

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, NOVEMBER 28, 2018 –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
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.** Consideration for approval of the November 28, 2018 Agenda and the November 7, 2018 Meeting Minutes
- V. Treasurer’s Report**
 - A.** Consideration for acceptance of the October 2018 Treasurer’s Report
- VI. Action Items**
 - A.** Consideration for approval of applicant #101383 for housing rehabilitation funds in the amount of up to \$25,000.00
 - B.** Consideration for approval of applicant #101446 for housing rehabilitation funds up to the amount of \$25,000.00
 - C.** Consideration to waive the \$25.00 per square foot limit and for approval of applicant #101510 for housing rehabilitation funds up to the amount of \$25,000.00
 - D.** Consideration to accept the Fiscal Year 2018 Northeast Economic Development, Inc. audit as presented
 - E.** Consideration for approval of a \$20,000 loan to Jessica Reiley for the purchase and renovation of a building at 112 E. 2nd Street in Tilden to start Salon 1as presented and recommended by NENEDD Staff and the Northeast Loan Committee.
- 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, December 19, 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
Wayne Chamber of Commerce – 108 W. 3rd St., Wayne, NE 68787
- 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 November 28, 2018, meeting agenda and the November 7, 2018, meeting minutes.

Contact Person: Brittany O'Brien, Administrative Assistant

For: Action

Explanation: The November 28, 2018, agenda has been posted. The minutes from the November 7, 2018, meeting were posted.

Motion: Consideration for approval of the November 28, 2018, meeting agenda and November 7, 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)

NED, Inc Board Agenda

Object: Acceptance of October 2018 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Economic Development, Inc.'s (NED, Inc) October 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	36,433.44
Housing Rehab Principal Received	5,747.09
Down Payment Assistance (DPA) Principal Received	378.87
New Construction Principal Received	-
Business Loan Disbursements	40,000.00
Housing Rehab Loan Disbursements (2 homes)	15,893.00
Down Payment Assistance (DPA) Loan Disbursements	-
New Construction Loan Disbursement	-

Business Loan Disbursements:

Client #619003, Ekeko Blends & Goods, LLC, Wayne, \$40,000

Motion: Consideration for acceptance of the October 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 10/31/2018

	<u>Current Period Balance</u>
Assets	
General Cash	
Cash in Bank-BF #1695334	1,527.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	107,641.70
RLF-BankFirst 7884203	26,178.47
IRP Loan Loss Reserve-BankFirst 7884195	11,016.66
RBEG Loans-BankFirst 7884203	124,335.97
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	53,047.51
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,458.23
IRP #2 Loan Fund-Bank First #7898560	131,276.34
RMAP LLR Fund-BankFirst #8571	19,001.94
NDO Loan Fund-Security Bank 833851	94,743.00
NE Micro Loan-BankFirst #7911287	194,155.16
BF NDO Defederalized	697,760.79
#7911287 - NE Micro Loan #2	16,882.37
NED, Inc. Micro Funds #3 - 2018 Grant BF#7911287	910.84
#7884195 - IRP #2 Loan Loss Reserve	46,677.60
Housing Cash	
Trust DPA - EVB 3035418	62,313.67
HOME Rehab-BankFirst 7858547	301,955.35
HOME Rehab - CD #882514-Midwest Bank	107,180.25
Trust Rehab CD #882516-Midwest Bank	107,634.16
Trust Rehab Pinnacle 4400292230	127,546.29
HOME DPA - EVBT 3067890	7,587.01
HOME Rehab Pinnacle 4400292249	118,263.63
Trust Rehab BF 7930372	102,658.96
HUD/NENEDD Rehab BankFirst 7930383	114,645.50
Trust New Construction EVBT 3035418	21,501.44
Business RLF Notes Receivable	
Business RLF Notes Receivable	41,522.82
Business IRP Notes Receivable	177,910.49
IRP #2 Notes Receivable	763,451.48
NDO Business Notes Receivables	2,661,471.57
RMAP Business Notes Receivable	299,849.54
NE Micro Loan Receivable	411,672.28
Housing Notes Receivable	
DPA Notes Receivable	2,162,153.71
Regional Rehab Notes Receivable	1,124,723.98
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(3,233,953.88)
Total Assets	7,018,409.51
Liabilities	
Accounts Payable	
Accounts Payable	420.00
Notes Payable	
RMAP Loan Payable	365,315.67
NEF Loan Payable	90,958.57
IRP Loan Payable	191,476.37

