

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 27, 2019 –7:00 P.M.

City of Columbus Offices – 1st Floor Mayor’s Office, 2424 14th St, Columbus, NE 68601
City of Hartington Offices – Conference Room, 107 W. State St., Hartington, NE 68739
City of Norfolk Offices – Training Room, 309 N 5th St, Norfolk, NE 68701
West Point Chamber of Commerce – 200 Anna Stalp Ave, West Point, NE 68788
Northeast Housing Initiative – 110 E. 2nd Street, Allen, NE 68710

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 February 27, 2019 Agenda and the February 6, 2019 Meeting Minutes
- V. Treasurer’s Report**
 - A. Consideration for acceptance of the January 2019 Treasurer’s Report
- VI. Action Items**
 - A. Consideration for approval for down payment assistance applicant #101545 in the amount of \$29,200.
 - B. Consideration for approval of the appointment of Lori Schrader to replace Gene Rahn on the Northeast RLF Committee until the end of his term, June 2020, as recommended by the Northeast RLF Committee and NENEDD staff.
- VII. Discussion Items**
- VIII. President/Board Comments**
- IX. Next Meeting Date:** The next Northeast Economic Development, Inc. Board of Directors meeting will be at 7:00 p.m. on Wednesday, March 27, 2018. The meeting will be held via conference call at the following locations:

City of Columbus Offices – 1st Floor Mayor’s Office, 2424 14th St, Columbus, NE 68601
City of Hartington Offices – Conference Room, 107 W. State St., Hartington, NE 68739
City of Norfolk Offices – Training Room, 309 N 5th St, Norfolk, NE 68701
West Point Chamber of Commerce – 200 Anna Stalp Ave, West Point, NE 68788
Northeast Housing Initiative – 110 E. 2nd Street, Allen, NE 68710

- X. Adjournment**

Tina Biteghe Bi Ndong _____ 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

Object: Approve the February 27, 2019, meeting agenda and the February 6, 2019, meeting minutes.

Contact Person: Brittany O'Brien, Administrative Assistant

For: Action

Explanation: The February 27, 2019, agenda has been posted. The minutes from the February 6, 2019, meeting were posted.

Motion: Consideration for approval of the February 27, 2019, meeting agenda and February 6, 2019, meeting minutes.

Tina Biteghe Bi Ndong _____ 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

Object: Acceptance of January 2019 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Economic Development, Inc.'s (NED, Inc) January 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 2019 Budget for the nonaccrual accounts, July 1, 2018, through June 30, 2019, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2019 Budget remaining.

Explanation:

Additional Information:

Business Loan Principal Received	33,939.16
Housing Rehab Principal Received	6,300.61
Down Payment Assistance (DPA) Principal Received	378.87
New Construction Principal Received	-
Business Loan Disbursements	0
Housing Rehab Loan Disbursements (1 home)	600.00
Down Payment Assistance (DPA) Loan Disbursements	-
New Construction Loan Disbursement	-

Motion: Consideration for acceptance of the January 2019 Treasurer's Report

Tina Biteghe Bi Ndong _____ 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.

