

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 26, 2018 –7:00 P.M.

City of Norfolk Offices – Training Room, 3309 N 5th St, Norfolk, NE 686701

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 September 26, 2018 Agenda and the amendments to the August 29, 2018 Meeting Minutes
- V. Treasurer’s Report**
 - A.** Consideration for acceptance of the August 2018 Treasurer’s Report
- VI. Action Items**
 - A.** Consideration for approval of a \$40,000 loan to Ekeko Blends & Goods LLC – Wayne Mytzy Rodriguez-Kufner, Member
- 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, October 31, 2018. The meeting will be held at the City of Norfolk Office Building, 309 N. 5th St., Norfolk, Nebraska.
- IX. 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 September 26, 2018 meeting agenda and the amendments to the August 29, 2018 meeting minutes.

Contact Person: Brittany O'Brien, Administrative Assistant

For: Action

Explanation: The September 26, 2018 agenda has been posted. The minutes from the August 29, 2018 meeting were posted and are needing some corrections. Item VI. C was stated incorrectly. Highlighted below is the corrections to the language for item VI. C.

VI. Action Item

C. Approve applicant #101506 for housing rehabilitation funds up to the amount of \$25,000.00: NENEDD Housing Specialist Martin Griffith presented. 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, it is deemed economically feasible for the Housing Rehabilitation Program. Funding will be provided by Walthill 16-HO-15069 grant. **Mike Frank made a motion to waive the \$25.00 per square foot limit and of approval of applicant #101506 for housing rehabilitation funds up to the amount of \$25,000.00.** John Lohr seconded the motion. **AYES:** Tina Biteghe Bi Ndong, John Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver. **NAYS:** None. **ABSENT:** Jerry Engdahl. Motion carried.

There was also an error in the voting section. The minutes stated that Jerry Engdahl voted Aye in all motions but was also absent. The clarification to this error would be that Jerry was absent during the August meeting.

Motion: Consideration for approval of the September 26, 2018 meeting agenda and the amendments to the August 29, 2018 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)

Secretary's Report Item IV. A

NED, Inc Board Agenda

Object: Acceptance of August 2018 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Economic Development, Inc.'s (NED, Inc) August 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 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	30,826.41
Housing Rehab Principal Received	5,479.95
Down Payment Assistance (DPA) Principal Received	378.87
New Construction Principal Received	-
Business Loan Disbursements	80,901.50
Housing Rehab Loan Disbursements (1)	4,527.00
Down Payment Assistance (DPA) Loan Disbursements	-
New Construction Loan Disbursement	-

Business Loan Disbursements

Client #617003, Weiland, Inc., \$30,901.50 (CDBG ED Grant Funds)

Client #619002, Jason Sears Flooring, \$50,000.00

Motion: Consideration for acceptance of the August 2018 treasurer's report as presented.

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 Financial Position
As of 08/31/2018

	<u>Current Period Balance</u>
Assets	
General Cash	
Cash in Bank-BF #1695334	1,547.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	99,201.64
RLF-BankFirst 7884203	26,553.74
IRP Loan Loss Reserve-BankFirst 7884195	15,567.57
RBEG Loans-BankFirst 7884203	124,059.90
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	51,262.81
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,432.45
IRP #2 Loan Fund-Bank First #7898560	127,998.25
RMAP LLR Fund-BankFirst #8571	18,969.90
NDO Loan Fund-Security Bank 833851	93,172.12
NE Micro Loan-BankFirst #7911287	188,880.02
BF NDO Defederalized	655,116.87
#7911287 - NE Micro Loan #2	15,000.50
NED, Inc. Micro Funds #3 - 2018 Grant BF#7911287	124.24
#7884195 - IRP #2 Loan Loss Reserve	37,344.60
Housing Cash	
Trust DPA - EVB 3035418	85,419.28
HOME Rehab-BankFirst 7858547	304,115.02
HOME Rehab - CD #882514-Midwest Bank	107,180.25
Trust Rehab CD #882516-Midwest Bank	107,634.16
Trust Rehab Pinnacle 4400292230	127,132.00
HOME DPA - EVBT 3067890	8,698.30
HOME Rehab Pinnacle 4400292249	117,879.49
Trust Rehab BF 7930372	115,967.13
HUD/NENEDD Rehab BankFirst 7930383	114,872.27
Trust New Construction EVBT 3035418	21,404.57
Business RLF Notes Receivable	
Business RLF Notes Receivable	42,926.25
Business IRP Notes Receivable	181,050.50
IRP #2 Notes Receivable	777,944.10
NDO Business Notes Receivables	2,698,833.89
RMAP Business Notes Receivable	304,952.12
NE Micro Loan Receivable	377,361.26
Housing Notes Receivable	
DPA Notes Receivable	2,142,411.45
Regional Rehab Notes Receivable	1,125,777.74
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(3,213,453.88)
Total Assets	7,016,045.19
Liabilities	
Accounts Payable	
Accounts Payable	54,527.00
Notes Payable	
RMAP Loan Payable	369,818.76
NEF Loan Payable	97,823.92
IRP Loan Payable	191,476.37

