

SOUTHEAST NEBRASKA DEVELOPMENT DISTRICT
BOARD OF DIRECTORS
MINUTES OF THE JANUARY 21, 2016 MEETING

The scheduled quarterly meeting of the Board of Directors of the Southeast Nebraska Development District (SEND) was called to order by SEND Chair Lisa Hurley at approximately 7:11 P.M. at the Nebraska Educational Television (NET) Boardroom located at 1800 North 33rd Street in Lincoln. Items of SEND business were as follows:

Prior to the Board Meeting, SEND staff gave presentations to the Full SEND Board of Directors on the districts housing and nuisance code enforcement programs.

I. CALL TO ORDER

A. Chair Hurley 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 16 Board members present: Leroy Hanson, Saunders Co.; Ron Seitz, Pawnee Co.; Kurt Bulgrin, York Co.; Charles (Ron) Hauptman, Otoe Co.; Bob Hutton, Nemaha Co.; Tim McDermott, Saline County; Roger Glawatz, Seward Co.; Dave Bruning, Thayer Co.; Jim Standerford, Richardson Co.; Cheryl Brandenburgh, Black Hills Energy; Pat Coldiron, Liberty House Bed & Breakfast; Lisa Hurley, YCDC; Daryl Long, Peru State College; Jeff Reynolds, REAP; Jerry Divis, Divis Planning Services; and Stephanie Shrader, Private Business Consultant.

Board members absent (9 – currently two vacancies) include: Jim Peterson, Cass Co.; Bob Mueller, Fillmore Co.; Brad Grummert, Jefferson Co.; Erich Tiemann, Gage Co.; Les Agena, Johnson Co.; Mike Smith, Polk Co.; Bob Berggren, Rose Colored Glass; Doug Watts, Greater Wahoo Development; and R. Paul Lambert, Jeff Henry Chevrolet.

Staff members present were Dave Taladay, Craig Eberle, Jim Warrelman, Lincoln; Lisa Beethe, Humboldt.

C. Board Membership: Taladay and Eberle indicated that there are two vacancies on the SEND Board. No appointees have been determined at this time. A discussion among SEND Board members followed regarding possible candidates. No action needed on the Board Membership agenda item and none taken.

II. MINUTES

Minutes of the December 17, 2015 SEND Executive Committee Meeting were enclosed with the meeting agenda. Chair Hurley asked the Full SEND Board of Directors if there were any corrections or additions to the previous meeting(s) minutes. With no corrections or additions from the Full SEND Board, Chair Hurley called for a motion to approve the December 17, 2015 SEND Executive Committee Meeting as presented. Moved by Bulgrin, seconded by McDermott to approve the December 17, 2015 SEND Executive Committee Meeting as presented. Motion passed unanimously on a vote by acclamation.

III. AGENDA ADJUSTMENTS

Taladay presented one agenda adjustment to the Full SEND Board of Directors. This agenda adjustment is to be included under the IV. Financial section (Agenda Item F). The agenda adjustment is to be titled: *Request for Subordination of SEND Conditional Grant from 2007 Housing Rehabilitation Project*. A copy of the agenda adjustment was distributed to the Full SEND Board at the meeting. A formal motion to add the agenda adjustment to the meeting agenda will be sought. Chair Hurley called for motion to add the agenda adjustment under the IV. Financial section (Agenda Item F): *Request for Subordination of SEND Conditional Grant from 2007 Housing Rehabilitation Project*. Moved by Shrader, seconded by to McDermott to approve adding the agenda adjustment to the meeting agenda as presented. Motion passed unanimously on a vote by acclamation.

IV. FINANCIAL

A. Check Registry: A copy of the December 2015 Check Registry report was included in the meeting packet that was sent out to the Full SENDD Board. Taladay briefed the SENDD Board of Directors on the December 2015 Check Registry report. He stated that checks paid out and received were typical for this time of year. Treasurer Brandenburg asked if it was possible that all staff salaries be combined as one total. After some discussion, Executive Director Taladay stated that they could list the range of staff salary check numbers, with a lump sum amount for the total. At the conclusion of the check registry report overview by Taladay, Chair Hurley called for a motion. Moved by Brandenburg, seconded by Divis to approve the December 2015 Check Registry report as previously distributed. Motion passed unanimously on a vote by acclamation.

B. Revenue/Expense Report: A copy of the December 2015 Revenue/Expense report was enclosed with the meeting agenda. Taladay and Eberle addressed the December 2015 Revenue/Expense report. They stated that most of the expenses are projecting at or below budgeted numbers. Personal leave bank and insurance/bonds are two expenses that are projecting higher than budget, although insurance/bonds are paid at the beginning of the fiscal year. At the conclusion of the discussion by the SENDD Board of Directors, Chair Hurley called for a motion. Moved by Hutton, seconded by Standerford to approve the December 2015 Revenue/Expense Report as presented. Motion passed unanimously on a vote by acclamation.

