

**NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.**  
**BOARD OF DIRECTORS MEETING**  
**WEDNESDAY AUGUST 28, 2019 - 7:00 P.M.**

City of Norfolk Offices – Training Room, 309 N 5<sup>th</sup> St, Norfolk, NE 68701

The President 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 898).
- II. Roll Call**
- III. Introduction of Guests**
- IV. Secretary’s Report**
  - A.** Consideration for approval of the August 28, 2019 Agenda and the July 31, 2019 meeting minutes.
  - B.** Consideration to ratify the June 26, 2019 Secretary’s Report and Treasurer’s Report
- V. Treasurer’s Report**
  - A.** Consideration for acceptance of the July 2019 Treasurer’s Report as presented.
- VI. Action Items**
  - A.** Consideration for approval of applicant #101536 for housing rehabilitation funds up to the amount of \$25,000.00.
  - B.** Consideration for approval of applicant #101589 for housing rehabilitation funds up to the amount of \$13,000.00.
  - C.** Consideration to accept the sub-granted \$185,000 CDBG funds from Knox County utilizing the Non-Profit Development Organization (NDO) process. The \$185,000 will be loaned to Home Town Grocery, Inc. to purchase People’s Grocery Store in Crofton as presented and recommended by NENEDD and the Northeast RLF Committee.
  - D.** Consideration to accept the sub-granted \$50,000 from the Village of Thurston utilizing the Non-Profit Development Organization (NDO) process and approve a loan up to \$200,000 for Midwest Crane Works, LLC as presented and recommended by NENEDD and the Northeast RLF Committee.
- VII. President/Board Comments**
- VIII. Next Meeting Date:** The next Northeast Economic Development, Inc. Board of Directors meeting will be at 7:00 p.m. on Wednesday, September 25, 2019. The meeting will be held at the following location:

City of Norfolk Offices – Training Room, 309 N 5<sup>th</sup> St, Norfolk, NE 68701

**IX. Adjournment**

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

## NED, Inc Board Agenda

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**Object:** Approve of the August 28, 2019 Agenda and the July 31, 2019 meeting minutes

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

**For:** Action

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**Explanation:** The August 28, 2019 agenda has been posted on the website. The July 31, 2019 meeting minutes have been posted on the website.

**Motion:** Consideration for approval of the August 28, 2019 Agenda and the July 31, 2019 meeting minutes.

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

IV. Secretary's Report A.

## NED, Inc Board Agenda

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**Object:** Ratification of the June 26, 2019 Secretary's Report and Treasurer's Report

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

**For:** Action

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**Explanation:** A quorum was not available during the June 26, 2019 meeting for the discussion and vote on the Secretary's Report and Treasurer's Report. A quorum was available for the remainder of the June 26, 2019 meeting.

**NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, JUNE 26, 2019- 7:00 P.M.**

*City of Norfolk Offices – Training Room, 309 N 5<sup>th</sup> St, Norfolk, NE 68701*

**MINUTES**

**Ratification:** A quorum was not available during the Secretary's Report and Treasurer's Report. The Secretary's Report and Treasurer's Report will be ratified at the July 31, 2019 meeting.

- I. Call to Order:** The Northeast Economic Development, Inc. (NED, Inc.) Board of Directors meeting was called to order at 7:02 p.m. by NED, Inc. President Tina Biteghe Bi Ndong. Tina Biteghe Bi Ndong informed the public about the location of the Open Meetings Act LB 898 and that it is accessible to the public.
- II. Roll Call:** NENEDD Administrative Assistant, Brittany O'Brien, read roll call.

**Board Members Present:**

Tina Biteghe Bi Ndong, President, West Point Chamber of Commerce  
John F. Lohr, Vice President, City of Columbus  
Mike Frank, Retired Northeast Community College

**Board Members Absent:**

Megan Weaver, Wayne Community Housing Development Corporation  
Jerry Engdahl, Platte County  
Brad Albers, Secretary/Treasurer, Business Owner  
Shannon Stuchlik, City of Pierce

**Others Present:**

Thomas L. Higginbotham, NENEDD  
Tina Engelbart, NENEDD  
Kristen Rosner, NENEDD  
Brittany O'Brien, NENEDD  
Jeff Christensen, NENEDD  
Judy Joy, NENEDD  
Jan Merrill, NENEDD  
Lowell Schroeder, NENEDD