NED, Inc.
Statement of Financial Position
As of 10/31/2018

	<u>Current Period Balance</u>
IRP #2 Loan Payable	649,358.07
Total Liabilities	<u>1,297,528.68</u>
Net Assets	
Other	5,720,880.83
Total Net Assets	<u>5,720,880.83</u>
Total Net Assets and Liabilities	<u><u>7,018,409.51</u></u>

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 10/01/2018 Through 10/31/2018**

		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	34,500.00	(12,500.00)	(26.60)%
428	Down Payment Assistance Loan Processing Fee	79.66	0.00	(79.66)	956.00	478.00	(478.00)	(50.00)%
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	40,000.00	27,933.34	144,800.00	40,000.00	(104,800.00)	(72.38)%
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	250.00	(2,750.00)	(91.67)%
451	Business Loan Interest	10,833.33	16,451.17	5,617.84	130,000.00	54,962.11	(75,037.89)	(57.72)%
452	Loan Late Fees	116.66	205.57	88.91	1,400.00	427.28	(972.72)	(69.48)%
453	Business Loan Processing Fee	500.00	250.00	(250.00)	6,000.00	650.00	(5,350.00)	(89.17)%
454	Annual Servicing Fees	1,000.00	200.80	(799.20)	12,000.00	2,227.56	(9,772.44)	(81.44)%
471	HO Rehab Interest	666.66	611.41	(55.25)	8,000.00	2,541.36	(5,458.64)	(68.23)%
490	Interest Income	1,166.66	3,054.18	1,887.52	14,000.00	11,364.96	(2,635.04)	(18.82)%
492	Contributions	333.33	350.00	16.67	4,000.00	1,195.86	(2,804.14)	(70.10)%
	Total Revenues	75,267.61	61,123.13	(14,144.48)	903,212.00	237,658.34	(665,553.66)	(73.69)%
Expenditures								
523	Office Supplies	16.66	0.00	16.66	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	0.00	8.33	100.00	85.00	15.00	15.00%
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	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	822.16	636.17	17,500.00	3,184.82	14,315.18	81.80%
574	NENEDD Management Exp	14,583.33	19,523.80	(4,940.47)	175,000.00	69,137.38	105,862.62	60.49%
580	Loans Written Off	12,083.33	0.00	12,083.33	145,000.00	29,000.00	116,000.00	80.00%

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 10/01/2018 Through 10/31/2018**

		<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	3,072.45	352.55	41,100.00	12,718.11	28,381.89	69.06%
589	Invest Nebraska NDO RLF Contributions	1,491.66	1,488.10	3.56	17,900.00	5,952.40	11,947.60	66.75%
	Total Expenditures	<u>34,015.79</u>	<u>24,906.51</u>	<u>9,109.28</u>	<u>408,190.00</u>	<u>120,104.71</u>	<u>288,085.29</u>	<u>70.58%</u>
	Total Revenues Over (Under) Expenditures	<u>41,251.82</u>	<u>36,216.62</u>	<u>(5,035.20)</u>	<u>495,022.00</u>	<u>117,553.63</u>	<u>(377,468.37)</u>	<u>(76.25)%</u>

NED, Inc Board Agenda

Object: Recommendation to approve applicant # 101383 for owner occupied housing rehabilitation in the amount of up to \$25,000.00

Contact Person: Martin Griffith

For: Action

Background: Level A (66%- 120% of Area Median Income) – 2% Interest Loan up to 20 years

Property Location:	West Point
House Square Footage:	2317
Cost of Repairs:	\$25,000.00
Cost per Square Foot:	\$11.00
Funding Source:	NED, Inc. Reuse

Explanation: 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 is deemed to be economically feasible for the NED, Inc. Owner Occupied Housing Rehabilitation Program. See list of repairs below.

Repairs

Replace eight basement windows with low E argon gas filled half inch insulated glass units.
Complete the kitchen remodel to homeowner's specifications.
Stabilize all deteriorated paint on interior and exterior surfaces.
Install five smoke detectors and two carbon monoxide detectors.
Install electrical switch and outlet box extensions where needed.
Hepa vacuum and wet wipe all window troughs and interior sills.
Make Homeowner specified repairs to front porch to include replacement of lattice skirting.
Install Homeowner provided air conditioning unit and associated ductwork.
Wire for air conditioning unit to be located in the attic.

