

SOUTHEAST NEBRASKA DEVELOPMENT DISTRICT
BOARD OF DIRECTORS
MINUTES OF THE SEPTEMBER 15, 2011 MEETING

The regularly scheduled monthly meeting of the Board of Directors of the Southeast Nebraska Development District (SEND) was called to order by SEND Chair Robert Mueller at approximately 7:01 P.M. at the HYVEE Store upstairs meeting room located at 1601 North 84th Street in Lincoln. Items of SEND business were as follows:

I. CALL TO ORDER

A. Chair Mueller began the meeting by stating the following: Pursuant to Section 84-1412(8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act is posted in the meeting room and is available for viewing by the public.

B. Roll call: Roll call was taken by registration, which showed the following 13 Board members present: Bob Mueller, Fillmore Co.; Mary Koci, Seward Co.; Leroy Hanson, Saunders Co.; Bill Wenz, Saline Co.; Steven Lade, Otoe Co.; Jim Peterson, Cass Co.; Robert Curry, Johnson Co.; Bob Hutton, Nemaha Co.; Dave Bruning, Thayer Co.; Brad Stake, Pawnee Co.; Doug Watts, Greater Wahoo Development; Lowell Daisley, Cedar Creek (at large representative) and Gus Brown, York (at large representative).

Board members absent (11) include: Jim Davidson, Richardson Co.; Mike Smith, Polk Co.; Marvin Yost, Jefferson Co.; Kurt Bulgrin, York Co.; Rex Adams, Gage Co.; Stephanie Shrader, NCAEDC; Jerry Divis, Divis Planning Services; Cassie Seagren, YCDC; Jeff Reynolds, REAP; Daryl Long, Peru State College; and Eric Leichty, Midwest Bank – Deshler.

Staff members present were Dave Taladay, Craig Eberle, Emily Bausch, Brian Bashore, and Jim Warrelmann, Lincoln; Kevin Burnison and Derek Bargmann, Humboldt.

Guests present were Pat Meyer, CPA and Partner with HBE Becker Meyer Love, LLP.

C. Board Membership: Dave Taladay stated that at the June 16, 2011 SEND Board meeting additional appointments were requested to fill vacancies and non-elected positions and terms. Terms were then developed for each non-elected SEND Board member position based on the SEND by-laws. The SEND by-laws indicate that 1/3 of the non-elected members are to be appointed for a 3-year term, 1/3 of the non-elected members are to be appointed for 2-year term, and 1/3 of the non-elected members are to be appointed for a 1-year term.

Taladay indicated that he placed board membership on the meeting agenda in case a new board member appointment was necessary. He is still looking to fill three vacant slots. There are no new board members to appoint at this meeting. No formal action was needed on Board Membership and none taken.

D. Resignation of Mark Joy from the SEND Board: Taladay stated that Mark Joy, President of Table Rock State Bank in Humboldt, is currently listed as a non-governmental representative – private sector representative on the SEND Board. Mark has requested to be relieved of his duties on the SEND Board. Chair Mueller called for a motion. Moved by Hanson, seconded by Brown to accept Mark Joy's request to be relieved of his duties as a non-governmental representative – private sector representative on the SEND Board. Motion passed unanimously on a vote by acclamation.

II. MINUTES

The minutes of the June 16, 2011 SEND Board meeting and July 21, 2011 SEND Executive Committee meeting were included in the meeting packet that was sent out to the SEND Board. Taladay indicated that at the previous SEND Executive Committee meeting the Executive Committee reviewed and approved the June 16, 2011 meeting minutes. Due to a lack of an agenda, no August 2011 Executive Committee was held. Chair Mueller asked the SEND Board members in attendance if there were any corrections or additions to the previous meeting(s) minutes. With no corrections or additions from the SEND Board, Chair Mueller

called for a motion. Moved by Bruning, seconded by Koci to approve the minutes of the July 21, 2011 SENDD Executive Committee Meeting as presented, as well as approve the minutes of the June 16 2011 SENDD Board meeting minutes (as presented and previously approved by the SENDD Executive Committee). Motion passed unanimously on a vote by acclamation.

III. AGENDA ADJUSTMENTS

There were no agenda adjustments to be brought before the SENDD Board at this time.