IV. Secretary's Report B.

Dick Pfeil, Chairman, Norfolk City Council  
Jim McCarville, Northeast Community College  
Dan Kathol, City of Hartington  
Judy Mutzenberger, Cuming County  
Christian Ohl, Madison County Commissioner  
Glen Ellis, City of Fremont  
Loren Kucera, Nebraska Business Development Center (NBDC), Wayne  
Greta Kraemer, NENEDD Council of Officials, Dixon County

**III. Introduction of Guests:** NED, Inc. President Tina Biteghe Bi Ndong asked everyone attending the meeting to introduce themselves to the group.

**IV. Secretary's Report**

**A. Consideration for approval of June 26, 2019 Agenda amended with the removal of Action Item E and May 29, 2019 meeting minutes:** NENEDD Administrative Assistant Brittany O'Brien, presented. Mike Frank made a motion to approve the June 26, 2019 agenda, as amended, and the May 29, 2019 meeting minutes. John F. Lohr seconded the motion. **AYES:** Mike Frank, Tina Biteghe Bi Ndong, John F. Lohr. **NAYS:** None. **ABSENT:** Shannon Stuchlik, Brad Albers, Jerry Engdahl and Megan Weaver. Motion carried.

**V. Treasurer's Report**

**A. Consideration for acceptance of the May 2019 Treasurer's Report:** NENEDD Fiscal Officer Kristen Rosner presented the report. John F. Lohr made a motion to accept the May 2019 Treasurer's Report as presented. Mike Frank seconded the motion. **AYES:** Mike Frank, Tina Biteghe Bi Ndong, John F. Lohr. **NAYS:** None. **ABSENT:** Brad Albers, Shannon Stuchlik, Jerry Engdahl and Megan Weaver. Motion carried.

**Motion:** Consideration to ratify the June 26, 2019 Secretary's Report and Treasurer's Report

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

IV. Secretary's Report B.

**NED, Inc. Board Agenda**

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**Object:** Acceptance of July 2019 Treasurer’s Report

**Contact Person:** Kristen Rosner, Fiscal Officer

**For:** Action

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**Background:**

Northeast Economic Development, Inc.’s (NED, Inc) July 2019 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 2020 Budget for the nonaccrual accounts, July 1, 2019, through June 30, 2020, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2020 Budget remaining.

**Explanation:**

**Additional Information:**

Business Loan Principal Received	35,913.19
Housing Rehab Principal Received	5,434.80
Down Payment Assistance (DPA) Principal Received	10,378.87
New Construction Principal Received	-
Business Loan Disbursements	-
Housing Rehab Loan Disbursements (1 home)	11,542.12
Down Payment Assistance (DPA) Loan Disbursements (1 home)	30,000.00
New Construction Loan Disbursement	-

Down Payment Assistance Loan Payoff:  
Loan 04709, \$10,000

NED, Inc. Reuse Funds Available for Lending:

