00	FDIC
120,000.00	\$116,252.64	\$120,000.00	State Bank India IL CD Dtd 12/13/2016 2.100% Due 12/13/2021	2.10%	12/13/2021	\$2,520.00	- FDIC
70,000.00	\$68,361.16	\$70,000.00	State Bank Of India NY CD Dtd 02/24/2017 2.400% Due 02/24/2022	2.40%	2/24/2022	\$1,680.00	FDIC
60,000.00	\$59,781.00	\$63,975.44	City of Minneapolis MN UTGO Dtd 03/04/2014 2.900% Due 03/01/2022	2.90%	3/1/2022	\$1,740.00	AAA
50,000.00	\$51,307.00	\$54,350.54	State of Texas TX UTGO Dtd 09/29/2010 3.673% Due 04/01/2022	3.67%	4/1/2022	\$1,836.50	AAA
130,000.00	\$126,432.93	\$129,363.86	Goldman Sachs Bank USA NY CD Dtd 05/10/2017 2.350% Due 05/10/2022	2.35%	5/10/2022	\$3,055.00	FDIC
50,000.00	\$48,780.50	\$50,000.00	State Bank Of India NY CD Dtd 05/30/2017 2.450% Due 05/31/2022	2.45%	5/31/2022	\$1,225.00	DIC
40,000.00	\$39,069.92	\$39,888.00	Synchrony Bank Salt Lake City UT CD Dtd 06/15/2012 2.650% Due 06/15/2022	2.65%	6/15/2022	\$1,060.00	FDIC
30,000.00	\$28,855.08	\$30,691.96	US Treasury Note Dtd 09/30/2015 1.750% Due 09/30/2022	1.75%	9/30/2022	\$525.00	AA
38,000.00	\$37,091.00	\$38,000.00	Morgan Stanley Bank NA UT CD Dtd 01/11/2018 2.650% Due 01/11/2023	2.65%	1/11/2023	\$1,007.00	FDIC
20,000.00	\$47,951.55	\$49,438.00	Cit Bank UT CD Dtd 03/06/2013 2.300% Due 03/06/2023	2.30%	3/6/2023	\$1,150.00	FDIC
162,000.00	\$153,370.26	\$161,248.32	Discover Bank DE CD Dtd 04/06/2016 2.050% Due 04/06/2023	2.05%	4/6/2023	\$3,321.00	FDIC
75,000.00	\$80,596.50	\$84,595.71	New York City Transitional Finance Revenue Otd 11/03/2010 4.905% Due 11/01/2024	4.91%	11/1/2024	\$3,678.75	AAA
\$2,056,042.18	\$2,028,062.77	\$2,028,062.77 \$2,079,527.56		2.29%	4/7/2021	\$48,228.15	



General Account Transaction Summary as of 6/30/2018

Asset Sales/Maturities:	\$50,000	US Treasury Notes 1%, 12/31/17
	\$30,000	GE Capital Retail Bank CD 1.5%, 4/11/18
Asset Purchases:	\$38,000	Morgan Stanley Bank CD 2.65%, 1/11/2023
	\$35,000	US Treasury Notes 1.25%, 10/13/18
Disbursements:	\$1,585	Clausen and Rice. Professional Services 1/18/18
	\$6,175	Department of Legislative Audit, Audit Services 3/2/18
	\$105	Fed Ex Bill-GOED 3/15/18
	\$44	May Adams Gerdes and Thompson, Legal Services 3/28/18
	\$25	Fed Ex Bill-GOED 4/6/18
	\$26	AT&T Bill-GOED 4/11/18
	\$1,645	Clausen and Rice, Professional Services 4/26/18
	\$1,218	Dorsey & Whitner, Legal Services 6/22/18
Receipts:	N/A	
Transfers:	\$3,750	Semi-Annual Inv Mgmt Fee to FNB on 3/2/18
	\$300	Transfer to FNB DDA account per email from Cassie on 4/25/18
Interest Income received	\$23,893	