This property is currently valued at \$121,000.00
After rehabilitation property value - \$139,750.00
Current Mortgage - \$96,800.00
NED, Inc. Lien Position - 2nd

After Rehab Property Value Calculation:

County:	Cuming	
Appraised value:	\$121,000.00	2018 Appraisal
100% Valuation:	\$121,000.00	(Pre-Rehab value)
Total Rehab Spent:	\$25,000.00	
75% of Rehab Spent:	\$18,750.00	
After Rehab Value:	\$139,750.00	

Recommendation based on the condition of the house, cost of repairs, cost of repairs per square foot (see section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Program Guidelines) current mortgage balance, after rehabilitation value of the house, and lien position of NED, Inc.

Motion: Consideration for approval of applicant #101383 for housing rehabilitation funds in the amount of up to \$25,000.00

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 Item

Object: Recommendation to approve applicant # 101446 for owner occupied housing rehabilitation funds up to the amount of \$ 25,000.00

Contact Person: Martin Griffith

For: Action

Background: Level D (50% or less of Area Median Income) – 100% Forgivable Loan up to 10 years.

Property Location:	Cedar Rapids
House Square Footage:	1178
Cost of Repairs:	\$25,000.00
Cost per Square Foot:	\$21.00
Funding Source:	NED, Inc. Reuse

Explanation: 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 is deemed to be economically feasible for the NED, Inc. Owner Occupied Housing Rehabilitation Program. See list of repairs below.

Repairs

- Install total siding package.
- Install roof ridge row were missing.
- Install gutter downspout leaders were missing.
- Seal cracks in driveway adjacent to house.
- Replace one electrical outlet with ground fault circuit interrupter outlet.
- Replace nineteen windows with low E argon gas filled half inch insulated glass units.
- Replace two entry doors.
- Scrape and paint areas of front porch that cannot be encapsulated with total siding package.
- Install outlet box with ground fault circuit interrupter outlet, plugged cord on kitchen disposal and eliminate any exposed wiring in cabinet.
- Install handrails on basement stairs.
- Install roof mounted termination cap and connect to bathroom vent fan exhaust.
- Extend water heater safety overflow valve to discharge within six inches of floor.
- Hepa vacuum and wet wipe all basement window troughs and interior sills.
- Seal all interior window sills with paint or polyurethane.
- Remove and replace front entry stairs.

This property is currently valued at - \$57,556.70
After rehabilitation property value - \$76,306.70
Current Mortgage - \$52,000.00
Second Lien - \$750.00 NIFA
Third Lien - \$2,600.00 remaining balance of a five-year term Forgivable Affordable Housing Subsidy
NED, Inc. Lien Position – 4th

After Rehab Property Value Calculation:

County: Boone

Tax Valuation: \$55,830.00

100% RE Tax Valuation: \$57,556.70

Total Rehab Spent: \$25,000.00

75% of Rehab Spent: \$18,750.00

After Rehab Value: \$76,306.70

% of Value: 97%

(Pre Rehab value)

Recommendation based on the condition of the house, cost of repairs, cost of repairs per square foot (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines), along with the after-rehabilitation value of house, balance of mortgage, and the lien position of NED, Inc.

Motion: Consideration for approval of applicant #101446 for housing rehabilitation funds up to the amount of \$25,000.00

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: Recommendation to approve applicant #101510 for owner occupied housing rehabilitation funds up to the amount of \$25,000.00

Contact Person: Martin Griffith

For: Action

Background: 100% Forgivable Loan over 10 years

Property Location:	Walthill
House Square Footage:	959
Cost of Repairs:	\$25,000.00
Cost per Square Foot:	\$26.00
Funding Source:	Walthill OOR Housing Grant #16-HO-15069

Explanation: The house under consideration is structurally sound, in good condition, and after repairs will meet or exceed all of the required Minimum Rehabilitation Standards. Due to the small size of the house the cost of the repairs will exceed the \$25.00 per square foot limit listed in section 4.5-2 of the Housing Rehabilitation Program Guidelines. The Housing specialist requests that the board recommend waiving the \$25.00 per square foot limit, as it is in the opinion of the Housing Specialist that the rehabilitation of this house is economically feasible for the Housing Rehabilitation Program. See list of repairs below.