IV. FINANCIAL

A. Check Registry: A copy of the July and August 2011 Check Registry reports was included in the meeting packet that was sent out to the SENDD Board. Taladay briefed the SENDD Board on the July and August Check Registry reports. He mentioned revenues are higher than expenses for both months. This is primarily due to the initial collection of membership dues for the 2012 Fiscal Year. Taladay also stated that we experienced printer problems in August due to the purchase of a new computer for SENDD's Fiscal Officer. This resulted in a check being voided on the August 2011 Check Registry report.

Brown asked why on the July 2011 Check Registry report there were no checks dated 7-1-11, compared to the August 2011 Check Registry report where there were a few checks dated 8-1-11. Eberle responded by stating that expense checks are cut as of the end of the month, however payroll checks are sometimes cut on the first of the month. Due to SENDD's Fiscal Year cutoff, all payroll and expense checks were cut on June 30, 2011 – thus no checks were issued on July 1. In the next month expense checks were cut as of July 31, and payroll checks were cut as of August 1. Thus those payroll checks are listed on the August 2011 Check Registry report. At the conclusion of the discussion Chair Mueller called for a motion. Moved by Curry, seconded by Hutton to approve the July and August 2011 Check Registry reports as previously distributed. Motion passed unanimously on a vote by acclamation.

B. Revenue/Expense Report: With the performance of the annual audit, Taladay stated to the SENDD Board that no Revenue/Expense Reports are available for July and August 2011. These reports will be prepared and available for review at the October 20, 2011 SENDD Executive Committee meeting. No formal action was needed on July and August 2011 Revenue/Expense Reports and none taken.

C. Presentation of SENDD Annual Audit: A presentation of the FY 2011 Annual Audit for SENDD will be made by HBE Becker Meyer Love, LLP. The Executive Director is seeking acceptance of the audit by the Board. A copy of the draft report was distributed to the SENDD Board prior to the meeting. Taladay stated that HBE Becker Meyer Love, LLP was authorized by the SENDD Board to prepare the FY 2011 SENDD and SENAHC Audit. HBE Becker Meyer Love, LLP has utilized by SENDD in the past, serving as SENDD and SENAHC's audit preparer prior to our contract with Dana Cole. Taladay indicated that he planned on having a presentation of both the SENDD and SENAHC Annual Audit this evening. However, he was unable to obtain a quorum for the SENAHC Board, thus there will only be a presentation on the SENDD Annual Audit.

Taladay introduced Pat Meyer, CPA and Partner with HBE Becker Meyer Love, LLP. Pat Meyer then introduced himself to the SENDD Board. Meyer began his presentation by directing everyone to page one of the SENDD Annual Audit. He stated that this is a draft report, with the final report to be prepared after board action. He then briefed the SENDD Board on the statement of net assets. He explained that cash was up due primarily to the \$100,000 SENAHC settlement. Accounts receivable is also up from the previous year due to the large amount of contracts SENDD is currently servicing. On the statement of revenue, expenses and changes in net assets Meyer highlighted the non-operating revenue section. He stated that the debt forgiveness of -\$163,487 is shown in this section. This is due to the \$163,487 write-off of SENAHC receivables (\$263,487 total receivables less \$100,000 settlement). Total revenues exceeded operating expenses, resulting in an increase in net assets of \$96,472. On the statement of cash flows, Meyer pointed out that the 2010 (as adjusted) column is adjusted to reflect the SENAHC settlement.

Meyer then directed the SENDD Board to the notes to the financial statements section of the Annual Audit. The Board pointed out under the D. Notes Receivable section it appears the IRP note receivables and RBEG note receivables were flipped when comparing 2010 to 2011. Meyer indicated that the 2010 IRP and RBEG

note receivables are flipped and listed incorrectly. The larger figure (\$616,243) is the IRP notes receivable, and the smaller figure (\$49,078) is the RBEG notes receivables. This will be corrected on the final draft. After providing the Board with an overview of the notes section, Meyer reported on SENDD's internal controls and compliance. He stated that SENDD, as do many small organizations with limited staff, struggles with appropriate segregation of duties and internal controls. Some of the internal control deficiencies include the way bank reconciliations are handled, need for authorized signors on accounts to be updated, and approval of invoices and transactions between related entities (SEND D and SENAHC). These internal control deficiencies were addressed to SENDD staff, both in person and through a formal letter (which was included in the audit packet distributed to the SENDD Board). SENDD staff is already working on establishing procedures to correct many of these deficiencies.

