

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, NOVEMBER 29, 2017 - 7:00 P.M.

City of Columbus Offices – 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
Wayne Chamber of Commerce – 108 W. 3rd St., Wayne, NE 68787

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 November 29, 2017 Agenda & October 25, 2017 Meeting Minutes (as posted)
- V. Treasurer’s Report**
 - A.** October 2017 Treasurer’s Report
- VI. Action Items**
 - A.** Acceptance of Northeast Economic Development, Inc. Audit
 - B.** Approve a \$35,000 loan to Curtis Luettel, d/b/a The Stirred Pot - Albion
- 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, January 10, 2018. The meeting will be held by conference call. The call locations will be publicized December 27, 2017.
- 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

Object: To approve the November 29, 2017 meeting agenda and the October 25, 2017 meeting minutes.

Contact Person: Danielle Lammers, Administrative Assistant

For: Action

Explanation: The November 29, 2017 agenda has been posted. The minutes from the October 25, 2017 meeting were posted.

Motion: To approve the November 29, 2017 meeting agenda and the October 25, 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

Object: Approval of October 2017 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background: Northeast Economic Development, Inc.'s (NED, Inc) October 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	\$36,967.94
Housing Rehab Principal Received	5,284.58
Down Payment Assistance (DPA) Principal Received	295.54
New Construction Principal Received	-
Business Loan Disbursements	-
Housing Rehab Loan Disbursements	-
Down Payment Assistance (DPA) Loan Disbursements (1)	30,000
New Construction Loan Disbursement	-

Business Loan Payoffs:

Client #608001, Elgin Appliance, \$982.93

Motion: To approve the October 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)

Treasurer's Report Item V. A

NED, Inc.
Statement of Financial Position
As of 10/31/2017

	<u>Current Period Balance</u>
Assets	
General Cash	
Loan Payment Account	472.38
Cash in Bank-BF #1695334	76,568.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	90,425.25
RLF-BankFirst 7884203	28,198.65
IRP Loan Loss Reserve-BankFirst 7884195	15,225.35
RBEG Loans-BankFirst 7884203	122,357.12
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	135,386.36
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,335.96
IRP #2 Loan Fund-Bank First #7898560	338,492.67
RMAP LLR Fund-BankFirst #8571	25,381.17
NDO Loan Fund-Security Bank 833851	102,550.92
NE Micro Loan-BankFirst #7911287	162,472.85
BF NDO Defederalized	438,144.93
#7911287 - NE Micro Loan #2	5,354.34
Housing Cash	
Trust DPA - EVB 3035418	54,454.54
HOME Rehab-BankFirst 7858547	241,416.93
HOME Rehab - CD #882514-Midwest Bank	107,180.25
Trust Rehab CD #882516-Midwest Bank	107,634.16
Trust Rehab Pinnacle 4400292230	125,531.60
HOME DPA - EVBT 3067890	9,875.16
HOME Rehab Pinnacle 4400292249	116,395.57
Trust Rehab BF 7930372	118,895.67
HUD/NENEDD Rehab BankFirst 7930383	115,957.09
Trust New Construction EVBT 3035418	124,031.67
Receivables	
Grants Receivable	45,498.78
Business RLF Notes Receivable	
Business RLF Notes Receivable	49,899.02
Business IRP Notes Receivable	196,446.89
IRP #2 Notes Receivable	649,684.95
NDO Business Notes Receivables	2,367,376.72
RMAP Business Notes Receivable	235,014.10
NE Micro Loan Receivable	328,797.06
Housing Notes Receivable	
DPA Notes Receivable	2,064,813.18
NC Subsidy Notes Receivable	2,286.90
Regional Rehab Notes Receivable	1,205,036.78
Fixed Assets	
Furniture and Equipment	26,105.00
Accumulated Depreciation	(26,105.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,912,800.09)
Total Assets	6,907,500.56
Liabilities	
Accounts Payable	
Accounts Payable	89,824.89
Accounts Payable-Other	2,704.21
Notes Payable	

