

**NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.**  
**BOARD OF DIRECTORS MEETING**  
**WEDNESDAY, AUGUST 30, 2017 - 7:00 P.M.**

*City of Norfolk Offices – Training Room, 309 N 5th 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. Approval of August 30, 2017 Agenda & July 26, 2017 Meeting Minutes (as posted)
- V. Treasurer’s Report**
  - A. July 2017 Treasurer’s Report
- VI. Action Items**
  - A. Recommendation to approve down payment assistance applicant #101402
  - B. Recommendation to approve down payment assistance applicant #101408
  - C. Approve a \$40,000 loan for Eric & Coren Pflum, d/b/a Small Town Blooms by CK, LLC – David City.
  - D. Approve a subordination request from Kerry & Colleen Belitz (RockRite, Inc.) - Columbus
- 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 27, 2017. The meeting will be held at the City of Norfolk Office Building, 309 N 5<sup>th</sup> St, Norfolk, Nebraska.
- IX. Adjournment**

Brad Albers\_\_\_\_\_ Nancy Braden\_\_\_\_\_ Tina Biteghe Bi Ndong\_\_\_\_\_ Jerry Engdahl\_\_\_\_\_

Loren Kucera\_\_\_\_\_ John Lohr\_\_\_\_\_ Megan Weaver\_\_\_\_\_

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

## NED, Inc Board Agenda

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**Object:** To approve the August 30, 2017 meeting agenda and the July 26, 2017 meeting minutes.

**Contact Person:** Danielle Lammers, Administrative Assistant

**For:** Action

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**Explanation:** The August 30, 2017 agenda has been posted. The minutes from the July 26, 2017 meeting were posted.

**Motion:** To approve the August 30, 2017 meeting agenda and the July 26, 2017 meeting minutes.

Brad Albers\_\_\_\_\_Nancy Braden\_\_\_\_\_ Tina Biteghe Bi Ndong\_\_\_\_\_ Jerry Engdahl\_\_\_\_\_

Loren Kucera\_\_\_\_\_John Lohr\_\_\_\_\_ Megan Weaver\_\_\_\_\_

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

## NED, Inc Board Agenda

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**Object:** Approval of July 2017 Treasurer's Report

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

**For:** Action

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**Background:** Northeast Economic Development, Inc.'s (NED, Inc) July 2017 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 2018 Budget for the nonaccrual accounts, July 1, 2017, through June 30, 2018, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2018 Budget remaining.

**Explanation:**

**Additional Information:**

Business Loan Principal Received	\$81,358.94
Housing Rehab Principal Received	5,093.72
Down Payment Assistance (DPA) Principal Received	295.54
New Construction Principal Received	-
Business Loan Disbursements	16,000.00
Housing Rehab Loan Disbursements	550.06
Down Payment Assistance (DPA) Loan Disbursements (1)	30,000.00
New Construction Loan Disbursement	-

**Business Loan Payoffs:**

Client #614006 & 616013, Lights Out Machining, LLC, \$49,665.96

**Business Loan Disbursements:**

Client #618001, RNS Metals, LLC, Clearwater, \$16,000.00

**Motion:** To approve the July 2017 Treasurer's Report as presented.

Brad Albers\_\_\_\_\_ Nancy Braden\_\_\_\_\_ Tina Biteghe Bi Ndong\_\_\_\_\_ Jerry Engdahl\_\_\_\_\_  
Loren Kucera\_\_\_\_\_ John Lohr\_\_\_\_\_ Megan Weaver\_\_\_\_\_

