

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT - NENEDD
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 26, 2021 - 7:15 P.M.

City of Norfolk Offices – Training Room, 309 N. 5th St., Norfolk, NE 68701

The Chairman and Board of Directors reserve the right to adjourn into closed session as per Section 84-1410 of the Nebraska Open Meetings Act.

AGENDA

- I. Call to Order:** Inform the public about the location of the Open Meetings Act and that it is accessible to the public (LB 989).
- II. Roll Call**
- III. Introduction of Guests**
- IV. Secretary’s Report**
 - A. Consideration of approval of the May 26, 2021, agenda and April 28, 2021, meeting minutes.
- V. Treasurer’s Report**
 - A. Consideration for acceptance of the April 2021 Treasurer’s Report as presented.
- VI. Action Items**
 - A. Consideration to approve a \$202,250 loan to Cruise & Associates, Inc. in Columbus/Norfolk.
 - B. Consideration to reappoint Nicole Sedlacek, Adam Rief, and Chad Anderson to another three-year term on the Northeast Revolving Loan Fund (RLF) Committee.
- VII. Chairman/Board Comments**
- VIII. Next Meeting Date:** The Northeast Nebraska Economic Development District Council of Officials will meet on Wednesday, June 30, 2021, at 7:15 p.m. or following the Northeast Economic Development, Inc. meeting. The meeting will be held at the following location: City of Norfolk Offices – Training Room, 309 N. 5th St., Norfolk, NE 68701.
- IX. Adjournment**

Loren Kucera _____ Dan Kathol _____ Judy Mutzenberger _____ Tina Biteghe Bi Ndong _____
Troy Uhlir _____ Gary Jackson _____ Charlie Bahr _____ Blake Denton _____ Sally Ganem _____

Y (In Favor of Motion) N (Against Motion) **ABS** (Abstain) **A** (Absent)

NENEDD Board Agenda

Object: Consideration of approval of the May 26, 2021, agenda and April 28, 2021, meeting minutes

Contact Person: Thomas L. Higginbotham Jr., Executive Director

For: Action

Explanation: The May 26, 2021, agenda has been posted on the website. The April 28, 2021, meeting minutes have been posted on the website.

Motion: Consideration for approval of the May 26, 2021, meeting agenda and the April 28, 2021, board meeting minutes.

Loren Kucera _____ Dan Kathol _____ Judy Mutzenberger _____ Tina Biteghe Bi Ndong _____
Troy Uhlir _____ Gary Jackson _____ Charlie Bahr _____ Blake Denton _____ Sally Ganem _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

IV. Secretary's Report A

NENEDD Board Agenda

Object: Acceptance of the April 2021 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Nebraska Economic Development District's (NENEDD) April 2021 Statement of Financial Position and the Statement of Revenues and Expenditures that reflect the monthly Budget, Actual and Budget Variance. Also stated is the Fiscal Year (FY) 2020 Budget for the nonaccrual accounts, July 1, 2020 through June 30, 2021 Actual, Budget Variance so far this fiscal year and Percent of the Fiscal Year 2021 Budget remaining.

Explanation:

Additional Information:

Business Loan Principal Received	29,207.92
Business Loan Disbursements	-

Restate Net Income

Year to Date Revenue Over (Under) Expenditures	1,588,254.06
Year to date Non-Operating Revenue:	
EDA CARES Act RLF Business Loan Contributions	(1,601,070.00)

Year to date Non-Operating Expenditures:

Donations (To Northeast Economic Development, Inc.)	-
Local RLF Contributions	179,444.30
Depreciation Expense	3,932.80
Loans Written Off	-
Loans Forgivable Portion	-
Actual Year to date Revenue Over (Under) Expenditures	<u><u>170,561.16</u></u>

NENEDD Business Revolving Loan Funds Available for Lending (All Sources): \$773,177

Motion: Consideration for acceptance of the April 2021 treasurer's report as presented.