NED, Inc.
Statement of Financial Position
As of 10/31/2017

	<u>Current Period Balance</u>
RMAP Loan Payable	391,867.57
NEF Loan Payable	131,809.78
IRP Loan Payable	200,088.49
IRP #2 Loan Payable	<u>674,451.56</u>
Total Liabilities	<u>1,490,746.50</u>
Net Assets	
Other	<u>5,416,754.06</u>
Total Net Assets	<u>5,416,754.06</u>
Total Net Assets and Liabilities	<u><u>6,907,500.56</u></u>

NED, Inc.
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 10/01/2017 Through 10/31/2017

		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	11,280.00	(35,720.00)	(76.00)%
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	3,125.83	1,982.75	13,717.00	3,215.83	(10,501.17)	(76.56)%
428	Down Payment Assistance Loan Processing Fee	79.67	0.00	(79.67)	956.00	1,434.00	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	52,383.00	(447,617.00)	(89.52)%
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	11,699.06	10,758.23	11,290.00	20,257.26	8,967.26	79.43%
444	Business Loan Closing Revenue	250.00	0.00	(250.00)	3,000.00	250.00	(2,750.00)	(91.67)%
447	Housing Rehab Contributions	15,713.92	27,969.68	12,255.76	188,567.00	188,567.00	0.00	0.00%
451	Business Loan Interest	10,833.33	17,870.84	7,037.51	130,000.00	55,276.19	(74,723.81)	(57.48)%
452	Loan Late Fees	100.00	162.68	62.68	1,200.00	460.44	(739.56)	(61.63)%
453	Business Loan Processing Fee	500.00	0.00	(500.00)	6,000.00	850.00	(5,150.00)	(85.83)%
454	Annual Servicing Fees	1,000.00	150.27	(849.73)	12,000.00	3,655.86	(8,344.14)	(69.53)%
471	HO Rehab Interest	666.67	646.14	(20.53)	8,000.00	2,674.34	(5,325.66)	(66.57)%
490	Interest Income	1,166.67	2,118.08	951.41	14,000.00	7,039.94	(6,960.06)	(49.71)%
492	Contributions	458.33	0.00	(458.33)	5,500.00	1,303.58	(4,196.42)	(76.30)%
	Total Revenues	<u>86,102.24</u>	<u>63,742.58</u>	<u>(22,359.66)</u>	<u>1,033,227.00</u>	<u>348,647.44</u>	<u>(684,579.56)</u>	<u>(66.26)%</u>
Expenditures								
523	Office Supplies	16.67	0.00	16.67	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	5.00	3.33	100.00	122.00	(22.00)	(22.00)%
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	8.00	1,792.00	99.56%
549	Housing Admin	903.50	0.00	903.50	10,842.00	195.00	10,647.00	98.20%
553	General Admin	1,143.08	0.00	1,143.08	13,717.00	5,300.83	8,416.17	61.36%
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 10/01/2017 Through 10/31/2017**

	<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	5,625.00	(5,137.08)	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	952.03	637.97	19,080.00	3,671.01	15,408.99	80.76%
574	NENEDD Management Exp	15,750.00	13,905.96	1,844.04	189,000.00	52,129.21	136,870.79	72.42%
580	Loans Written Off	12,083.33	30,000.00	(17,916.67)	145,000.00	83,100.00	61,900.00	42.69%
583	NC Subsidy Loans Forgiven	29.75	29.70	0.05	357.00	118.80	238.20	66.72%
584	Rehab Loans Forgiven	5,000.00	4,488.08	511.92	60,000.00	17,953.52	42,046.48	70.08%
589	Invest Nebraska NDO RLF Contributions	2,166.66	1,488.10	678.56	26,000.00	7,997.40	18,002.60	69.24%
594	Grant Contribution	0.00	735,085.83	(735,085.83)	0.00	735,085.83	(735,085.83)	0.00%
	Total Expenditures	<u>39,695.91</u>	<u>791,579.70</u>	<u>(751,883.79)</u>	<u>476,351.00</u>	<u>911,306.60</u>	<u>(434,955.60)</u>	<u>(91.31)%</u>
	Total Revenues Over (Under) Expenditures	<u>46,406.33</u>	<u>(727,837.12)</u>	<u>(774,243.45)</u>	<u>556,876.00</u>	<u>(562,659.16)</u>	<u>(1,119,535.16)</u>	<u>(201.04)%</u>

NED, Inc. Board Agenda

Object: Acceptance of Northeast Economic Development, Inc. Audit

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background: Board members were presented the Fiscal Year 2017 audit at the October, 2017 meeting and had time to review to address any questions or concerns.