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

**NED, Inc.**  
**Statement of Financial Position**  
**As of 07/31/2017**

	<b>Current Period Balance</b>
<b>Assets</b>	
General Cash	
Cash in Bank-BF #1695334	1,588.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	83,331.20
RLF-BankFirst 7884203	28,983.25
IRP Loan Loss Reserve-BankFirst 7884195	15,205.80
RBEG Loans-BankFirst 7884203	121,925.83
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	190,477.68
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,315.01
NEF CD IRP #2 Loan Loss Reserve	45,000.00
IRP #2 Loan Fund-Bank First #7898560	322,792.80
RMAP LLR Fund-BankFirst #8571	25,335.80
NDO Loan Fund-Security Bank 833851	97,362.05
NE Micro Loan-BankFirst #7911287	154,489.40
NDO -BankFirst 7884203	75,000.00
BF NDO Defederalized	364,633.35
#7911287 - NE Micro Loan #2	2,788.51
Housing Cash	
Trust DPA - EVB 3035418	91,332.94
HOME Rehab-BankFirst 7858547	230,992.84
HOME Rehab - CD #882514-Midwest Bank	107,180.25
Trust Rehab CD #882516-Midwest Bank	107,204.70
Trust Rehab Pinnacle 4400292230	125,184.20
HOME DPA - EVBT 3067890	22,615.50
HOME Rehab Pinnacle 4400292249	116,073.45
Trust Rehab BF 7930372	120,070.88
HUD/NENEDD Rehab BankFirst 7930383	116,460.88
Trust New Construction EVBT 3035418	123,816.48
Receivables	
Grants Receivable	8,558.20
Business RLF Notes Receivable	
Business RLF Notes Receivable	51,975.44
Business IRP Notes Receivable	202,908.06
IRP #2 Notes Receivable	669,620.51
NDO Business Notes Receivables	3,109,751.88
RMAP Business Notes Receivable	202,054.99
NE Micro Loan Receivable	336,260.79
Housing Notes Receivable	
DPA Notes Receivable	2,023,879.80
NC Subsidy Notes Receivable	2,376.00
Regional Rehab Notes Receivable	1,070,885.35
Fixed Assets	
Furniture and Equipment	26,105.00
Accumulated Depreciation	(26,105.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,870,980.09)
<b>Total Assets</b>	<b>7,510,159.41</b>
<b>Liabilities</b>	
Accounts Payable	
Accounts Payable	91,000.00
Accounts Payable-Other	11,262.41

**NED, Inc.**  
**Statement of Financial Position**  
**As of 07/31/2017**

	<u>Current Period Balance</u>
Notes Payable	
RMAP Loan Payable	398,394.15
NEF Loan Payable	186,895.66
IRP Loan Payable	200,088.49
IRP #2 Loan Payable	674,451.56
Total Liabilities	<u>1,562,092.27</u>
Net Assets	
Other	5,948,067.14
Total Net Assets	<u>5,948,067.14</u>
Total Net Assets and Liabilities	<u><u>7,510,159.41</u></u>

**NED, Inc.**  
**Statement of Revenues and Expenditures - Unposted Transactions Included In Report**  
**From 07/01/2017 Through 07/31/2017**

		Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining
Revenues								
405	Bad Debt Recovery	3,916.67	0.00	(3,916.67)	47,000.00	0.00	(47,000.00)	(100.00)%
421	Housing Mgmt Rev	903.50	0.00	(903.50)	10,842.00	0.00	(10,842.00)	(100.00)%
427	General Admin Rev	1,143.08	0.00	(1,143.08)	13,717.00	0.00	(13,717.00)	(100.00)%
428	Down Payment Assistance Loan Processing Fee	79.67	478.00	398.33	956.00	478.00	(478.00)	(50.00)%
436	Microenterprise Management Revenue	779.58	0.00	(779.58)	9,355.00	0.00	(9,355.00)	(100.00)%
439	CDBG ED NDO RLF Contributions	41,666.66	0.00	(41,666.66)	500,000.00	0.00	(500,000.00)	(100.00)%
442	Microenterprise Lending Program Contributions	5,983.33	0.00	(5,983.33)	71,800.00	0.00	(71,800.00)	(100.00)%
443	USDA RMAP TA Funds	940.83	8,558.20	7,617.37	11,290.00	8,558.20	(2,731.80)	(24.20)%
444	Business Loan Closing Revenue	250.00	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
447	Housing Rehab Contributions	15,713.92	0.00	(15,713.92)	188,567.00	0.00	(188,567.00)	(100.00)%
451	Business Loan Interest	10,833.33	13,297.03	2,463.70	130,000.00	13,297.03	(116,702.97)	(89.77)%
452	Loan Late Fees	100.00	95.92	(4.08)	1,200.00	95.92	(1,104.08)	(92.01)%
453	Business Loan Processing Fee	500.00	200.00	(300.00)	6,000.00	200.00	(5,800.00)	(96.67)%
454	Annual Servicing Fees	1,000.00	250.65	(749.35)	12,000.00	250.65	(11,749.35)	(97.91)%
471	HO Rehab Interest	666.67	723.19	56.52	8,000.00	723.19	(7,276.81)	(90.96)%
490	Interest Income	1,166.67	1,658.63	491.96	14,000.00	1,658.63	(12,341.37)	(88.15)%
492	Contributions	458.33	0.00	(458.33)	5,500.00	0.00	(5,500.00)	(100.00)%
	<b>Total Revenues</b>	<u>86,102.24</u>	<u>25,261.62</u>	<u>(60,840.62)</u>	<u>1,033,227.00</u>	<u>25,261.62</u>	<u>(1,007,965.38)</u>	<u>(97.56)%</u>
Expenditures								
523	Office Supplies	16.67	0.00	16.67	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	35.00	(26.67)	100.00	35.00	65.00	65.00%
546	Lead Inspection Exp	41.67	0.00	41.67	500.00	0.00	500.00	100.00%
548	Loan Closing Expense	150.00	1.00	149.00	1,800.00	1.00	1,799.00	99.94%
549	Housing Admin	903.50	195.00	708.50	10,842.00	195.00	10,647.00	98.20%
553	General Admin	1,143.08	3,465.00	(2,321.92)	13,717.00	3,465.00	10,252.00	74.74%
560	Legal Services	100.00	0.00	100.00	1,200.00	0.00	1,200.00	100.00%