Meyer then went over a listing of adjusting journal entries that are to be performed for the period ending 6-30-11. These journal entries were included on the Adjusting Journal Entries Report, which was included as part of the draft Annual Audit. Meyer then concluded his presentation, and asked the SENDD Board if they have any additional questions on the SENDD Annual Audit draft report. Pat Meyer was excused from the meeting, with the SENDD Staff and Board Members present thanking him for presenting to the group. After a discussion by the SENDD Board, Chair Mueller called for a motion. Moved by Bruning, seconded by Daisley to approve the FY 2011 SENDD Annual Audit, with the only change being a correction to the D. Notes Receivable section of the report. In this section the 2010 IRP note receivables will be changed to the correct amount of \$616,243, and the RBEG note receivables will be changed to the correct amount of \$49,078. All other portions of the FY 2011 SENDD Annual are approved as presented. Motion passed unanimously on a vote by acclimation.

D. Resolutions Approving Signatures on Bank Accounts: All of the accounts for SENDD finances have two signatories, typically the Executive Director and the Chair. In review of the holdings at various banks, several accounts have older signatures from previous officials and are outdated. Staff have contacted the Banks and they are producing documents for updated signatures. The Executive Director will be asking the Board to approve necessary "Resolutions" from the various banks to allow for appropriate signatories; US Bank, Union Bank and Trust, Wells Fargo and Great Western Bank.

Taladay stated that all the banks have responded and are submitting new signature cards for SENDD to acquire correct and updated signatures. The only bank that requested a formal resolution, to be adopted by the SENDD Board, is Union Bank & Trust. Taladay prepared a Corporate Authorization Resolution for the SENDD account (SEND D-HPG#2) at Union Bank and Trust. This Corporate Authorization Resolution authorizes as agents of SENDD for signatures – David R. Taladay, SENDD Executive Director and Robert Mueller, SENDD Board Chair. This Corporate Authorization Resolution needs to be adopted by the SENDD Board. Chair Mueller then called for a motion. Moved by Wenz, seconded by Brown to approve the adoption of the Corporate Authorization Resolution for the SENDD account (SEND D-HPG#2) at Union Bank and Trust, and to authorize as agents of SENDD for signatures – David R. Taladay, SENDD Executive Director and Robert Mueller, SENDD Board Chair. Motion passed unanimously on a vote by acclimation.

E. Falls City - Management Contract for Demolition: The City of Falls City has requested SENDD to assist in the continued process of some "demolition" projects under the City's use of Program Income. This continues services rendered under the previous CDBG-NSP Demolition program. The Executive Director has entered into a contract with Falls City for an amount not to exceed of \$1,500 per unit assisted. The Executive Director is requesting retroactive approval from the Board for the contract.

Kevin Burnison addressed the SENDD Board on this contract. He stated that on the initial agenda that was distributed, the contract was stated as an amount not to exceed of \$3,000 per unit assisted. This contract is actually for an amount not to exceed of \$1,500 per unit assisted, as these projects do not include housing rehab (as was also previously stated). Burnison stated that they could do up to six homes, but three homes are more likely. After a brief discussion by the SENDD Board, Chair Mueller called for a motion. Moved by Lade, seconded by Watts to approve retroactive approval for the Executive Director to enter into a contract for an amount not to exceed of \$1,500 per unit for CDBG Administrative assistance with the City of Falls City. Motion passed unanimously on a vote by acclimation.

F. Other Financial: There was no other financial information to discuss at this time.

VI. OLD BUSINESS

A. Non-Profit Development Organization (NDO): Staff will review any new information concerning the development and formation of an NDO in the SENDD service area. Taladay stated that SENDD is still working on their incorporation status and determining the board makeup of the non-profit corporation required by the NDO. No formal action needed on the Non-Profit Development Organization (NDO) update and none taken.

B. Nuisance Abatement Program: The West Central Nebraska Development District (WCNDD) has developed a training session for their successful "Nuisance Abatement Program". Taladay indicated to the SENDD Board that SENDD will be sending two staff members (total cost of \$375) to this training on October 27, 2011 in Kearney. The training will also provide manuals and a flash drive with all needed documents in Word format. Taladay stated that there are 5 member communities that have inquired about SENDD assisting them with nuisance abatement. This training will help SENDD staff become better acc'imated with establishing a "Nuisance Abatement Program" for communities in the SENDD district. No formal action needed on the Nuisance Abatement Program and none taken.