C. SEND/SEND, Inc. Quarterly Loan Report: A quarterly report of current loans through the SENDD and SEND, Inc. loan programs was sent out with the meeting packet. Eberle briefed the SENDD Executive Committee on these reports. According to the SEND/SEND, Inc. loan policy, on a quarterly basis a report of loans funded through SENDD and SEND, Inc.'s various loan programs is to be provided to the SENDD Board. These four loan programs are the SENDD IRP-RLF, IRP-RLF #2, RBEG-RLF and SEND, Inc. RMAP-RLF. The reports list all of the active loans, including current loan balances, status of loan payments, jobs created/saved, and a breakdown of each project including other funding sources. Loan clients are listed by loan number and not by business name for confidentiality purposes. There is only one past due loan on the books at this time. After the briefing by Eberle there was a discussion about the status of the SENDD IRP loan application. Eberle indicated that they are looking at the March 31, 2015 deadline to submit an IRP application to USDA-RD. He is still evaluating how to improve SENDD's competitiveness at the federal level. No formal action was required on the SEND/SEND, Inc. Quarterly Loan Report agenda item and none taken.

D. Contracts: A number of projects have recently been announced for award of funding through the Nebraska Department of Economic Development (NDED). SENDD has assisted the communities in development and submittal of the project applications. Anticipation of only seeking one motion for authorizing the SENDD Executive Director to negotiate and enter into final contracts for the following programs:

Roca – Comprehensive Planning: CDBG award of \$24,500 for updating the community Comprehensive Plan. Although neither Lancaster County, nor Roca, are dues paying members, as part of outreach to gather support for that future membership, the Executive Director has responded to a "Request For Proposals" for CDBG administrative services. A copy of the proposal was enclosed with the meeting notice. The SENDD Board has previously approved contract services for Lancaster County and the Village of Firth under this same arrangement. SENDD contract for CDBG Administration not to exceed an amount of \$1,600. Taladay indicated that Roca did approve SENDD's proposal for CDBG administrative services of the planning grant.

Brownville – Downtown Revitalization – Phase I Planning: CDBG award of \$31,000 for a Downtown Revitalization Program- Phase I Planning. Nemaha County is a long term dues paying member of SENDD. The Village of Brownville has not paid dues for several years, however, the Village recently voted to become full members with payment of three years dues. As a full dues-paying member, SENDD can negotiate directly for CDBG contracts. SENDD contract for CDBG Administration not to exceed an amount of \$2,100.

After the overview by Taladay on these two projects, Chair Hurley called for a motion. Moved by Divis, seconded by Shrader to negotiate and enter into final contracts for the above mentioned projects as presented. Motion passed unanimously on a vote by acclamation.

E. Proposed SENDD FY 2015-2016 Amended Budget: SENDD staff have been developing a FY 2015-2016 SENDD Amended Budget for review. A revised budget was prepared and distributed to the Full SENDD Board for review prior to the meeting. The SENDD FY 2015-2016 Amended Budget was reviewed by the SENDD Executive/Budget Committee prior to the meeting.

Taladay and Eberle presented the FY 2015-2016 SENDD Amended Budget to the Full SENDD Board of Directors. They informed the SENDD Board that when the FY 2015-2016 Budget was prepared and adopted in June, many project applications were still being written or not yet awarded. An amended budget is prepared in January as at this time SENDD staff know of what projects have been awarded and funded for the fiscal year. Eberle directed the Full SENDD Board members to the SENDD FY 2015-2016 Amended Revenue Projections report. The first section includes existing contracts that are already in place. These contracts represent total projected revenues of \$377,624. The next section includes pending contracts for projects that have already been approved for funding, or have essentially been assured that funding will be provided within this fiscal year. These pending contracts represent total projected revenues of \$16,759. The final section of Other items represent known and anticipated revenues from annual membership/housing dues receipts, direct grants to the organization, contracts for administration and management of local revolving loan funds, technical assistance contracts and other similar type contracts. Anticipated revenues from LB318 for the remainder of this fiscal year were included in this section. The total amount of FY 2015-2016 projected revenues from these items is \$497,645. At the bottom of the spreadsheet is the estimated total projected FY 2015-2016 revenues for SENDD. Total SENDD FY 2015-2016 amended revenue projections are estimated at \$892,029. This is about \$21,000 more than what was projected in June.

