

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 30, 2018 - 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 May 30, 2018 Agenda & April 25, 2018 Meeting Minutes (as posted)
- V. Treasurer’s Report**
 - A. April 2018 Treasurer’s Report
- VI. Action Items**
 - A. Recommendation to approve down payment assistance applicant #101485
 - B. Recommendation to deny applicant # 101260 for owner occupied housing rehabilitation funds up to the amount of \$ 34,800.00
 - C. Approve subordination of additional bank financing for TDP Properties, LLC
Tom & Doris Podany – Wisner
 - D. Auditor Selection
- 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, June 27, 2018. The meeting will be held at the City of Norfolk Office Building, 309 N. 5th St., Norfolk, Nebraska.
- IX. Adjournment**

Brad Albers_____ 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

Object: To approve the May 30, 2018 meeting agenda and the April 25, 2018 meeting minutes.

Contact Person: Brittany O'Brien, Administrative Assistant

For: Action

Explanation: The May 30, 2018 agenda has been posted. The minutes from the April 25, 2018 meeting were posted.

Motion: To approve the May 30, 2018 meeting agenda and the April 25, 2018 meeting minutes.

Brad Albers _____ 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

Object: Approval of April 2018 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background: Northeast Economic Development, Inc.'s (NED, Inc) April 2018 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	34,009.69
Housing Rehab Principal Received	5,397.30
Down Payment Assistance (DPA) Principal Received	20,295.54
New Construction Principal Received	2,138.40
Business Loan Disbursements	72,000.00
Housing Rehab Loan Disbursements	-
Down Payment Assistance (DPA) Loan Disbursements (1)	\$26,300.00
New Construction Loan Disbursement	-

Down Payment Assistance Loan Payoffs:
Client #07400, \$20,000

Business Loan Disbursements
Client #618006, Bottom Line Holdings, LLC, Norfolk, \$50,000
Client #618007, The Flower Cellar, LLC, Wayne, \$22,000

Motion: To approve the April 2018 Treasurer's Report as presented.

Brad Albers_____ 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 04/30/2018

	<u>Current Period Balance</u>
Assets	
General Cash	
Cash in Bank-BF #1695334	1,547.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	91,158.77
RLF-BankFirst 7884203	27,279.35
IRP Loan Loss Reserve-BankFirst 7884195	15,300.48
RBEG Loans-BankFirst 7884203	123,240.20
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	89,503.72
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,389.31
IRP #2 Loan Fund-Bank First #7898560	303,579.06
RMAP LLR Fund-BankFirst #8571	25,496.91
NDO Loan Fund-Security Bank 833851	89,431.80
NE Micro Loan-BankFirst #7911287	178,400.73
BF NDO Defederalized	577,318.10
#7911287 - NE Micro Loan #2	10,891.14
NED, Inc. Micro Funds #3 - 2018 Grant BF#7911287	214.50
#7884195 - IRP #2 Loan Loss Reserve	37,344.60
Housing Cash	
Trust DPA - EVB 3035418	24,346.85
HOME Rehab-BankFirst 7858547	288,652.72
HOME Rehab - CD #882514-Midwest Bank	107,180.25
Trust Rehab CD #882516-Midwest Bank	107,634.16
Trust Rehab Pinnacle 4400292230	126,401.81
HOME DPA - EVBT 3067890	26,929.82
HOME Rehab Pinnacle 4400292249	117,202.43
Trust Rehab BF 7930372	115,413.77
HUD/NENEDD Rehab BankFirst 7930383	115,593.65
Trust New Construction EVBT 3035418	108,875.25
Receivables	
Grants Receivable	14,033.94
Business RLF Notes Receivable	
Business RLF Notes Receivable	45,725.25
Business IRP Notes Receivable	187,284.38
IRP #2 Notes Receivable	607,538.43
NDO Business Notes Receivables	2,372,027.08
RMAP Business Notes Receivable	269,658.05
NE Micro Loan Receivable	388,812.92
Housing Notes Receivable	
DPA Notes Receivable	2,108,376.94
NC Subsidy Notes Receivable	2,138.40
Regional Rehab Notes Receivable	1,161,158.28
Fixed Assets	
Furniture and Equipment	26,105.00
Accumulated Depreciation	(26,105.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,958,137.09)
Total Assets	6,920,650.64
Liabilities	
Accounts Payable	
Accounts Payable	11,778.94
Notes Payable	