NED, Inc.
Statement of Financial Position
As of 08/31/2018

	<u>Current Period Balance</u>
IRP #2 Loan Payable	649,358.07
Total Liabilities	<u>1,363,004.12</u>
Net Assets	
Other	5,653,041.07
Total Net Assets	<u>5,653,041.07</u>
Total Net Assets and Liabilities	<u><u>7,016,045.19</u></u>

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 08/01/2018 Through 08/31/2018**

		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	3,916.66	0.00	(3,916.66)	47,000.00	26,000.00	(21,000.00)	(44.68)%
428	Down Payment Assistance Loan Processing Fee	79.66	0.00	(79.66)	956.00	0.00	(956.00)	(100.00)%
436	Microenterprise Management Revenue	421.33	5,056.53	4,635.20	5,056.00	5,056.53	0.53	0.01%
439	CDBG ED NDO RLF Contributions	41,666.66	30,901.50	(10,765.16)	500,000.00	39,061.21	(460,938.79)	(92.19)%
442	Microenterprise Lending Program Contributions	12,066.66	0.00	(12,066.66)	144,800.00	0.00	(144,800.00)	(100.00)%
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	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
451	Business Loan Interest	10,833.33	12,842.06	2,008.73	130,000.00	24,764.13	(105,235.87)	(80.95)%
452	Loan Late Fees	116.66	45.57	(71.09)	1,400.00	116.14	(1,283.86)	(91.70)%
453	Business Loan Processing Fee	500.00	0.00	(500.00)	6,000.00	0.00	(6,000.00)	(100.00)%
454	Annual Servicing Fees	1,000.00	235.60	(764.40)	12,000.00	235.60	(11,764.40)	(98.04)%
471	HO Rehab Interest	666.66	598.55	(68.11)	8,000.00	1,256.22	(6,743.78)	(84.30)%
490	Interest Income	1,166.66	2,827.37	1,660.71	14,000.00	5,634.25	(8,365.75)	(59.76)%
492	Contributions	333.33	0.00	(333.33)	4,000.00	0.00	(4,000.00)	(100.00)%
	Total Revenues	75,267.61	52,507.18	(22,760.43)	903,212.00	102,124.08	(801,087.92)	(88.69)%
Expenditures								
523	Office Supplies	16.66	0.00	16.66	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	20.00	(11.67)	100.00	50.00	50.00	50.00%
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	0.00	100.00	100.00%
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	0.00	6,865.00	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	1,458.33	817.43	640.90	17,500.00	1,684.46	15,815.54	90.37%
574	NENEDD Management Exp	14,583.33	18,866.81	(4,283.48)	175,000.00	35,832.82	139,167.18	79.52%
580	Loans Written Off	12,083.33	0.00	12,083.33	145,000.00	0.00	145,000.00	100.00%

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 08/01/2018 Through 08/31/2018**

	<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>
584 Rehab Loans Forgiven	3,425.00	3,119.48	305.52	41,100.00	6,573.21	34,526.79	84.01%
589 Invest Nebraska NDO RLF Contributions	1,491.66	1,488.10	3.56	17,900.00	2,976.20	14,923.80	83.37%
Total Expenditures	<u>34,015.79</u>	<u>24,311.82</u>	<u>9,703.97</u>	<u>408,190.00</u>	<u>47,116.69</u>	<u>361,073.31</u>	<u>88.46%</u>
Total Revenues Over (Under) Expenditures	<u>41,251.82</u>	<u>28,195.36</u>	<u>(13,056.46)</u>	<u>495,022.00</u>	<u>55,007.39</u>	<u>(440,014.61)</u>	<u>(88.89)%</u>