**NED, Inc.**

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
From 07/01/2017 Through 07/31/2017**

	<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>
561 Audit Fees	487.92	0.00	487.92	5,855.00	0.00	5,855.00	100.00%
569 Other Professional Services	225.00	0.00	225.00	2,700.00	0.00	2,700.00	100.00%
573 Loan Interest Expense	1,590.00	980.25	609.75	19,080.00	980.25	18,099.75	94.86%
574 NENEDD Management Exp	15,750.00	12,406.52	3,343.48	189,000.00	12,406.52	176,593.48	93.44%
580 Loans Written Off	12,083.33	30,000.00	(17,916.67)	145,000.00	30,000.00	115,000.00	79.31%
583 NC Subsidy Loans Forgiven	29.75	29.70	0.05	357.00	29.70	327.30	91.68%
584 Rehab Loans Forgiven	5,000.00	4,488.48	511.52	60,000.00	4,488.48	55,511.52	92.52%
589 Invest Nebraska NDO RLF Contributions	2,166.66	2,183.10	(16.44)	26,000.00	2,183.10	23,816.90	91.60%
Total Expenditures	<u>39,695.91</u>	<u>53,784.05</u>	<u>(14,088.14)</u>	<u>476,351.00</u>	<u>53,784.05</u>	<u>422,566.95</u>	<u>88.71%</u>
Total Revenues Over (Under) Expenditures	<u>46,406.33</u>	<u>(28,522.43)</u>	<u>(74,928.76)</u>	<u>556,876.00</u>	<u>(28,522.43)</u>	<u>(585,398.43)</u>	<u>(105.12)%</u>

## NED Inc. Board Agenda

**Object: Recommendation to approve down payment assistance applicant #101402**

**Contact Person: Judy Joy**

**For: Action**

**Background:** Property Location: Columbus - Primary Lender –Pinnacle Bank  
**Down Payment Assistance \$30,000**  
 Purchase Price: \$185,000  
 Terms of Loan: 30 year USDA– 3.75% Interest Rate  
 Ratios: Housing Debt to Income – 22%  
 Total Debt to Income – 32%  
 Credit Score: 733/760 Appraised Value: \$188,000

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

Purchase Price	\$185,000.00
Primary Lender and NED Inc. Closing Costs	\$7,114.08
Subtotal	\$192,114.08
Maximum Bank Loan	\$158,484.00
<b>City of Columbus Down Payment Assistance</b>	<b>\$30,000.00</b>
Buyer Cash Requirement at Closing	\$1,241.42
Seller Credits (Paid Costs and Pro-rated Taxes)	2,388.66
<b>Estimated Loan to Value Ratio</b>	<b>86%</b>
Monthly Gross Income	\$5,186.97
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$1,128.23
<b>Housing Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 28%)</b>	<b>22%</b>
<b>Other Monthly Debts</b>	
Automobile Payment	\$363.00
Credit Cards	\$68.00
Other Debt	\$0.00
Student Loans	\$100.00
<b>Total Housing Expense Plus Other Debt</b>	<b>\$1,659.23</b>
<b>Total Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 40%)</b>	<b>32%</b>

**Notes: Staff has reviewed the application and is recommending approval for down payment assistance in the amount of \$30,000 for applicant #101402. Funding for the applicant will be provided by the City of Columbus Down Payment Assistance Program Income Trust Funds.**