Eberle continued the budget presentation by going over the SENDD FY 2015-2016 Amended Draft Budget and FY 2015-2016 Budget Comparisons. This is as recommended by the SENDD Executive Committee/Budget Committee. The FY 2015-2016 Amended Draft Budget shows increased expenses due primarily to staff changes and proposed raises. Personal Leave Bank expense was also increased, and retirement match reduced. An additional \$10,000 was placed in the budget under equipment R&M to purchase accounting software. A total surplus of \$17,080 is projected, which is about \$28,700 less than in June.

A discussion about the SENDD FY 2015-2016 Amended Draft Budget followed the briefing by Taladay and Eberle. The SENDD Executive Committee/Budget Committee members in attendance shared some thoughts from their meeting on January 19. They requested in the future to see a statement of financial position and profit and loss statement report. Upon conclusion of the Board discussion, Chair Hurley called for a motion. Moved by Reynolds, seconded by Standerford to approve the SENDD FY 2015-2016 Amended Budget as presented and recommended by the SENDD Executive Committee/Budget Committee. Motion passed unanimously on a vote by acclamation.

F. Request for Subordination of SENDD Conditional Grant from 2007 Housing Rehabilitation Project: On November 8, 2007, SENDD completed a Housing Rehabilitation Project for Renee and Mark Mathews at 800 Hoyt St. in Peru, Nebraska. This program was funded under a Regional Housing Rehabilitation Program by the Nebraska Department of Economic Development (NDED). SENDD was a sub-recipient under a contract with Blue Valley Community Action (BVCA) in Fairbury, NE. The cost of the rehabilitation construction was \$23,685.00 and the owners entered into a Promissory Note for that amount, secured by a Deed of Trust. The note identifies a payment dues upon sale, lease or transfer. The note identifies a Conditional Grant, with no interest accrued and no payments required and a declining balance over a period of ten years (120-months). The note matures on November 1, 2017 so there is a reduced amount that would be repaid as of February 1, 2015 in the amount of \$4,144.80.

The owners are in the process of refinancing a loan for their property to reduce interest rates and make more affordable monthly payments. As part of that financing, the new lender is requesting a Subordination Agreement. That will place the SENDD financing in second place to the new loan. We just received a breakdown of the distribution of funds from the new loan this afternoon. The new loan will pay off the existing mortgage in addition to paying medical bills and part of an auto loan. In previous requests, the Board had authorized a Subordination, if funds were to be used for limited costs, such as, refinancing a mortgage, paying any closing costs and paying for any physical improvements to improve the property.

Since the owner will be paying off bills, other than just refinancing a mortgage, we would typically recommend that the owner increase borrowing a little and pay off the SENDD note as part of that refinancing. However, in this case the note is within 21-months of maturing, includes a declining balance on a monthly basis and would then be void at the end of the term. The result of the subordination would place the SENDD security in a second position behind the new loan. The existing SENDD security is already in a second position behind the existing mortgage.

Taladay distributed copies of the agenda adjustment to the SENDD Board of Directors. He provided some additional information about the situation. The SENDD Board indicated that the amount to be repaid (\$4,144.80) does may not be correct. At the conclusion of the discussion by the SENDD Board of Directors, Board Chair Hurley called for a motion. Moved by Divis, seconded by Brandenburg to approve entering into a subordination agreement on this project, including a correct repayable balance, as well as authorizing the SENDD Board Chair to execute all necessary documents. Motion passed unanimously on a vote by acclamation.

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

V. OLD BUSINESS

A. Executive Director Reports: The Executive Director reported on the status of performance goals and other activities:

- *Software Review:* Taladay informed the SENDD Board of Directors that he is anticipating transferring their GMS accounting software to the server. Currently it is loaded on one computer. That way designated SENDD staff can access reports. He is also reviewing supplements to the GMS software that will allow for more capabilities. They are researching Abila MIP, among other accounting software packages. They will be purchasing Portfol loan management software in the near future. Funds are budgeted for accounting and loan management software acquisitions in FY 2015-2016. *Membership Dues Report:* Taladay advised the SENDD Board of Directors that all membership and housing dues for FY 2015-2016 have been paid. Brownville recently submitted three years membership dues. A total of 108 communities paid membership dues this fiscal year, which is up from last year.
- *Office space review:* There is a new lease proposal for the SENDD-Lincoln office. Consideration of new carpet, lighting, as well as discussions about the fenced-in area across from the office.
- *LB 318 Funding:* Taladay directed everyone to the Draft Rules and Regulations from NDED that were distributed with the meeting packet. Guidelines are being established including reporting requirements. Funds are to be distributed to the Development Districts soon as a lump sum. Funds will then be expended over a period of time. A hearing is scheduled for February 1, 2016.
- *EDA Peer Review:* Taladay informed the SENDD Board of Directors about the EDA Peer Review that took place on December 3, 2015. He delivered a power point presentation at this peer review. A copy of the Evaluation Report as received from EDA was distributed with the meeting agenda.
- *Internet/Telephone Bundle:* Taladay advised the SENDD Board of Directors that they are bundling their internet and telephone service at both the SENDD-Lincoln and SENDD-Humboldt offices. This will save SENDD some money, and also increase their internet speed.
- *Staffing:* – Taladay stated that they have received a resignation letter from Lisa Beethe at the SENDD-Humboldt office. A copy of her notice was distributed with the meeting agenda. She has accepted the City Clerk position in Tecumseh. Her last day of employment will be February 5, 2016, with attendance at the SET meeting in Brownville. They have sent out an advertisement for this staff position at the Humboldt office, a copy of which was distributed with the meeting agenda.