Owner-Occupied Rehabilitation (HOME & Trust): \$932,385

Direct Home Buyer Assistance (HOME & Trust): \$16,676

Business Revolving Loan Funds (All Sources): \$1,699,934

**Motion:** Consideration for acceptance of the July 2019 Treasurer’s Report

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

V. Treasurer Report

**NED, Inc.**  
**Statement of Financial Position - Unposted Transactions Included In Report**  
**As of 07/31/2019**

	<u>Current Period Balance</u>
<b>Assets</b>	
General Cash	
Cash in Bank-BF #1695334	1,547.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	115,062.25
RLF-BankFirst 7884203	30,214.11
IRP Loan Loss Reserve-BankFirst 7884195	10,689.12
RBEG Loans-BankFirst 7884203	83,947.10
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	5,253.47
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,581.20
IRP #2 Loan Fund-Bank First #7898560	157,497.06
RMAP LLR Fund-BankFirst #8571	17,903.01
NDO Loan Fund-Security Bank 833851	102,437.16
NE Micro Loan-BankFirst #7911287	212,412.99
BF NDO Defederalized	918,066.81
#7911287 - NE Micro Loan #2	26,508.07
NED, Inc. Micro Funds #3 - 2018 Grant BF#7911287	37,138.74
#7884195 - IRP #2 Loan Loss Reserve	44,046.60
Housing Cash	
Trust DPA - EVB 3035418	1,306.24
HOME Rehab-BankFirst 7858547	242,115.25
Trust Rehab CD #882516-Midwest Bank	108,389.58
Trust Rehab Pinnacle 4400292230	129,677.66
HOME DPA - EVBT 3067890	15,181.81
HOME Rehab Pinnacle 4400292249	230,904.98
Trust Rehab BF 7930372	109,185.07
HUD/NENEDD Rehab BankFirst 7930383	112,109.57
Trust New Construction EVBT 3035418	188.30
Business RLF Notes Receivable	
Business RLF Notes Receivable	71,490.53
Business IRP Notes Receivable	163,443.57
IRP #2 Notes Receivable	612,415.04
NDO Business Notes Receivables	2,650,960.15
RMAP Business Notes Receivable	330,948.80
NE Micro Loan Receivable	463,714.50
Housing Notes Receivable	
DPA Notes Receivable	2,215,793.88
Regional Rehab Notes Receivable	1,112,019.78
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(3,155,344.23)
<b>Total Assets</b>	<b>7,190,512.85</b>
<b>Liabilities</b>	
Accounts Payable	
Accounts Payable	20,718.41
Notes Payable	
RMAP Loan Payable	345,186.99
NEF Loan Payable	59,779.96
IRP Loan Payable	182,778.13
IRP #2 Loan Payable	624,013.65

**NED, Inc.**  
**Statement of Financial Position - Unposted Transactions Included In Report**  
**As of 07/31/2019**

	<u>Current Period Balance</u>
Total Liabilities	<u>1,232,477.14</u>
Net Assets	
Other	<u>5,958,035.71</u>
Total Net Assets	<u>5,958,035.71</u>
Total Net Assets and Liabilities	<u>7,190,512.85</u>

**NED, Inc.**

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
From 07/01/2019 Through 07/31/2019**

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining
<b>Revenues</b>							
405	3,916.67	0.00	(3,916.67)	47,000.00	0.00	(47,000.00)	(100.00)%
428	79.67	478.00	398.33	956.00	478.00	(478.00)	(50.00)%
439	20,833.33	0.00	(20,833.33)	250,000.00	0.00	(250,000.00)	(100.00)%
442	2,345.83	0.00	(2,345.83)	28,150.00	0.00	(28,150.00)	(100.00)%
443	2,250.00	5,526.83	3,276.83	27,000.00	5,526.83	(21,473.17)	(79.53)%
444	250.00	250.00	0.00	3,000.00	250.00	(2,750.00)	(91.67)%
451	10,833.33	12,321.81	1,488.48	130,000.00	12,321.81	(117,678.19)	(90.52)%
452	116.66	43.30	(73.36)	1,400.00	43.30	(1,356.70)	(96.91)%
453	500.00	0.00	(500.00)	6,000.00	0.00	(6,000.00)	(100.00)%
454	1,000.00	137.31	(862.69)	12,000.00	137.31	(11,862.69)	(98.86)%
471	666.66	499.14	(167.52)	8,000.00	499.14	(7,500.86)	(93.76)%
490	2,916.66	3,409.99	493.33	35,000.00	3,409.99	(31,590.01)	(90.26)%
<b>Total Revenues</b>	<b>45,708.81</b>	<b>22,666.38</b>	<b>(23,042.43)</b>	<b>548,506.00</b>	<b>22,666.38</b>	<b>(525,839.62)</b>	<b>(95.87)%</b>
<b>Expenditures</b>							
523	16.66	0.00	16.66	200.00	0.00	200.00	100.00%
543	8.33	50.00	(41.67)	100.00	50.00	50.00	50.00%
548	8.33	0.00	8.33	100.00	0.00	100.00	100.00%
560	100.00	0.00	100.00	1,200.00	0.00	1,200.00	100.00%
561	572.08	0.00	572.08	6,865.00	0.00	6,865.00	100.00%
573	1,308.33	846.99	461.34	15,700.00	846.99	14,853.01	94.61%
574	16,666.66	20,298.41	(3,631.75)	200,000.00	20,298.41	179,701.59	89.85%
580	12,083.33	0.00	12,083.33	145,000.00	0.00	145,000.00	100.00%
584	2,258.33	2,458.03	(199.70)	27,100.00	2,458.03	24,641.97	90.93%
589	124.00	1,488.11	(1,364.11)	1,488.00	1,488.11	(0.11)	(0.01)%
<b>Total Expenditures</b>	<b>33,146.05</b>	<b>25,141.54</b>	<b>8,004.51</b>	<b>397,753.00</b>	<b>25,141.54</b>	<b>372,611.46</b>	<b>93.68%</b>
<b>Total Revenues Over (Under) Expenditures</b>	<b>12,562.76</b>	<b>(2,475.16)</b>	<b>(15,037.92)</b>	<b>150,753.00</b>	<b>(2,475.16)</b>	<b>(153,228.16)</b>	<b>(101.64)%</b>