C. Early Warning Sirens: Taladay made a presentation on the status of the Regional Early Warning Siren project. He provided a bid award handout to the SENDD Board which lists the counties/communities receiving sirens, bid amounts, and any dollar changes to those bids. On the last column the grant and match is broken down for each project, based on 75% grant and 25% match. Taladay stated that 43 towns are receiving sirens, for a total grant amount of \$866,085.75. Total bid amount for all projects is \$1,154,781. As per EDA project requirements, SENDD will be the owner of the siren, not the county or community. SENDD has developed twenty year lease agreements between the counties/communities receiving sirens. These lease agreements have been distributed to all participating counties/communities. Taladay also stated that a pre-construction conference on the siren project took place last week. It is estimated that construction could begin in the next 30-60 days.

Taladay then explained the payment process. All payments have to go through SENDD on the EDA siren project. SENDD is to collect the 25% match up front from each county/community. Then when the contractor requests final payment, SENDD can request the grant funds from EDA and provide full payment to the contractor. SENDD has drawn up a Contractors Final Payment Request & Approval Form, which was distributed to the SENDD Board along with the bid award handout. This is an agreement between the contractor (Schmader Electric), lessee (county or community) and owner (SENDD) that outlines how the final payments are to be processed by SENDD. The Executive Director needs SENDD Board approval to execute each Contractors Final Payment Request and Approval Form and process final payments to the contractor. Taladay indicated that these forms will come in on a periodic basis as sirens are installed. So rather than come to the board for approval of each form and final payment, the SENDD Executive Director is seeking approval to execute all Contractors Final Payment Request and Approval Forms with each county/community participating in the EDA Warning Siren project, as well as facilitate final payments to the contractor when each project is complete. After a brief discussion, Chair Mueller called for a motion. Moved by Brown, seconded by Hanson to authorize the Executive Director to execute all Final Payment Request and Approval forms with each county/community participating in the EDA Warning Siren project, as well as facilitate all final payments to the contractor when each project is complete. Motion passed unanimously on a vote by acclimation.

D. EDA Partnership Planning Project: SENDD received approval from EDA for the Economic Development Program and award of \$61,000 in federal funds for fiscal year 2011-2012. This project is in the second year of a three year program. The award cover letter, signature page and scope of work were distributed to all SENDD Board members prior to the meeting. The Executive Director is requesting SENDD Board action in accepting the award and authorizing the SENDD Board Chair to sign necessary documents for acceptance of the award. Taladay briefed the board on this planning project. He stated that in June 2011 SENDD submitted documentation for renewal of the EDA planning grant for year two. This grant was recently approved for \$61,000 of grant funds, with a \$61,000 local match. It is in effect from July 1, 2011 to June 30, 2012. After a brief discussion by the SENDD Board, Chair Mueller called for a motion. Moved by Peterson, seconded by

Daisley to approve acceptance of the EDA Partnership Planning Project award of \$61,000 in federal funds for fiscal year 2011-2012. This motion also authorizes the SENDD Board Chair to sign necessary documents to accept this award. Motion passed unanimously on a vote by acclamation.

E. Other Old Business: There was no other old business to discuss at this time.

VII. NEW BUSINESS

A. Invest Nebraska-Southeast Nebraska Venture Competition: In cooperation with Invest Nebraska Corporation, the Executive Director has authorized Craig Eberle, SENDD Business Loan Officer, to assist as a judge in the Business Plan Competition scheduled for Oct. 14, 2011 at Peru State College. The Executive Director is requesting retro-active approval of this action to allow expenditure of staff time and mileage costs. Taladay stated that Invest Nebraska Corporation approached SENDD about partnering with them on a Venture Competition. This competition is targeted towards start-up or existing businesses in thirteen Southeast Nebraska counties. The start-up or new existing business entities are to submit their business plans to compete for the opportunity to receive a \$25,000 investment into their business. SENDD did not provide any funds to sponsor the competition, however SENDD is assisting with marketing and promotion of the competition. SENDD is also allowing expenditure of staff time, as Eberle is scheduled to serve on a panel which will review the business plans and judge formal presentations given by the business plan finalists. Chair Mueller called for a motion. Moved by Lade, seconded by Koci to approve retro-active approval authorizing expenditure of staff time and mileage costs associated with SENDD's partnership with the Invest Nebraska Southeast Nebraska Venture Competition (to be held on October 14, 2011). Motion passed unanimously on a vote by acclamation.