NED, Inc.
Statement of Financial Position
As of 04/30/2018

	<u>Current Period Balance</u>
RMAP Loan Payable	378,652.31
NEF Loan Payable	111,126.21
IRP Loan Payable	191,476.37
IRP #2 Loan Payable	<u>649,358.07</u>
Total Liabilities	<u>1,342,391.90</u>
 Net Assets	
Other	<u>5,578,258.74</u>
Total Net Assets	<u>5,578,258.74</u>
 Total Net Assets and Liabilities	<u><u>6,920,650.64</u></u>

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 04/01/2018 Through 04/30/2018**

		<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	3,916.67	20,000.00	16,083.33	47,000.00	79,270.00	32,270.00	68.66%
421	Housing Mgmt Rev	903.50	255.00	(648.50)	10,842.00	405.00	(10,437.00)	(96.26)%
425	Lead Based Paint Inspection	0.00	1,205.00	1,205.00	0.00	1,205.00	1,205.00	0.00%
427	General Admin Rev	1,143.08	795.00	(348.08)	13,717.00	2,265.00	(11,452.00)	(83.49)%
428	Down Payment Assistance Loan Processing Fee	79.67	478.00	398.33	956.00	3,346.00	2,390.00	250.00%
436	Microenterprise Management Revenue	779.58	2,943.47	2,163.89	9,355.00	6,069.30	(3,285.70)	(35.12)%
439	CDBG ED NDO RLF Contributions	41,666.66	22,000.00	(19,666.66)	500,000.00	163,328.74	(336,671.26)	(67.33)%
442	Microenterprise Lending Program Contributions	5,983.33	0.00	(5,983.33)	71,800.00	75,000.00	3,200.00	4.46%
443	USDA RMAP TA Funds	940.83	8,835.47	7,894.64	11,290.00	39,362.48	28,072.48	248.65%
444	Business Loan Closing Revenue	250.00	500.00	250.00	3,000.00	1,250.00	(1,750.00)	(58.33)%
447	Housing Rehab Contributions	15,713.92	0.00	(15,713.92)	188,567.00	188,567.00	0.00	0.00%
451	Business Loan Interest	10,833.33	17,988.49	7,155.16	130,000.00	133,983.03	3,983.03	3.06%
452	Loan Late Fees	100.00	85.92	(14.08)	1,200.00	743.50	(456.50)	(38.04)%
453	Business Loan Processing Fee	500.00	500.00	0.00	6,000.00	2,600.00	(3,400.00)	(56.67)%
454	Annual Servicing Fees	1,000.00	0.00	(1,000.00)	12,000.00	11,893.74	(106.26)	(0.89)%
471	HO Rehab Interest	666.67	629.20	(37.47)	8,000.00	6,421.61	(1,578.39)	(19.73)%
490	Interest Income	1,166.67	2,640.60	1,473.93	14,000.00	19,398.76	5,398.76	38.56%
492	Contributions	458.33	0.00	(458.33)	5,500.00	3,910.74	(1,589.26)	(28.90)%
	Total Revenues	<u>86,102.24</u>	<u>78,856.15</u>	<u>(7,246.09)</u>	<u>1,033,227.00</u>	<u>739,019.90</u>	<u>(294,207.10)</u>	<u>(28.47)%</u>
Expenditures								
523	Office Supplies	16.67	0.00	16.67	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	25.00	(16.67)	100.00	257.00	(157.00)	(157.00)%
546	Lead Inspection Exp	41.67	0.00	41.67	500.00	0.00	500.00	100.00%
548	Loan Closing Expense	150.00	0.00	150.00	1,800.00	29.00	1,771.00	98.39%
549	Housing Admin	903.50	0.00	903.50	10,842.00	345.00	10,497.00	96.82%
553	General Admin	1,143.08	675.00	468.08	13,717.00	10,299.30	3,417.70	24.92%

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 04/01/2018 Through 04/30/2018**