Repairs

- Install seamless gutters to entire house.
- Install total siding package.
- Replace furnace with 95% efficiency rated model.
- Replace central air conditioning unit with 14 seer unit.
- Replace two electrical outlets with Ground Fault Circuit Interrupter type.
- Install water heater safety overflow extension.
- Replace nine windows with low E insulated glass units.
- Replace one basement bedroom window with egress type.
- Replace rear entry door and storm door.
- Replace water damaged drywall in laundry room.
- Install floor coverings in basement bedroom.
- Install four battery powered smoke detectors.
- Install one battery powered carbon monoxide detector.
- Install additional electrical outlets in basement bedroom.
- Add soil against foundation to create positive drainage of rainwater.
- Clean up paint chips from ground around exterior of house.
- Build access panel over exposed plumbing in laundry room wall.
- Build roof over front porch.

This property is currently valued at \$18,927.84
After rehabilitation property value \$37,677.84
Current mortgage balance - None

Village of Walthill Lien Position – 1st

After Rehab Property Value Calculation:

County: Thurston

Tax Valuation: \$18,360.00

% of Value: 97% (Based on tax roll year) 2017

100% RE Tax Valuation: \$18,927.84 (Pre-Rehab value)

Total Rehab Spent: \$25,000.00

75% of Rehab Spent: \$18,750.00

After Rehab Value: \$37,677.84

Recommendation based on the condition of the house, cost of repairs as per (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines), the after-rehabilitation value of the house, current mortgage balance, and the lien position of the Village of Walthill.

Motion: Consideration to waive the \$25.00 per square foot limit and for approval of applicant #101510 for housing rehabilitation funds up to the amount of \$25,000.00.

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 Northeast Economic Development, Inc. Audit

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background: Board members were emailed and mailed the Fiscal Year 2018 audit. Staff from Schumacher, Smejkal, Brockhaus & Herley P.C. will present the audit.

Motion: Consideration to accept the Fiscal Year 2018 Northeast Economic Development, Inc. audit 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. Board Agenda

Object: Approve a \$20,000 loan to Jessica Reiley, d/b/a Salon 1 - Tilden

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background:

Jessica Reiley wants to purchase a building and start her own beauty salon in downtown Tilden. Jessica is a licensed cosmetologist and currently rents a chair from Main Street Stylists in this building in Tilden. The building owner, LouAnne Blecher, is a barber wanting to semi-retire, and will sell the building to Jessica allowing her to start her own business. Mary Smith who owns Main Street Stylists is also wanting to cut-back, and currently rents the building from LouAnne Blecher. Mary and LouAnne will stay on part-time and rent chairs from Jessica. This will maintain continuity with existing clientele.

Jessica's new salon will be called Salon 1 located at 112 E. 2nd in Tilden. She will provide affordable, consistent customer service in a clean, relaxing environment for hair, skin and nail care. These services include but are not limited to shampoos, cuts, colors, manicures, pedicures, basic waxing, perms, scalp treatments and hair extensions.

The building is a one-story; only 13' x 43' but is a nice cozy salon. Jessica will have some repairs done which include west wall & foundation repair, new windows, front door, flooring, and lighting updates. Jessica will hire the wall/foundation repair and flooring done. The remaining work will be done by her boyfriend and his father.

Total project costs are estimated to be \$23,306. Jessica is requesting that NED, Inc. provide a loan in the amount of \$20,000 to purchase and renovate the building. The equity Jessica is providing \$3,306 of which \$2,106 is cash and \$1,500 is sweat equity for this project. One job will be created.

Explanation:

There is no bank involved in this project. NED, Inc. will lend \$20,000 for the purchase and renovation of the building at 112 E. 2nd Street in Tilden to start Salon 1. NED, Inc.'s loan will have a term of 15 years at an interest rate of 5.00% (fixed). NED, Inc. will have a first deed of trust on the business real estate and a first lien position on all other business assets of Salon 1. NED, Inc. will require life insurance on Jessica for the amount of the loan for the life of the loan. Jessica's mother, Coleen Reiley, will provide a personal guaranty as additional collateral for this loan.

Motion: Consideration for approval of a \$20,000 loan to Jessica Reiley for the purchase and renovation of a building at 112 E. 2nd Street in Tilden to start Salon 1 as presented and recommended by NENEDD Staff and the Northeast Loan 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)