Loren Kucera _____ Dan Kathol _____ Judy Mutzenberger _____ Tina Biteghe Bi Ndong _____
Troy Uhlir _____ Gary Jackson _____ Charlie Bahr _____ Blake Denton _____ Sally Ganem _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

V. Treasurer's Report A

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall - Unposted Transactions Included In Report
As of 04/30/2021

	Current Period Balance
Assets	
General Cash	
Cash in Bank - Checking	144,096.16
Unrestricted CD-Stanton State Bank #2995	22,248.60
Unrestricted CD-BankFirst #34875	53,372.84
Unrestricted CD-Midwest #882523	27,644.81
Unrestricted CD-Midwest #881867	1,663.22
Unrestricted-BankFirst #1648078	272,860.43
Unrestricted-BankFirst #1648166	80,793.07
Business RLF Cash	
EDA RLF-BankFirst #1648089	301,475.34
NE CDBG Regional RLF-BankFirst 1648111	125,820.97
IRP RLF-BankFirst #1648122	253,467.95
HUD Business RLF-BankFirst #1648133	157,133.21
IRP #1 Loan Loss Reserve-BankFirst #1648144	37,375.76
IRP #2 Loan Loss Reserve-BankFirst #1648177	28,181.54
EDA CARES Act RLF - Bankfirst #1755625	61,100.80
Accounts Receivable	
Accounts Receivable	89,727.54
Business RLF Loans Receivables	
EDA RLF Loans Receivable	1,883,701.41
IRP RLF Loans Receivable	1,079,616.10
HUD RLF Loans Receivable	98,312.56
EDA CARES Act RLF Notes Receivable	1,127,855.52
Other Receivables	
Grants Receivable	330,010.00
Prepaid Expenses	
Prepaid Expense	8,025.42
Allowances for Uncollectible Accounts	
Allowance for Uncollectible A/R	(20,810.00)
Allowance for Uncollectible Notes	(493,418.19)
Fixed Assets	
Furniture and Equipment	183,416.02
Accumulated Depreciation	(169,080.16)
Total Assets	5,684,590.92
Liabilities	
Accounts Payable	
Accounts Payable	5,360.77
Other Payables	
Other Payables	302.59
Lease Payable	7,785.60
Paryoll Payables	
ADD & Life Payable	14.58
Accrued FICA Payable	6,984.58
Federal Tax Withheld	3,962.69
State Tax Withheld	3,261.52
457 Withheld	629.55
Health Insurance Payable	25.81
Cafeteria Premium Payable	195.50
Unreimbursed Medical Payable	2,250.00
Dependent Care Payable	359.00
Child Support Payable	1,500.00

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall - Unposted Transactions Included In Report
As of 04/30/2021

	Current Period Balance
Annual Leave Payable	14,937.67
HSA Contributions	537.50
Accrued Unemployment	3.62
Accrued Salaries	16,576.27
IRP Loan Payable	
IRP #1 Loan Payable	300,908.78
IRP #2 Loan Payable	275,937.50
Deferred Revenue	
Deferred Revenue-EDA Planning	17,091.08
Deferred Revenue - Associates	550.00
Total Liabilities	659,174.61
Net Assets	
Other	5,025,416.31
Total Net Assets	5,025,416.31
Total Net Assets and Liabilities	5,684,590.92

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 04/01/2021 Through 04/30/2021