## NED, Inc. Board Agenda

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**Object:** Recommendation to approve applicant # 101536 for owner occupied housing rehabilitation funds up to the amount of \$ 25,000.00

**Contact Person:** Martin Griffith

**For:** Action

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**Background:** Level B (51% - 65% area median Income) – 1% interest Loan up to 20 years

Property Location:	Plainview
House Square Footage:	1574
Cost of Repairs:	\$25,000.00
Cost per Square Foot:	\$16.00
Funding Source:	NED, Inc. Reuse

**Explanation:** The house under consideration is structurally sound, in good condition, and after repairs will meet or exceed all of the required Minimum Rehabilitation Standards. Therefore, the property is deemed economically feasible for the Ned, Inc Owner Occupied Housing Rehabilitation Program. Funding will be provided by Ned, Inc Reuse.  
See list of repairs below.

### Repairs

- Replace roof coverings on part of house and entire attached garage.
- Install seamless gutters to entire house.
- Install total siding package.
- Install 95% efficiency rated furnace.
- Install 14 Seer Central Air Conditioning unit.
- Replace eight electrical outlets with ground fault circuit interrupter outlets.
- Install extension on water heater safety overflow valve.
- Replace five windows with low E argon gas filled half inch insulated glass units.
- Stabilize all deteriorated paint on interior surfaces.
- Install smoke detectors in all bedrooms.
- Install two combination smoke/carbon monoxide detectors.
- Scrape and paint or replace walk doors on garage.
- Remove and replace any deteriorated fascia boards.
- Hepa vacuum and wet wipe all window troughs and interior sills.
- Completion of interior trim installation.

This property is currently valued at - \$13,670.10  
After rehabilitation property value - \$32,420.10  
Current Mortgage - None  
NED, Inc. Lien Position – 1<sup>st</sup>

**After Rehab Property Value Calculation:**

**County: Pierce**

**Tax Valuation: \$13,260.00                      % of Value: 95%**

**100% RE Tax Valuation: \$13,670.10 (Pre Rehab value)**

**Total Rehab Spent: \$25,000.00**

**75% of Rehab Spent: \$18,750.00**

**After Rehab Value: \$32,420.10**

Recommendation based on the condition of the house, cost of repairs, (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines), along with the after rehabilitation value of house, balance of mortgage, and the lien position of NED, Inc.

**Motion: Consideration for approval of applicant #101536 for housing rehabilitation funds up to the amount of \$25,000.00**

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VI. Action Items A.

## Ned, Inc. Board Agenda Item

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**Object:** Recommendation to approve applicant # 101589 for owner occupied housing rehabilitation funds up to the amount of \$13,000.00

**Contact Person:** Martin Griffith

**For:** Action

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**Background:** Level D (50% or less of Area Median Income & 62 Years or over) – 100% Forgivable Loan up to 10 years

Property Location:	Hartington
House Square Footage:	960
Cost of Repairs:	\$20,400.00
Cost per Square Foot:	\$21.00
Funding Source:	NED, Inc. Reuse & Hartington Reuse

**Explanation:** The house under consideration is structurally sound, in good condition, and after repairs will meet or exceed all of the required Minimum Rehabilitation Standards. Therefore, the property is deemed economically feasible for the Ned, Inc. and City of Hartington Owner Occupied Housing Rehabilitation Programs. Funding sources will be the Ned, Inc. and Hartington Reuse with Ned, Inc's portion being \$13,000.00 and the City of Hartington's being \$7,400.00.