	<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>
560 Legal Services	100.00	0.00	100.00	1,200.00	0.00	1,200.00	100.00%
561 Audit Fees	487.92	0.00	487.92	5,855.00	5,625.00	230.00	3.93%
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	874.94	715.06	19,080.00	17,483.97	1,596.03	8.36%
574 NENEDD Management Exp	15,750.00	14,703.54	1,046.46	189,000.00	129,447.30	59,552.70	31.51%
577 Local RLF Contribution Expense	0.00	0.00	0.00	0.00	16,914.17	(16,914.17)	0.00%
580 Loans Written Off	12,083.33	26,300.00	(14,216.67)	145,000.00	168,180.00	(23,180.00)	(15.99)%
583 NC Subsidy Loans Forgiven	29.75	0.00	29.75	357.00	267.30	89.70	25.13%
584 Rehab Loans Forgiven	5,000.00	4,002.59	997.41	60,000.00	42,925.49	17,074.51	28.46%
589 Invest Nebraska NDO RLF Contributions	2,166.66	1,488.10	678.56	26,000.00	16,926.00	9,074.00	34.90%
594 Grant Contribution	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>735,085.83</u>	<u>(735,085.83)</u>	<u>0.00%</u>
Total Expenditures	<u>39,695.91</u>	<u>48,069.17</u>	<u>(8,373.26)</u>	<u>476,351.00</u>	<u>1,143,785.36</u>	<u>(667,434.36)</u>	<u>(140.11)%</u>
Total Revenues Over (Under) Expenditures	<u>46,406.33</u>	<u>30,786.98</u>	<u>(15,619.35)</u>	<u>556,876.00</u>	<u>(404,765.46)</u>	<u>(961,641.46)</u>	<u>(172.69)%</u>

NED Inc. Board Agenda

Object: Recommendation to approve down payment assistance applicant #101485

Contact Person: Judy Joy

For: Action

Background: Property Location: Plainview - Purchase Price: \$75,000 - Appraised Value \$90,000
 Primary Lender – Madison County Bank
 Primary Mortgage Loan Term - 20 year Conventional – 5.99% Interest Rate

NED Inc. Down Payment Assistance \$15,000

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

Ratios: Housing Debt to Income – 14%

Total Debt to Income – 30%

Credit Score: 680/681

Explanation: Recommendation for approval is based on the following information

Purchase Price	\$75,000.00
Primary Lender and NED Inc. Closing Costs	\$3,163.00
Subtotal	\$78,163.00
Maximum Bank Loan	\$60,000.00
NED, Inc. Down Payment Assistance	\$15,000.00
Buyer Cash Requirement at Closing	\$3,163.00
Estimated Loan to Value Ratio	80%
Monthly Gross Income	\$4,159.67
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$566.18
Housing Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 28%)	14%
Other Monthly Debts	
Automobile Payment	\$572.00
Credit Cards	\$89.00
Other Debt	\$0.00
Student Loans	\$0.00
Total Housing Expense Plus Other Debt	\$1,227.18
Total Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 40%)	30%

Notes: Staff has reviewed the application and is recommending approval for down payment assistance in the amount of \$15,000 for applicant #101485.

Motion: Move to approve applicant #101485 for down payment assistance in the amount of \$15,000.

Brad Albers _____ 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

Object: Recommendation to deny applicant # 101260 for owner occupied housing rehabilitation funds up to the amount of \$ 34,800.00

Contact Person: Martin Griffith

For: Action

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

Property Location:	Snyder
House Square Footage:	1528
Cost of Repairs:	\$34,800.00
Cost per Square Foot:	\$23.00
Funding Sources:	NED, Inc. Reuse

Explanation: The house under consideration is in considerable disrepair and is not structurally sound. The cost of repairs needed for this house to meet the required Minimum Rehabilitation Standards will greatly exceed the rehabilitation project cost limits listed in section 4.5 (Economic Feasibility for Rehabilitation of the Housing Rehabilitation) of the Program Guidelines. Therefore is deemed not economically feasible for the Housing Rehabilitation Program.

See list of repairs below

Repairs

- Replace roof.
- Install seamless gutters to entire house.
- Install total package on siding on second story of house.
- Install permanent soffit, fascia, window and door trim on first story.
- Replace eight electrical outlets with ground fault circuit interrupter outlets.
- Install additional electrical outlet with ground fault circuit interrupter under kitchen sink and eliminate any exposed wiring by installing conduit over it.
- Install plugged cord on kitchen disposal.
- Install electrical box in rear entryway ceiling and fasten hanging light fixture to it.
- Replace electrical service and install new 200 Amp panel.
- Install extension on water heater safety overflow valve.
- Replace five basement windows.
- Secure falling ceiling tiles in rear entryway ceiling.
- Install three smoke detectors.
- Install three combination smoke/carbon monoxide detectors.
- Stabilize all deteriorated paint on interior surfaces.