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Revenues							
400	30,875.00	26,141.24	(4,733.76)	370,500.00	131,712.37	(238,787.63)	(64.45)%
405	13,333.00	0.00	(13,333.00)	160,000.00	162,941.18	2,941.18	1.84%
406	1,180.00	0.00	(1,180.00)	14,160.00	14,400.00	240.00	1.69%
407	1,000.00	162.50	(837.50)	12,000.00	14,012.50	2,012.50	16.77%
410	8,265.00	51,807.41	43,542.41	99,174.00	103,614.83	4,440.83	4.48%
415	58.00	0.00	(58.00)	700.00	0.00	(700.00)	(100.00)%
418	18,750.00	14,202.12	(4,547.88)	225,000.00	170,758.37	(54,241.63)	(24.11)%
420	27,083.00	10,082.13	(17,000.87)	325,000.00	128,810.36	(196,189.64)	(60.37)%
421	83,750.00	431,260.00	347,510.00	1,005,000.00	1,601,070.00	596,070.00	59.31%
425	1,250.00	1,580.00	330.00	15,000.00	5,825.00	(9,175.00)	(61.17)%
430	9,583.00	7,421.37	(2,161.63)	115,000.00	56,364.89	(58,635.11)	(50.99)%
433	2,917.00	4,825.07	1,908.07	35,000.00	31,687.55	(3,312.45)	(9.46)%
444	104.00	0.00	(104.00)	1,250.00	2,894.00	1,644.00	131.52%
445	100.00	151.01	51.01	1,200.00	1,375.46	175.46	14.62%
451	13,333.00	16,775.30	3,442.30	160,000.00	139,876.56	(20,123.44)	(12.58)%
452	50.00	0.00	(50.00)	600.00	0.00	(600.00)	(100.00)%
453	292.00	0.00	(292.00)	3,500.00	12,102.50	8,602.50	245.79%
454	833.00	1,731.96	898.96	10,000.00	11,253.27	1,253.27	12.53%
460	250.00	2,715.00	2,465.00	3,000.00	191,441.90	188,441.90	6,281.40%
490	917.00	400.39	(516.61)	11,000.00	6,299.11	(4,700.89)	(42.74)%
495	1,250.00	1,250.00	0.00	15,000.00	12,500.00	(2,500.00)	(16.67)%
	215,173.00	570,505.50	355,332.50	2,582,084.00	2,798,939.85	216,855.85	8.40%
Expenditures							
500	60,866.00	45,548.51	15,317.49	730,391.00	572,193.52	158,197.48	21.66%
505	15,687.00	14,797.66	889.34	188,254.00	148,483.76	39,770.24	21.13%
520	1,250.00	1,250.00	0.00	15,000.00	12,500.00	2,500.00	16.67%
521	792.00	715.29	76.71	9,500.00	9,012.61	487.39	5.13%
522	333.00	0.00	333.00	4,000.00	1,904.56	2,095.44	52.39%
523	833.00	2,009.83	(1,176.83)	10,000.00	8,958.91	1,041.09	10.41%
524	833.00	0.00	833.00	10,000.00	3,298.40	6,701.60	67.02%
526	2,333.00	335.22	1,997.78	28,000.00	3,473.49	24,526.51	87.59%
530	183.00	0.00	183.00	2,200.00	2,241.02	(41.02)	(1.86)%
531	100.00	0.00	100.00	1,200.00	2,032.72	(832.72)	(69.39)%
536	417.00	2,402.53	(1,985.53)	5,000.00	9,431.33	(4,431.33)	(88.63)%
538	1,267.00	731.08	535.92	15,200.00	10,718.09	4,481.91	29.49%
539	1,250.00	0.00	1,250.00	15,000.00	10,685.00	4,315.00	28.77%
540	0.00	0.00	0.00	0.00	3,230.16	(3,230.16)	0.00%

NENEDD Board Agenda

Object: Approve a \$202,250 loan to Cruise & Associates, Inc. in Columbus/Norfolk

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background:

Robert “Rob” Cruise, President of Cruise & Associates, Inc., is planning the purchase of Morrow, Davies & Toelle PC, an accounting firm located at 3204 Koenigstein Ave., # 200 in Norfolk. Rob started Cruise & Associates in 1991 in a one room office in Columbus. When the company first started, the business was called USA Accounting. After a year and a half in operation, Rob joined the tax and accounting franchise Triple Check for five years. Once the franchise agreement was finished, the business name changed to Cruise & Associates. When the business first started, the company was located in two different locations before buying the building at 3023 13 St. in 2011. The company expanded into the Omaha area in 2001. The Omaha branch was in two different locations before purchasing the building at 4715 S. 80th St. Cruise & Associates expanded into Albion in 2015, Lincoln in 2016, Grand Island in 2018 and Wayne in 2019. The next piece of their history will be building their own building in Columbus. There are currently 18 full-time and nine seasonal staff.

Morrow, Davies & Toelle, the company being acquired, is a well-established accounting firm that has been a leader in the Norfolk market since it was founded in 1984 and operates with the similar targeted market as Cruise & Associates. This thriving practice has been enjoying substantial, repeatable revenues and healthy earnings since inception. The loyal, quality client base includes a good amount of business clients, which should offer plenty of opportunities for expansion of services and continued growth through referrals. This firm is ideal for an experienced accountant ready to step into a profitable practice with an established book of quality clients, an experienced staff in place, and partner available to assist in an extended transition for maximum client retention. The current owners are concerned about their age and on-going exposure to the public and COVID-19 and have decided to get out of the business.