General Account

Performance Summary for Period Ending 6/30/2018

	1 YEAR	3 YEARS	5 YEARS	7 YEARS
TOTAL PORTFOLIO Benchmark	-0.30	1.02 0.74	1,12 1,02	1.78
FIXEDITAXABLE - PORTFOLIO Fixed ST: Memili 1-5 Yr Govt/Credit Index	-0.35	1.12 0.72	123	13.1
CASH & EQUIV - PORTFOLIO Cash Equiv: Citgroup 1 Month T-Bill Index	1.23 .	0.6 0	0.38	0.27
CPI-U (as of5/31/18)	2.8	1.9	9.1	91

performance does not reflect the expenses associated with the management of an actual portfolio. Total returns are geometric and include the income and change in value of the investment assets over the time period shown. Past performance is no Returns are gross of fees. Returns over 1 year are annualized. Benchmark indices are not available for direct investment; their guarantee of future results. Investment products are not bank guaranteed, may lose value, and are not FDIC Insured. Current benchmark is 100% Merrill US Corp & Govt 1-5 Year AA & above.

Prior to 1/1/2009 the benchmark was a blend of 80% 1-5 Year US Treasuries and 20% 1-3 Year US Corporate.





Economic Development Finance Authority October 9, 2018

BILLS REQUIRING ACTION

First National Wealth Management

\$4,181.00 and \$7,525.00



June 29, 2018

Ashley Moore South Dakota Governor's Office of Economic Development 711 East Wells Avenue Pierre, SD 57501-3369

RE: SDEDFA Investment Management Services

Dear Ashley:

The following is the semi-annual statement for investment services rendered in connection with the Investment Management Policy.

	May 31, 2018	
	Account Balances	Semiannual
Account Name	(Thousands)	Fee Amount
81-2609-00-6 Capital Reserve	\$5,478	
81-2609-03-0 General Fund	<u>\$2.038</u>	
Fee to be deducted from General Fund		\$3,758
81-6508-036 Marmen Energy 2013	\$ 847	\$ 423
Total Fee Amount		<u>\$4.181</u>

These fees will be charged to the appropriate accounts upon the Board's approval or your direction.

If you have any questions, please contact me at (605) 335-5219 or fbolson@fnbsf.com

Sincerely,

F. Bert Olson

Vice President and Trust Officer





Located at The First National Bank in Sioux Falls®

July 17, 2018

Ashley Moore South Dakota Governor's Office of Economic Development 711 E. Wells Avenue Pierre, SD 57501

INVOICE

Pooled Loan Program Administration Fees for Year Ending June 30, 2018:

For performance of all Trustee administrative services, including monthly and annual reporting, correspondence with Authority personnel, payments of costs as directed by the Authority, borrower payments, insurance coverages, financials, continuing disclosure, reserve fund valuations, audit confirmations, plus out-of-pocket expenses.

Capital Reserve Fund

81-2609-00-6

June 30, 2018 Balance

\$5,487,000 x .001

\$5,487

General Fund

81-2609-03-0

June 30, 2018 Balance

\$2,038,000 x .001

\$2,038

TOTAL CHARGE TO GENERAL FUND:

\$7,525

Apex Loan Program Administration Fees for Year Ending June 30, 2018

For performance of all administrative services, including receipt and disbursement of funds, investment of funds, correspondence with borrowers, monthly & annual statements and loan system reports, audit confirmations, plus out-of-pocket expenses.

6 loans @ \$200 per loan:

\$1200.00

Donnerite, Enclose Manufacturing, Fromm Hardware, Larson Data, Oat Tech, and Sterling Tech

TOTAL CHARGE TO APEX LOAN REPAYMENT ACCT \$1,200 \$4.13.18

These fees will be charged to the appropriate accounts upon the Board's approval.

Thank you for doing business with The First National Bank in Sioux Falls.