NED, Inc. Board Agenda

Object: Approve a \$40,000 loan to Ekeko Blends & Goods LLC – Wayne
Mytzy Rodriguez-Kufner, Member

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background: Mytzy Rodriguez-Kufner is requesting funds to start a juice bar and café called Ekeko Blends located at 110 Main St. in downtown Wayne. This 1,400 sq. ft. location is within walking distance of Wayne State College, and much of the Wayne community. Ekeko Blends & Goods, LLC derived its name from the ‘Ekeko,’ the pre-Columbian civilization god of abundance and prosperity in the mythology and folklore of the people from the Andean Altiplano. The Ekeko is a traditional god of health, wealth, and fertility, popular in Bolivia, Cochabamba, and neighboring regions, like southeast of Peru, northern Argentina, and northern Chile. Ekeko Blends will bring information about the benefits of cold-pressed juices as part of a healthy lifestyle. Mytzy is the sole member of the newly formed business Ekeko Blends & Goods, LLC. Both Mytzy and her husband Brian teach at Wayne State College. The loan funds will be used for renovation, furniture, fixtures, equipment and inventory.

Renovation include new HVAC, new water heater, water purification system, updated electrical and plumbing. Other renovation will include building a bar/serving area, update bathroom, & side room, closing off stairs to one entrance of the basement, modeling a kitchen area, sidewalk repair/modification, and painting and floor repair.

Mytzy’s life experience from her grandmother and other family members making Ekeko blended juices and extensive nutrition schooling has enhanced her self-taught method to develop her business plan. The mission of eating healthy through items found in Peru based on Mytzy’s knowledge of Peruvian foods will be the basis of items offered at the café.

The types of juices and smoothies Ekeko Blends make will be dependent on what kinds of fruits and vegetables are in season. The company wants to help support the local farmers and help lower their ecological footprint. Most of the fruits and vegetables the company buys will come from the local farmers’ market located at the Wayne County Courthouse. Additional purchases will come from area distributors, including Omaha. To encompass and serve individuals who cannot have drinks such as juices due to their health (i.e. diabetes), other drinks with no sugar will be offered (i.e. bottled water, natural unsweetened teas and coffees). As a company, they will make it a practice to do whatever they can to be environmentally friendly. This would include use of biodegradable plastic cups and non-straw environment.

Total project costs are estimated to be \$166,730 to purchase the building/real estate, renovation, furniture, fixtures, equipment, inventory, and working capital. Elkhorn Valley Bank and Mytzy are requesting that NED, Inc. provide a loan in the amount of \$40,000 towards the project. Elkhorn Valley Bank has provided \$45,000 and the Kufners will provide equity of \$71,730 (approximately \$53,000 cash and \$19,000 in sweat equity) for the project. The project will create at least two full time equivalent jobs including Mytzy.

Explanation:

Source	Bank	NED, Inc.	Equity	WAED	Total
Building acquisition	\$45,000	-0-	\$15,000	-0-	\$60,000
Renovation	-0-	\$20,000	\$22,100	\$9,000	\$51,100
Fees, contingency, misc	-0-	-0-	\$11,810	\$1,000	\$12,810
Furniture/Fixtures Equipment/Inventory	-0-	\$20,000	\$7,720	-0-	\$27,720
Advertising/WC	-0-	-0-	\$15,100	-0-	\$15,100
Total	\$45,000	\$40,000	\$71,730	\$10,000	\$166,730

Elkhorn Valley Bank in Wayne has provided a loan of \$45,000 to purchase the building. This loan is interest only until November at which time it will be set up as a regular commercial real estate loan fully amortized over a 15-year term at an interest rate of 6.15% (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. NED, Inc. will lend \$40,000 for renovation and purchase of 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 Ekeko Blends & Goods, LLC. NED, Inc. will also file a Deed of Trust on the Kufner's personal residence in Wayne and a life insurance assignment from Mytzy for the amount of the loan for the life of the loan. A personal guaranty will also be required from Mr. & Mrs. Kufner.

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 for approval of a \$40,000 loan to Ekeko Blends & Goods, LLC, to open its business at 110 Main St., in Wayne as presented and recommended by NENEDD staff and the Northeast RLF Committee.

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. A