Motion: To accept the Fiscal Year 2017 Northeast Economic Development, Inc. audit 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. Board Agenda

Object: Approve a \$35,000 loan to Curtis Luettel, d/b/a The Stirred Pot - Albion

Contact Persons: Jeff Christensen

For: Action

Loan Applicant: – Curtis Luettel, d/b/a The Stirred Pot - Albion

I. Project Overview and Description:

Curtis wishes to start a restaurant in Albion to be located at 432 W. Main Street, serving lunch and dinner. Lunch will be served Monday thru Saturday with an atmosphere and style of quick service where customers order when they walk in, take a number, and take a seat waiting to be served. Menu will include lunch staples such as sandwiches, soups, salads, pasta, and a burger or two. Call in orders will be welcome and encouraged. Dinner will have a finer dining feel including full service and full bar; wine/beer/cocktails. The dinner menu will include entrees including hamburgers, steaks, regional dishes specified by the menu, appetizers, and desserts.

Instead of purchasing and installing traditional kitchen equipment in the leased building, Curtis will purchase a new completely furnished 18' mobile kitchen trailer to be located adjacent to the building where food preparation will be done. He has been accumulating items to be used in the restaurant such as tables and chairs over the past few weeks as he finds them at good prices.

The building is leased with renovation being worked out between the land owner and Curtis. The land owner will be responsible for roof repairs and a attached garage being removed completely to make way for a gravel parking area where the trailer will be parked. The landlord will also provide materials to update the bldg. Curtis' brother is in the construction business and Curtis has construction experience himself, which will save a tremendous amount of cost for the renovation. Some renovation to the ceiling, walls, and aftermath of the demolition will be Curtis' responsibility including labor to install items to update the bldg, such as new toilet, flooring, and back door. In exchange for the work Curtis will do, the landlord has agreed to the first four months of free rent.

Total project costs are estimated to be \$55,000 to purchase the mobile kitchen trailer, renovation to be done, furniture, fixtures & equipment, & working capital. There is no bank involved. Curtis is requesting that NED, Inc. provide a loan in the amount of \$35,000 towards the project. Curtis will provide \$20,000, which is \$15,000 cash, \$2,500 sweat equity, and \$2,500 of FFE he has already purchased. The project will create 2 FTE jobs including Curtis as owner of the business.

II. Sources and Uses:

Source	NED, Inc.	Equity	Total
Mobile Kitchen Trailer	\$35,000	\$600	\$35,600
Furniture, Fixtures, Equipment	-0-	\$4,100	\$4,100
Renovation	-0-	\$10,800	\$10,800
Working Capital/Misc.	-0-	\$4,500	\$4,500
Total	\$35,000	\$20,000	\$55,000

III. Proposed Loan Package and Related Collateral:

There is no bank involved in this project. Curtis worked with a local bank to obtain financing. The only reason the local bank is not involved is they required a personal guaranty/co-signature from his parents. Curtis wants to be the sole person financially responsible for his business venture.

NED, Inc. will lend \$35,000 to purchase the 18' mobile kitchen trailer. The \$35,000 loan will have a 10 year term at 4.50% (fixed). NED, Inc. will have a first lien on all business personal property including the title of the mobile kitchen trailer. NED, Inc. will also have 1st lien position and titles to a 2000 GMC Sierra and 2006 Pontiac Grand Prix. NED, Inc. will require a life insurance assignment from Curtis for the amount of the loan for the life of the loan.

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 discussion and recommends this loan for approval.

Motion: To approve a NED, INC. loan of \$35,000 to Curtis Luettel, to start his business The Stirred Pot in Albion, 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)

Action Item VI. B