B. Intermediary Relending Program (IRP) with USDA-Rural Development: SENDD staff is considering the development of an application to the USDA-RD program for capitalizing a "Regional IRP Loan Fund". SENDD has an existing IRP loan fund, however almost all funds have been loaned out and are being repaid. SENDD staff will provide information on the USDA-RD program, as available, and may request authorization from the Board to proceed with an application for funding, including potential sources of matching funds. The matching funds will likely come from the Nebraska Enterprise Fund Evergreen loan program, which requires a separate application for funding.

Eberle briefed the SENDD Board on this potential application. He stated that USDA-RD informed him of a possible state allocation of IRP-RLF funds that may be available to applications received by 9-30-11. Eberle was later informed that there is no state allocation of funds this quarter, thus the urgency to submit an application by the end of the month no longer exists. SENDD applied, and was approved for, \$751,000 of IRP-RLF funding from USDA-RD in 1994. Eberle indicated that they only have about \$50,000 of loan capital available right now under this IRP-RLF loan program, with the remaining funds currently loaned out to existing businesses. There is a need in the district for additional loan capital for new business start-ups and existing business expansions in SENDD's service/membership area. Eberle is anticipating utilizing matching funds from the Nebraska Enterprise Fund Evergreen loan program. This is a separate application from the USDA-RD IRP-RLF application. Eberle will work on preparing a proposal for a new SENDD IRP-RLF loan fund through USDA-RD prior to the next quarterly application deadline (December 31, 2011). No formal action needed on the Intermediary Relending Program (IRP) application with USDA-Rural Development update and none taken.

C. Other New Business: There was no other new business to discuss at this time.

VII. STAFF REPORTS AND REMINDERS

SENDD staff present at the meeting provided updates to the board on the following:

Monthly Newsletter – September 2011: Emily Bausch briefed the SENDD Board on the September 2011 newsletter. She stated that the newsletter is 90% done. She is always looking for pictures to be included in the newsletter.

Staff Resignation at the Humboldt Office: Crystal Dunekacke, Community Development Specialist at the SENDD-Humboldt office, submitted her resignation at the end of July. She has taken a position as the Director of the Head Start Program for SENCA. Her new office is just across the street from the SENDD office in Humboldt. Taladay indicated that Crystal did a lot of good things for the SENDD organization and she will be greatly missed.

New Staff at the Humboldt Office: After a fast search for a new staff person, SENDD received 15-applications in a two week period. Dave Taladay and Kevin Burnison interviewed three candidates on August 13th. Derek Bargmann was hired, and started as a new Community Development Specialist on Sept. 1, 2011 in the Humboldt office. A news release from the Humboldt office concerning Mr. Bargmann and his employment was distributed to the SENDD Board prior to the meeting. Derek Bargmann was present at the meeting and introduced himself to the SENDD Board members in attendance. He is a native of Pender, NE who attended the University of Nebraska – Lincoln, obtaining a degree in International Business. He recently completed an internship with the Northeast Nebraska Economic Development District (NENEDD). Derek has enjoyed his first two weeks working in the Humboldt community, and is looking forward to assisting counties and communities in Southeast Nebraska with community and regional planning.

“SENDD Western Field Office”: Due to family reasons, and the need for a better SENDD presence in our western counties, SENDD Business Loan Officer Craig Eberle and his wife have recently moved to a home just outside of Bradshaw (York County). As of August 29, 2011, Craig has begun a schedule where he is working from his home in Bradshaw three days a week (Monday, Wednesday, Friday), and commuting to the SENDD-Lincoln office two days a week (Tuesday, Thursday). Eberle indicated that SENDD has been approached by counties and communities in SENDD's western tier about opening up an office there. Eberle stated that his parent's farm near Bradshaw, and him and his wife have been looking for an opportunity to move to rural Nebraska. This became good opportunity for both SENDD and his family.

VIII. ADJOURNMENT

There being no further business to come before the SENDD Board, Chair Mueller called for a motion to adjourn the meeting. This motion was moved by Watts, seconded by Koci and approved unanimously by the SENDD Board. The meeting was adjourned at approximately 7:57 P.M.

Respectfully Submitted:



Craig Eberle
Secretary Pro Tem