**Motion: Move to approve applicant #101402 for down payment assistance in the amount of \$30,000.**

Brad Albers \_\_\_\_\_ Nancy Braden \_\_\_\_\_ Tina Biteghe Bi Ndong \_\_\_\_\_ Jerry Engdahl \_\_\_\_\_  
 Loren Kucera \_\_\_\_\_ John Lohr \_\_\_\_\_ Megan Weaver \_\_\_\_\_

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

Action Item VI. A



## NED Inc. Board Agenda

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**Object: Recommendation to approve down payment assistance applicant #101408**

**Contact Person: Judy Joy**

**For: Action**

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**Background:** Property Location: Plainview      Lender : Madison County Bank  
**Down Payment Assistance \$8,700**  
Purchase Price: \$43,500  
Terms of Loan: 20 year Conventional – 5.85% Interest Rate  
Ratios: Housing Debt to Income – 11%  
Total Debt to Income – 24%  
Credit Score: 678      Appraised Value: \$44,000

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

Purchase Price	\$43,500.00
Primary Lender and NED Inc. Closing Costs	\$2,477.00
Subtotal	\$45,977.00
Maximum Bank Loan	\$31,000.00
<b>NED, Inc. Down Payment Assistance</b>	<b>\$8,700.00</b>
Federal Home Land Bank Grant	\$5,000.00
Buyer Cash Requirement at Closing	\$1,277.00
<b>Estimated Loan to Value Ratio</b>	<b>71%</b>
Monthly Gross Income	\$2,744.08
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$308.91
<b>Housing Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 28%)</b>	<b>11%</b>
<b>Other Monthly Debts</b>	
Automobile Payment	\$0.00
Credit Cards	\$0.00
Other Debt (Snap on Tools)	\$271.00
Student Loans	\$89.00
<b>Total Housing Expense Plus Other Debt</b>	<b>\$668.91</b>
<b>Total Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 40%)</b>	<b>24%</b>

**Notes: Staff has reviewed the application and is recommending approval for down payment assistance in the amount of \$8,700 for applicant #101408.**

**Motion: Move to approve applicant #101408 for down payment assistance in the amount of \$8,700.**

Brad Albers \_\_\_\_\_ Nancy Braden \_\_\_\_\_ Tina Biteghe Bi Ndong \_\_\_\_\_ Jerry Engdahl \_\_\_\_\_  
Loren Kucera \_\_\_\_\_ John Lohr \_\_\_\_\_ Megan Weaver \_\_\_\_\_

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

Action Item VI. B

## NED, Inc. Board Agenda

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**Object:** Approve a \$40,000 loan for Eric & Coren Pflum, d/b/a Small Town Blooms by CK, LLC – David City

**Contact Persons:** Jeff Christensen

**For:** Action

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**Loan Applicant:** Eric & Coren Pflum, d/b/a Small Town Blooms by CK, LLC – David City

### I. Project Overview and Description:

Coren & Eric Pflum will purchase an existing flower shop at 420 E St. in David City. The downtown location is right on the main street off State Hwy 15 coming into David City...north across the street from the Butler County Court House. They have purchased the business from the widower of the previous owner. It was originally opened in approximately 2003, but after a bout with cancer she passed away and was closed for about a year.

Coren will operate the business. Coren anticipates modest first year revenue with the opportunity to increase growth each year to follow. Small Town Blooms will provide floral arrangements for the residents, businesses, schools, churches, funeral homes, nursing facilities and hospital within Butler County, They will also offer additional products such as candles, balloons, candy, and home décor,. There are no other floral shops in Butler County. The nearest floral shop is 15+ miles away. There have been two other floral shops over the years in David City but closed due to retirement and other reasons.

Small Town Blooms will be open 9:00 – 5:00 Monday thru Friday, and 8:00 – noon on Saturdays. The front area of the shop will be used for retail & floral portion of the business, while there is a small area to serve coffee, smoothies and frappes with seating for customers to sit and relax. Small Town Blooms will have access to flower deliveries from wholesalers twice a week with orders being placed online, buying most inventory in Nebraska. Coren will run the business and employee part-time floral staff and during the holidays, employee temporary staff as well.

Total project costs are estimated to be \$134,000 to purchase the building/real estate, renovation, furniture, fixtures, equipment, inventory, and working capital. Bank of the Valley and the Pflums are requesting that NED, Inc. provide a loan in the amount of \$40,000 towards the project. Bank of the Valley will provide \$70,000 and the Pflums will provide equity of \$24,000 in cash (\$17,700) & sweat equity (\$6,300) for the project. The project will create 2 full time equivalent jobs, including Coren.