The purchase of Morrow, Davies & Toelle will benefit Norfolk and the Northeast Nebraska area in several ways. First, and foremost it will ensure the continuation of much needed services in the areas of income tax, accounting, payroll, audit & review for 1,000+ clients in the Norfolk and Northeast Nebraska area. It will also ensure the continuation of 6-7 professional jobs in Norfolk. Finally, it will also allow the much needed services of Audit and Review to be expanded to Cruise & Associates’ other markets including but not limited to Columbus & Wayne area and throughout the rest of Northeast Nebraska. There is only one other firm in Columbus that offers Audit and Review services while Albion and Wayne currently do not offer it.

Total project costs are \$625,000 which includes \$25,000 for the purchase of the furniture, fixtures and equipment, and \$600,000 for intangible assets such as client files, mailing lists, domain names, websites, email addresses, and phone numbers. Pinnacle bank in Columbus and Rob Cruise are requesting that NENEDD provide a loan in the amount of \$200,000 towards the project. Pinnacle Bank is providing \$347,500 for the purchase of the same mentioned above. Cruise & Associates, Inc. will provide \$77,500 in cash for the purchase. The project will retain at least six jobs.

Explanation:

Uses ↓	Sources →	Bank	NENEDD	Equity	Total
Furniture, Fixtures & Equipment		\$12,500	\$10,000	\$2,500	\$25,000
Intangible Assets		\$335,000	\$190,000	\$75,000	\$600,000
Total		\$347,500	\$200,000	\$77,500	\$625,000

Pinnacle Bank in Columbus is providing \$347,500 pending SBA 7a approval. The loan will be set up as a regular commercial loan fully amortized over a 7 year term at 4.50%. Pinnacle Bank/SBA will hold a blanket UCC filing on all business assets, with SBA subordinating A/R to Pinnacle Bank for its current operating needs. Pinnacle Bank and SBA will also file a deed of trust on Cruise’s personal residence in Columbus.

NENEDD will lend \$200,000 to Cruise & Associates, Inc. to purchase Morrow, Davies & Toelle PC in Norfolk. The associated fees of 1% (\$2,000) loan processing fee and \$250 loan closing fee will be included as part of the loan for a total loan of \$202,250. The \$202,250 NENEDD EDA CARES loan will have a term of seven years at an interest rate of 2.00% for years 1 & 2, then 4.50% (fixed) for years 3 - 7. NENEDD will have a subordinate UCC lien on the business personal property of Cruise & Associates, Inc. NENEDD will require life insurance assignment from Rob for the amount of the loan for the life of the loan and personal guaranty from Rob and Michelle Cruise. NENEDD will also file a deed of trust on Rob & Michelle’s personal residence in Columbus.

The Northeast Revolving Loan Fund (RLF) committee was presented information on credit scores, net worth, collateral, and financial information as part of the loan summary and recommends this loan for approval.

Motion: Consideration for approval of a \$202,250 loan to Cruise & Associates, Inc. in Columbus/Norfolk.

Loren Kucera _____ Dan Kathol _____ Judy Mutzenberger _____ Tina Biteghe Bi Ndong _____
Troy Uhlir _____ Gary Jackson _____ Charlie Bahr _____ Blake Denton _____ Sally Ganem _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VI. Action Items A

NENEDD Board Agenda

Object: Reappoint Nicole Sedlacek, Adam Rief, and Chad Anderson to another three-year term on the Northeast Revolving Loan Fund (RLF) Committee.

Contact Person: Jeff Christensen

For: Action

Explanation: The Northeast RLF Committee is a 9-member group that reviews NENEDD, NED, Inc.'s and local community's business loans and makes recommendations for approval. It consists of three bankers, three business owners representing service, retail, and manufacturing, a city administrator, local economic development professional, and small business consultant. Each term is three years.

The terms of Nicole Sedlacek, Adam Rief, and Chand Anderson are due for renewal. All three have agreed to stay on for another three-year term. Nicole is a Senior Economic Development Consultant with Nebraska Public Power District, Adam is the owner of Rief Design & Manufacturing, MidPlains Crane Works, and Cuming County Industries all based out of Bancroft, and Chad is the Pierce City Administrator.

Motion: Consideration to approve the reappointment of Nicole Sedlacek, Adam Rief, and Chad Anderson to another three-year term on the Northeast RLF Committee.

Loren Kucera _____ Dan Kathol _____ Judy Mutzenberger _____ Tina Biteghe Bi Ndong _____
Troy Uhler _____ Gary Jackson _____ Charlie Bahr _____ Blake Denton _____ Sally Ganem _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VI. Action Items B