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

		<u>Current Period Budget</u>	<u>Current Period Actual</u>	<u>Current Period Budget Variance</u>	<u>Total Budget - Original</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>	<u>Percent Total Budget Remaining</u>
Revenues								
405	Bad Debt Recovery	3,916.66	0.00	(3,916.66)	47,000.00	83,650.00	36,650.00	77.98%
428	Down Payment Assistance Loan Processing Fee	79.66	0.00	(79.66)	956.00	956.00	0.00	0.00%
436	Microenterprise Management Revenue	421.33	0.00	(421.33)	5,056.00	0.00	(5,056.00)	(100.00)%
439	CDBG ED NDO RLF Contributions	41,666.66	0.00	(41,666.66)	500,000.00	89,061.21	(410,938.79)	(82.19)%
442	Microenterprise Lending Program Contributions	12,066.66	0.00	(12,066.66)	144,800.00	110,800.00	(34,000.00)	(23.48)%
443	USDA RMAP TA Funds	2,250.00	0.00	(2,250.00)	27,000.00	0.00	(27,000.00)	(100.00)%
444	Business Loan Closing Revenue	250.00	322.00	72.00	3,000.00	1,072.00	(1,928.00)	(64.27)%
451	Business Loan Interest	10,833.33	12,792.00	1,958.67	130,000.00	94,135.82	(35,864.18)	(27.59)%
452	Loan Late Fees	116.66	55.57	(61.09)	1,400.00	608.99	(791.01)	(56.50)%
453	Business Loan Processing Fee	500.00	0.00	(500.00)	6,000.00	1,730.00	(4,270.00)	(71.17)%
454	Annual Servicing Fees	1,000.00	2,566.88	1,566.88	12,000.00	5,461.61	(6,538.39)	(54.49)%
471	HO Rehab Interest	666.66	592.89	(73.77)	8,000.00	4,421.98	(3,578.02)	(44.73)%
490	Interest Income	1,166.66	3,080.51	1,913.85	14,000.00	21,880.35	7,880.35	56.29%
492	Contributions	333.33	0.00	(333.33)	4,000.00	2,041.23	(1,958.77)	(48.97)%
	Total Revenues	<u>75,267.61</u>	<u>19,409.85</u>	<u>(55,857.76)</u>	<u>903,212.00</u>	<u>415,819.19</u>	<u>(487,392.81)</u>	<u>(53.96)%</u>
Expenditures								
523	Office Supplies	16.66	0.00	16.66	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	10.00	(1.67)	100.00	130.00	(30.00)	(30.00)%
546	Lead Inspection Exp	41.66	0.00	41.66	500.00	0.00	500.00	100.00%
548	Loan Closing Expense	8.33	0.00	8.33	100.00	27.00	73.00	73.00%
557	Memberships	2.08	0.00	2.08	25.00	0.00	25.00	100.00%
560	Legal Services	100.00	0.00	100.00	1,200.00	0.00	1,200.00	100.00%
561	Audit Fees	572.08	0.00	572.08	6,865.00	5,985.00	880.00	12.82%
569	Other Professional Services	225.00	0.00	225.00	2,700.00	0.00	2,700.00	100.00%
573	Loan Interest Expense	1,458.33	140.45	1,317.88	17,500.00	13,861.01	3,638.99	20.79%
574	NENEDD Management Exp	14,583.33	24,476.88	(9,893.55)	175,000.00	123,266.46	51,733.54	29.56%
580	Loans Written Off	12,083.33	0.00	12,083.33	145,000.00	56,000.00	89,000.00	61.38%

NED, Inc.

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

	<u>Current Period Budget</u>	<u>Current Period Actual</u>	<u>Current Period Budget Variance</u>	<u>Total Budget - Original</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>	<u>Percent Total Budget Remaining</u>
584 Rehab Loans Forgiven	3,425.00	2,509.32	915.68	41,100.00	20,808.47	20,291.53	49.37%
589 Invest Nebraska NDO RLF Contributions	1,491.66	1,488.10	3.56	17,900.00	10,416.70	7,483.30	41.81%
Total Expenditures	<u>34,015.79</u>	<u>28,624.75</u>	<u>5,391.04</u>	<u>408,190.00</u>	<u>230,494.64</u>	<u>177,695.36</u>	<u>43.53%</u>
Total Revenues Over (Under) Expenditures	<u>41,251.82</u>	<u>(9,214.90)</u>	<u>(50,466.72)</u>	<u>495,022.00</u>	<u>185,324.55</u>	<u>(309,697.45)</u>	<u>(62.56)%</u>

NED, Inc.
Statement of Financial Position - Unposted Transactions Included In Report
As of 01/31/2019

	<u>Current Period Balance</u>
Assets	
General Cash	
Cash in Bank-BF #1695334	1,547.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	102,452.77
RLF-BankFirst 7884203	25,429.25
IRP Loan Loss Reserve-BankFirst 7884195	11,256.03
RBEG Loans-BankFirst 7884203	112,365.67
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	52,447.39
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,497.93
IRP #2 Loan Fund-Bank First #7898560	117,973.74
RMAP LLR Fund-BankFirst #8571	19,051.96
NDO Loan Fund-Security Bank 833851	97,035.41
NE Micro Loan-BankFirst #7911287	201,785.47
BF NDO Defederalized	765,405.53
#7911287 - NE Micro Loan #2	19,747.19
NED, Inc. Micro Funds #3 - 2018 Grant BF#7911287	2,581.33
#7884195 - IRP #2 Loan Loss Reserve	46,677.60
Housing Cash	
Trust DPA - EVB 3035418	80,021.18
HOME Rehab-BankFirst 7858547	294,189.91
HOME Rehab - CD #882514-Midwest Bank	108,023.81
Trust Rehab CD #882516-Midwest Bank	108,389.58
Trust Rehab Pinnacle 4400292230	128,241.02
HOME DPA - EVBT 3067890	6,081.95
HOME Rehab Pinnacle 4400292249	118,907.79
Trust Rehab BF 7930372	106,912.83
HUD/NENEDD Rehab BankFirst 7930383	113,982.00
Trust New Construction EVBT 3035418	21,209.56
Business RLF Notes Receivable	
Business RLF Notes Receivable	51,604.61
Business IRP Notes Receivable	173,187.94
IRP #2 Notes Receivable	741,558.51
NDO Business Notes Receivables	2,600,817.09
RMAP Business Notes Receivable	293,661.12
NE Micro Loan Receivable	474,050.10
Housing Notes Receivable	
DPA Notes Receivable	2,138,867.10
Regional Rehab Notes Receivable	1,105,951.33
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(3,211,803.88)
Total Assets	7,042,815.50
Liabilities	
Accounts Payable	
Accounts Payable	27,656.88
Notes Payable	
RMAP Loan Payable	358,621.31
NEF Loan Payable	80,617.58
IRP Loan Payable	182,778.13