### II. Sources and Uses

Source	Bank	NED, Inc.	Equity	Total
Building acquisition	\$30,000	\$30,000	-0-	\$60,000
Renovation	-0-	-0-	\$9,000	\$9,000
Line of Credit	\$10,000	-0-	-0-	\$10,000
Furniture/Fixtures Equipment/Inventory	\$30,000	\$10,000	\$15,000	\$55,000
<b>Total</b>	<b>\$70,000</b>	<b>\$40,000</b>	<b>\$24,000</b>	<b>\$134,000</b>

**III. Proposed Loan Package and Related Collateral:**

Bank of the Valley in David City has approved a loan of \$60,000 and a \$10,000 line of credit for this project. The loan will be set up as a regular commercial real estate loan fully amortized over a 15 year term at an interest rate of 4.75% (variable). The bank will require a deed of trust on the business real estate and UCC filing on all furniture, fixtures, accounts receivable and inventory, and a 2<sup>nd</sup> deed of trust on their primary residence in rural Butler County. NED, Inc. will lend \$40,000 for the purchase of the building and furniture, fixtures, equipment and inventory. The \$40,000 loan will have a term of 15 years at an interest rate of 5.00% (fixed). NED, Inc. will have a subordinate Deed of Trust on the real estate being purchased and a UCC lien on the business personal property of Small Town Blooms by CK, LLC. NED, Inc. will also file a Deed of Trust on the Pflum’s personal residence in rural Butler County and a life insurance assignment from Coren for the amount of the loan for the life of the loan. A personal guaranty will also be required from Eric & Coren and/or Small Town Blooms by CK, LLC.

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

**Motion:** To approve a NED, Inc. loan of \$40,000 to Eric & Coren Pflum to start Small Town Blooms by CK, LLC in David City as presented and recommended by NENEDD staff and the Northeast RLF Committee.

Brad Albers\_\_\_\_\_Nancy Braden\_\_\_\_\_Tina Biteghe Bi Ndong\_\_\_\_\_Jerry Engdahl\_\_\_\_\_  
Loren Kucera\_\_\_\_\_John Lohr\_\_\_\_\_Megan Weaver\_\_\_\_\_

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

## NED, Inc. Board Agenda

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**Object:** Approve a subordination request from Kerry & Colleen Belitz (RockRite, Inc.) - Columbus

**Contact Persons:** Jeff Christensen

**For:** Action

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**Loan Applicant:** – ROCKRITE, Inc. – Kerry & Colleen Belitz - Columbus

**I. Project Overview and Description:**

Kerry (KC) and Colleen Belitz are owners of ROCKRITE, Inc. together with Rick & Tracie Chochon. The Belitz's are requesting that we subordinate up to a \$60,000 home equity loan they will use to pay for their child's college expenses.

ROCKRITE is the corporation that operates three Hallmark stores in Columbus, Beatrice & Grand Island. The Columbus store just closed in mid-February 2017, with inventory going to the other two stores. ROCKRITE most recently purchased Sylvan Learning Center in Columbus this summer of 2017. NED, Inc. closed a \$100,000 loan (7 yrs – 5.50%) in May of 2012, when they purchased the Columbus and Beatrice Hallmark stores. All payments have been made as promised and has a balance of \$30,090.45. NED, Inc. closed a 2<sup>nd</sup> loan of \$60,000 (10 yrs – 4.50%) in June 2014, when they purchased the Grand Island Hallmark store. Again, all payments have been made as promised and has a balance of \$38,911.93.

Collateral includes a subordinate lien position on all business assets of all Hallmark locations and deeds of trust on both the Belitz & Chochon's personal residences in Columbus; personal guarantees; and life insurance assignments.

KC is the Executive Director of the Columbus Chamber of Commerce and Colleen attends to business at the Hallmark stores in Grand Island & Beatrice and Sylvan Learning Center in Columbus.

**Motion:** To approve the Belitz's subordination request as presented and recommended by NENEDD staff and the Northeast RLF Committee.

Brad Albers \_\_\_\_\_ Nancy Braden \_\_\_\_\_ Tina Biteghe Bi Ndong \_\_\_\_\_ Jerry Engdahl \_\_\_\_\_  
Loren Kucera \_\_\_\_\_ John Lohr \_\_\_\_\_ Megan Weaver \_\_\_\_\_

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