See list of repairs below.

### Repairs

- Replace roof coverings.
- Repair gutters, downspouts and leaders.
- Replace Heat Pump.
- Replace Furnace.
- Install separate switches for kitchen lights.
- Repair or replace one window with low E argon gas filled half inch insulated glass unit.
- Replace garage walk door.
- Install storm door on new garage walk door.
- Stucco sides of front stoop.
- Remove and replace rear deck.
- Add soil to low area under rear deck and pour concrete slab.
- Replace floor coverings.

This property is currently valued at - \$61,835.11  
After rehabilitation property value - \$77,135.11  
Current Mortgage - \$35,974.65 & (\$10,111.21 Forgivable)  
NED, Inc. Lien Position – 4<sup>th</sup> (3<sup>rd</sup> after 7 years)

**After Rehab Property Value Calculation:**

**County: Cedar**

**Tax Valuation: \$58,125.00                      % of Value: 94%**

**100% RE Tax Valuation: \$61,835.11 (Pre Rehab value)**

**Total Rehab Spent: \$20,400.00**

**75% of Rehab Spent: \$15,300.00**

**After Rehab Value: \$77,135.11**

Recommendation based on the condition of the house, cost of repairs, cost of repairs per square foot (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines), along with the after rehabilitation value of house, balance of mortgage, and the lien position of NED, Inc.

**Motion: Consideration for approval of applicant #101589 for housing rehabilitation funds up to the amount of \$13,000.00**

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VI. Action Items B.

## NED, Inc. Agenda

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**Object:** Accept \$185,000 Community Development Block Grant (CDBG) funds from Knox County for a loan to Home Town Grocery, Inc. in Crofton.

**Contact Person:** Jeff Christensen, NENEDD Business Loan Specialist

**For:** Action

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**Background:** Randy & Sanja Johnson wish to purchase People's Grocery Store in Crofton, located at 1105 W 2<sup>nd</sup> St. Peoples Grocery is the only grocery store in town. The current owners are planning to retire. The Johnson's currently own Home Town Grocery, Inc. in Viborg, SD. People's Grocery first opened its doors in 1942 by the Sawatske Family as a department store with general merchandise and groceries. In 1953, a grocery store addition was built on the existing building. In 1978, the current owners, Mick and Kathy Reifenrath purchased the grocery business. In 1988, the Reifenraths purchased the original People's Department Store building, remodeled it and moved the grocery business back to that location. It is now a modern, full-service supermarket with a deli, bakery, meat department and fresh produce department. There is also an area that was a floral shop but is currently used as a gift area. The Johnsons are considering renting this area for a possible pharmacy.

People's Grocery is a small community grocery store that offers store brand and national brand products. They offer a meat department where fresh cuts are available daily. The store offers home delivery for local residents that are unable to travel to the store for grocery items. Supporting "local" is a firm belief of the owners and therefore have partnered with local farmers for produce. People's Grocery also serves its customers by special ordering items that are not available within the store or that cannot be found at a competitor location. Small community grocery stores must be a part of a larger distribution network. People's Grocery will continue and place orders with Associated Warehouse Grocers (AWG) twice a week with products delivered on Tuesdays and Fridays. Rather than purchase every product from AWG, if available, they will partner with other local distributors to provide fresh produce for the community.

The total project costs are estimated to be \$585,000 for the purchase of Peoples Grocery and working capital. The Johnsons and F & M Bank in Crofton are requesting that Knox County provide a loan in the amount of \$185,000 to purchase the business. The bank is considering a loan of up to \$195,000 for the purchase and a \$35,000 line of credit. The Johnsons are providing equity of \$20,000 cash and the owner is doing up to a \$150,000 carry back loan. The current 13 employees will be maintained in addition of the two owners for a total of 6 full time equivalent jobs.