This property is currently valued at \$23,467.39
After rehabilitation property value \$49,567.39
Current Mortgage - none
NED, Inc. Lien Position – 1st

After Rehab Property Value Calculation:

County: Dodge

Tax Valuation: \$21,590.00

% of Value: 92%

(Based 2017 tax roll year)

100% RE Tax Valuation: \$23,467.39 (Pre Rehab value)

Total Rehab Spent: \$34,800.00

75% of Rehab Spent: \$26,100.00

After Rehab Value: \$49,567.39

Recommendation based on the condition of the house, cost of repairs, (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines).

Motion: To Deny applicant #101260 for housing rehabilitation funds up to the amount of \$34,800.00

Brad Albers_____ 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

Object: Approve subordination of additional bank financing for TDP Properties, LLC
Tom & Doris Podany - Wisner

Contact Persons: Jeff Christensen

For: Action

Loan Applicant: – TDP Properties, LLC - Tom & Doris Podany - Wisner

I. Project Overview and Description:

Back in April 2015, NED, Inc. approved a \$140,000 loan to TDP Properties, LLC to build a new shop that is much larger which allows F & F Tire & Service to better serve their customers. The bank's loan totaled \$290,000 and the Podany's injected \$100,260. The new shop is 66' x 120' (nearly 8,000 sq. ft.) with a 28' x 32' office area which is located on Thunder Road on the east end of Wisner right along Hwy 275. TDP Properties, LLC is the real estate holding company, with Tom & Doris as the sole members of this LLC.

All payments have been made as promised. Collateral includes Deeds of Trust on the new shop on Thunder Road, former location, and personal residence. Company Guaranty from F & F Tire Service, LLC, blanket UCC filing on all business personal property, and life insurance from Tom Podany.

F & F Tire currently uses their former location as storage and lease other buildings in Wisner for storage. TDP Properties wants to build a new 50' x 96' building next to their new shop for storage for the bid of \$80,000. It will have 16' sidewalls, gravel floor, two overhead doors, two walk-in doors, and electricity only.

Tom can sell the building of their former location for \$35,000 and he has \$10,000 cash. So they will need \$35,000 as a loan from the bank. They will no longer need to lease other locations. This savings will be more than payments on the additional \$35,000 loan.

Citizens State Bank in Wisner is asking NED, Inc. to subordinate this additional \$35,000 loan for the new building. Although we would be subordinating an additional \$35,000, we would be gaining the new building (\$80,000) since it will be located on the same real estate that we currently have as collateral.

This request came too late for review by the Northeast Loan Committee. NENEDD staff has reviewed financial and credit information on each entity (F & F Tire, TDP Properties, and Podonay's personally) and recommends approving the subordination request.

Motion: To approve a loan subordination for additional bank financing of \$35,000 for TDP Properties, LLC in Wisner, as presented and recommended by NENEDD staff.

Brad Albers _____ 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

Object: Auditor Selection

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background: Every three years NED, Inc. is required to procure for auditing services. The Fiscal Officer sent a Request for Proposal (RFP) in May 2018, to eleven firms, of which two submitted proposals. Two other firms submitted their regrets. The Board members, Executive Director, Deputy Director and Fiscal Officer were given the opportunity to review the proposals submitted. The aggregate scores are listed below.

NED, Inc. Aggregate Auditor Scoring Sheet

Factors	Scale	Firms	
		Schumacher, Smejkal, Brockhaus & Herley, PC	HBE
Technical Expertise	1-35	24	30
Firm Capacity	1-35	27	29
Time Frame	1-35	26	29
Cost	1-35	29	20
Total	Max 140	106	108

NENEDD Aggregate Auditor Scoring Sheet

Factors	Scale	Firms	
		Schumacher, Smejkal, Brockhaus & Herley, PC	HBE
Technical Expertise	1-50	40.5	40.5
Firm Capacity	1-50	37.5	39
Time Frame	1-50	39	42
Cost	1-50	42.5	25
Total	Max 200	159.5	146.5

NED, Inc. and NENEDD choose different auditors. NED, Inc. and NENEDD have a close working relationship. It would not be efficient for staff to deal with two different auditors. In total Schumacher, Smejkal, Brockhaus & Herley, PC was scored 265.5 points while HBE was scored 254.5 points.

Motion:

To appoint Schumacher, Smejkal, Brockhaus & Herley, PC as the NED, Inc. auditor for the fiscal years ending 2018, 2019 and 2010.

Brad Albers _____ Tina Biteghe Bi Ndong _____ Jerry Engdahl _____
Loren Kucera _____ John Lohr _____ Megan Weaver _____

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