NED, Inc.
Statement of Financial Position - Unposted Transactions Included In Report
As of 01/31/2019

	<u>Current Period Balance</u>
IRP #2 Loan Payable	624,013.65
Total Liabilities	<u>1,273,687.55</u>
Net Assets	
Other	5,769,127.95
Total Net Assets	<u>5,769,127.95</u>
Total Net Assets and Liabilities	<u><u>7,042,815.50</u></u>

NED, Inc. Board Agenda

Object: Recommendation to approve down payment assistance applicant #101545

Contact Person: Judy Joy

For: Action

Background: Property Location: Columbus - Purchase Price: \$146,000 - Appraised Value \$146,000
 Primary Lender – Pinnacle Bank
 Primary Mortgage Loan Term - 30-year Conventional – 4.375% Interest Rate

NED Inc. Down Payment Assistance \$29,200

NED Inc. Loan Term – 0% Deferred Interest Loan – Loan Due Upon Transfer of Title

Ratios: Housing Debt to Income – 20%

Total Debt to Income – 21%

Credit Score: 800

Explanation: Recommendation for approval is based on the following information:

Purchase Price	\$146,000.00
Primary Lender and NED Inc. Closing Costs	\$6,246.00
Subtotal	\$152,246.00
Maximum Bank Loan	\$116,800.00
NED, Inc. Down Payment Assistance	\$29,200.00
Closing Costs Paid by Seller	\$2,500.00
Adjustments and Other Credits	\$2,747.00
Buyer Cash Requirement at Closing	\$999.00
Estimated Loan to Value Ratio	80%
Monthly Gross Income	\$4,037.49
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$826.84
Housing Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 28%)	20%
Other Monthly Debts	
Automobile Payment	\$0.00
Credit Cards	\$25.00
Student Loans	\$0.00
Total Housing Expense Plus Other Debt	\$851.84
Total Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 40%)	21%

Explanation: Recommendation for approval of down payment assistance applicant #101545 is based on the ratios and credit score. Due to required repairs (painting) that cannot be completed due to weather, \$100 will be held in escrow with completion date no later than June 1, 2109.

Motion: Consideration for approval for down payment assistance applicant #101545 in the amount of \$29,200

Tina Biteghe Bi Ndong _____ 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

Object: Appoint Lori Schrader to replace Gene Rahn on the Northeast Revolving Loan Fund (RLF) Committee until the end of his term June 2020.

Contact Person: Jeff Christensen

For: Action

Explanation: The Northeast RLF Loan 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.

As the Rural Enterprise Assistance Project's (REAP) Senior Lending Specialist, Gene Rahn has been a member of this committee since August 1999. Gene recently retired and will no longer be on the committee. Lori Schrader started in October 2018 as REAP's Northeast Nebraska Loan Specialist. As per our guidelines we are required to have a small business consultant as one of the members of this committee. Based on Gene's recommendation, I have asked Lori to represent REAP in Gene's place. She has a background in lending, and I believe will be a great fit. NENEDD Staff and the Northeast RLF Committee recommend Lori to serve until the end of June 2020.

Motion: Consideration for approval of the appointment of Lori Schrader to replace Gene Rahn on the Northeast RLF Committee until the end of his term, June 2020, as recommended by the Northeast RLF Committee and NENEDD staff.

Tina Biteghe Bi Ndong _____ John Lohr _____ Brad Albers _____ Mike Frank _____
Jerry Engdahl _____ Shannon Stuchlik _____ Megan Weaver _____

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

Action Item VI. B