Uses ↓ Sources →	Bank	Knox County RLF	Seller Carryback	Equity	Total
Building Purchase	\$70,000	\$5,000	-0-	-0-	\$75,000
Business FFE	\$125,000	-0-	-0-	-0-	\$125,000
Inventory	-0-	\$125,000	-0-	-0-	\$125,000
Line of Credit	\$35,000	-0-	-0-	-0-	\$35,000
Goodwill/Fees	-0-	\$55,000	\$150,000	\$20,000	\$225,000
<b>Total</b>	<b>\$230,000</b>	<b>\$185,000</b>	<b>\$150,000</b>	<b>\$20,000</b>	<b>\$585,000</b>

**Explanation:** Farmers & Merchants State Bank in Crofton has approved a loan of up to \$195,000 for this project. The bank’s loan will be set up as a regular real estate/commercial and loan amortized over a 15-year term at an interest rate of 5.75% (5 year variable). They will also offer a \$35,000 line of credit. In addition to a first deed of trust on real estate at 1105 W. 2<sup>nd</sup> St. in Crofton, they will require a first position UCC blanket lien on all business and personal assets and personal guarantees from all owners of Home Town Grocery, Inc.

Knox County will lend \$185,000 for this project. These funds will be sub-granted to NED, Inc., as a Non-profit Development Organization (NDO), who will in turn lend the \$185,000 to Home Town Grocery, Inc. The \$185,000 NDO loan will also have a 15-year term at 4.00% (fixed). Payments will be made to NED, Inc. This is the process approved by the Nebraska Department of Economic Development (DED) to de-federalize CDBG funds in our local communities.

NED, Inc. will file a subordinate deed of trust on business the property at 1105 W. 2<sup>nd</sup> St. in Crofton, have a subordinate UCC lien on the business personal property located in Crofton, require personal guarantees from all owners of Home Town Grocery, Inc., and will require a life insurance assignment from Randy and Sanja Johnson each for the amount of the loan for the life of the loan. NED, Inc. will also file a deed of trust on the Johnson’s personal residence in South Dakota.

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 to accept the sub-granted \$185,000 CDBG funds from Knox County utilizing the Non-Profit Development Organization (NDO) process. The \$185,000 will be loaned to Home Town Grocery, Inc. to purchase People’s Grocery Store in Crofton as presented and recommended by NENEDD staff and the Northeast RLF Committee.

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
 Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
 Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VI. Action Items C.

## **NED, Inc. Board Agenda**

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**Object:** Accept \$50,000 Community Development Block Grant (CDBG) funds from the Village of Thurston for a loan to Midwest Crane Works, LLC and approve a loan up to \$200,000 for Midwest Crane Works, LLC, - Bancroft - Adam Rief and Jon Toft, Members

**Contact Person:** Jeff Christensen, NENEDD Business Loan Specialist

**For:** Action

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**Background:** Adam Rief and John Toft will form a new LLC, planned to be called Midwest Crane Works, LLC, (pending the Secretary of State's approval), with the intent of purchasing all the assets (equipment/inventory; no real estate) of Ivan's Welding currently located at rural Cuming County. The current owner is going to retire. They will hire the four current employees of Ivan's including the foreman who has been with Ivan's for 20 years and move everything to their location at 2410 Hwy 51 in Bancroft; home of Triple C Manufacturing.

Twelve years ago, Adam had a lot of ideas about how to make farm equipment better. Still a sophomore at the University of Nebraska, he started Rief Design & Manufacturing out of a building on his family's farm south of Bancroft. Two years later, with a mechanized systems degree in hand, Adam returned home to grow his business. In 2010, he built a 60' x 80' building on their family farm with the help of his local bank and a \$35,000 NENEDD loan. In 2014 he added 80' x 80' to his building, this time with bank financing and a \$141,000 NENEDD loan. Both loans have been paid as promised.

Approximately one year ago, Adam and his business partner, Jon Toft, purchased Triple C Manufacturing in Bancroft. The facility gave Rief Design a larger manufacturing area and more equipment to work with than what it had at the farm. Adam heads up Rief Design & Manufacturing, and Jon handles Triple C, which primarily deals with the sale and installation of Chief grain bins and the various grain handling equipment that goes with it: augers, legs, conveyors, electric motors, etc. They install everything they sell and are one of only a few companies that installs what they sell; a start to finish operation. All business entities operate under Cuming County Industries LLC which includes Adam, Jon and Adam's father, Steve.