At this time the SENDD Executive Committee added to the discussion. They brought up for discussion the idea of relocating the SENDD-Humboldt office, or having someone work out of their home a few days and commute to the SENDD-Lincoln office. They indicated that the SENDD Executive Committee has been discussing the possibility of establishing a building committee to evaluate the SENDD office facilities.

VI. NEW BUSINESS

A. SENDD RBEG-RLF/SEND, Inc. Rural Microentrepreneurship Assistance Program (RMAP) Loan Project: A loan was recently approved by the SENDD/SEND, Inc. Loan Committee on 12-18-15 for a bar and grill acquisition project in Utica, NE. According to the recently adopted SENDD/SEND, Inc. Revolving Loan Fund Plan, details on the loan application are to be provided to the SENDD Board of Directors during scheduled meetings. A brief loan summary of the project was enclosed with the meeting agenda.

Eberle briefed the SENDD Board of Directors on this new loan project. He stated that based on the recently adopted SENDD/SEND, Inc. Revolving Loan Fund Plan, details about any new loans are to be provided to the SENDD Board of Directors. He directed everyone to the loan summary that was sent out with the meeting agenda. This loan was recently approved by the SENDD/SEND, Inc. Loan Committee. The loan is for the acquisition of a bar and grill business in Utica. Loans are being provided from the SEND, Inc. RMAP-RLF, First Bank in Utica, as well as a cash equity injection from the buyer. Primary collateral is a second on the buyer's personal residence. Eberle then advised the SENDD Board about the documentation provided to the SENDD/SEND, Inc. Loan Committee on the project in order to consider approving the loan. A brief discussion about the loan project followed the briefing by Eberle. No action needed on the SEND, Inc. Rural Microentrepreneurship Assistance Program (RMAP) Loan Project agenda item and none taken.

VII. STAFF REPORTS AND REMINDERS

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

A. SENDD 2014-2015 Performance Report: Taladay informed the SENDD Board of Directors that he has started scheduling meetings with county boards. He is scheduled to meet with the Cass County Board of Directors on February 9, 2016.

B. Southeast Nebraska Partners For Progress SET Program/Civic Engagement Forum: Taladay and Beethe informed the SENDD Board of Directors on the status of the SET program in Southeast Nebraska. A meeting was held in Falls City on January 4, 2016. Participation at these SET meetings has been good, averaging 25-30 people per session. The next meeting is scheduled for February 5, 2016 in Brownville. This meeting should complete the planning process, identifying final goals and objectives to be included in the final report.

C. SERN Meeting – February 18, 2016: Eberle advised the SENDD Board of Directors that the next SERN meeting is scheduled for February 18, 2016 in Plattsmouth. A tentative agenda was distributed with the meeting agenda. The agenda includes a business meeting and roundtable discussions. Presentations from representatives of Southeast Community College, River House Café and the Nebraska Department of Economic Development are planned. A tour of downtown Plattsmouth will conclude the day's events.

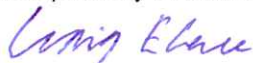
D. MINK Meeting: Beethe informed the SENDD Board of Directors about the status of the MINK organization. A meeting was held on December 3, 2016 in Hiawatha, KS. They are still collaborating on what the organization should be trying to accomplish.

E. Future SENDD Board Meetings: Taladay indicated that the next SENDD Executive Committee meeting is scheduled for February 18, 2016. The next Full SENDD Board meeting is scheduled for March 17, 2016.

VIII. ADJOURNMENT

There being no further business to come before the Full SENDD Board, Chair Hurley called for a motion to adjourn the meeting. This motion was moved by Bulgrin, seconded by Coldiron and approved unanimously by the Full SENDD Board. The meeting was adjourned at approximately 8:24 P.M.

Respectfully Submitted:



Craig Eberle
Secretary Pro Tem