Ivan purchased two cranes for grain elevator legs, but also has the potential to do other work such as installation of electrical wires, other electrical power equipment, and electrical wind turbines that are being built in Nebraska and western Iowa. With the purchase of Ivan's, MWCW will continue to service all Ivan's customers as well as Triple C customers throughout northeast Nebraska and western Iowa and provide crane services to install grain legs and dryers supplementing the grain bin services provided by Triple C. Most customers are buying commercial sized bins that involve erecting a grain leg and bin at the same time. MWCW, in coordination with Triple C, will provide customers optimal services and competitive pricing not currently found in the area. Triple C sells and installs numerous grain bins and MWCW will primarily work with Triple C to install grain legs and dryers when required on projects. This is a huge selling point to assure customers the whole project will be serviced by the same companies erecting the bins and providing millwright services. Customers get uneasy about any company servicing something it didn't install, especially when repairs are needed in the heat of the season.

Total project costs are estimated to be \$1,303,000 to purchase the equipment, inventory, and goodwill. Charter West Bank, Adam and Jon are requesting that the Village of Thurston provide a loan in the amount of \$50,000 and NED, Inc. provide a loan of \$150,000 (total \$200,000) towards the project. Charter West Bank will provide a 10-year loan of up to \$370,000, a 5-year loan of up to \$185,500, and \$250,000 line of credit. Through negotiations with Ivan, Adam & Jon have purchased the business with an equity balance of approximately \$300,000. The project will maintain the 4 jobs at Ivan's and create an additional 3 for a total of 7.

Source	Bank	NED, Inc.	Thurston RLF	Equity	Total
Equipment/Inventory	\$185,500	\$99,500	\$50,000	\$148,000	\$483,000
Goodwill/Cranes	\$370,000	\$50,500	-0-	\$149,500	\$570,000
Line of Credit	\$250,000	-0-	-0-	-0-	\$250,000
<b>Total</b>	<b>\$805,500</b>	<b>\$150,000</b>	<b>\$50,000</b>	<b>\$297,500</b>	<b>\$1,303,000</b>

**Explanation:** Charter West Bank in Walthill is considering two loans and a line of credit for this project. One loan will not exceed \$370,000 will be set up as a regular commercial loan fully amortized over a 10 year term at an interest rate of 5.99% for the first 5 years. The 2<sup>nd</sup> loan, not to exceed \$185,500, will be set up as a regular commercial loan fully amortized over a 5 year term at an interest rate of 5.99% for 5 years. A \$250,000 line of credit will be set up with a variable initial interest rate at 6.00% with quarterly interest payments and a one year annual renewal. In addition to the commercial security agreement for the equipment and inventory purchased from Ivan's Welding, the bank will require personal guarantees from Adam and Jon and a Company Guaranty from Cuming County Industries, LLC.

NED, INC. will lend \$150,000 and the Village of Thurston will lend \$50,000 for this project. for the purchase of the business personal property assets; equipment/inventory. The Thurston funds will be sub-granted to NED, Inc., as a Non-profit Development Organization (NDO), who will in turn lend the \$50,000 to MWCW for this project. Payments will be made to NED, Inc., thus resulting in a \$200,000 loan with NED, Inc. This is the process approved by the Nebraska Department of Economic Development (DED) to de-federalize CDBG funds in our local communities. The \$200,000 NED, INC. loan will have a term of 10 years at an interest rate of 4.50% (fixed). In the event Thurston would not approve their \$50,000 portion of the funding, it is planned that NED, Inc. will provide the entire \$200,000 loan at 4.50% for 10 years. NED, INC. will file a UCC lien on the business personal property subordinate to the bank. NED, INC. will require life insurance assignment from Adam and Jon each for the amount of the loan for the life of the loan. NED, INC. will also require a company guaranty from the parent company, Cuming County Industries, LLC.

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 accept the sub-granted \$50,000 CDBG funds from Thurston utilizing the Non-Profit Development Organization (NDO) process and approve a loan up to \$200,000 for Midwest Crane Works, LLC as presented and recommended by NENEDD staff and the Northeast RLF Committee.

Jim McCarville \_\_\_\_\_ John Lohr \_\_\_\_\_ Brad Albers \_\_\_\_\_ Mike Frank \_\_\_\_\_  
 Jerry Engdahl \_\_\_\_\_ Shannon Stuchlik \_\_\_\_\_ Megan Weaver \_\_\_\_\_  
 Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VI. Action Items D.