

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT - NENEDD
BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 26, 2020 - 7:15 P.M.

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
City of Hartington Offices – Conference Room, 107 W. State St., Hartington, NE 68739
The Wakefield Civic Center – 407 E. 7th, Wakefield, NE 68784
City of Columbus – 1st Floor Mayor’s Office, 2424 14th St., Columbus, NE 68601

The Chairman 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 of approval of the February 26, 2020, agenda and January 29, 2020, meeting minutes.
- V. Treasurer’s Report**
 - A. Consideration for acceptance of the January 2020 Treasurer’s Report as presented.
- VI. Action Items**
 - A. Consideration for approval of a \$105,000 loan to H K Industries, LLC.
- VII. Chairman/Board Comments**
- VIII. Next Meeting Date:** The Northeast Nebraska Economic Development District Board of Directors will meet on Wednesday, March 25, 2020, at 7:15 p.m. or following the Northeast Economic Development, Inc. meeting. The meeting will be held at the via conference call.
- IX. Adjournment**

Gary Jackson_____ Rich Jablonski_____ Glen Ellis_____

Troy Uhler_____ Judy Mutzenberger_____ Dan Kathol_____ Tina Biteghe Bi Ndong_____ Loren Kucera_____

NENEDD Board Agenda

Object: Consideration of approval of the February 26, 2020, agenda and January 29, 2020, meeting minutes

Contact Person: Thomas L. Higginbotham Jr, Executive Director

For: Action

Explanation: The February 26, 2020, agenda has been posted on the website. The January 29, 2020, meeting minutes have been posted on the website.

Motion: Consideration for approval of the February 26, 2020, meeting agenda and the January 29, 2020, board meeting minutes.

Gary Jackson _____ Rich Jablonski _____ Glen Ellis _____
Troy Uhlir _____ Judy Mutzenberger _____ Dan Kathol _____ Tina Biteghe Bi Ndong _____ Loren Kucera _____

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

IV. Secretary's Report A

NENEDD Board Agenda

Object: Acceptance of the January 2020 Treasurer’s Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Nebraska Economic Development District’s (NENEDD) January 2020 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 (FY) 2020 Budget for the nonaccrual accounts, July 1, 2019 through June 30, 2020 Actual, Budget Variance so far this fiscal year and Percent of the Fiscal Year 2020 Budget remaining.

Explanation:

Additional Information:

Business Loan Principal Received	20,130.32
Housing Rehabilitation Principal Received	-
Business Loan Disbursements	-

Restate Net Income

Year to Date Revenue Over (Under) Expenditures	86,575.34
Year to date Non-Operating Revenue:	
N/A	

Year to date Non-Operating Expenditures:

Donations (Loan Payments to Northeast Economic Development, Inc.)	-
Depreciation Expense	2,806.79
Loans Written Off	197.99
Loans Forgivable Portion	39.48
Actual Year to date Revenue Over (Under) Expenditures	<u>89,619.60</u>

NENEDD Business Revolving Loan Funds Available for Lending (All Sources): \$473,891

Motion: Consideration for acceptance of the January 2020 treasurer’s report as presented.

Tina Biteghe Bi Ndong _____ Rich Jablonski _____ Glen Ellis _____
Troy Uhler _____ Judy Mutzenberger _____ Dan Kathol _____ Loren Kucera _____ Gary Jackson _____

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

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall - Unposted Transactions Included In Report
As of 01/31/2020

	Current Period Balance
Assets	
General Cash	
Cash in Bank - Checking	2,782.45
Unrestricted CD-Stanton State Bank #2995	22,248.60
Unrestricted CD-BankFirst #34875	53,372.84
Unrestricted CD-Midwest #882523	27,396.73
Unrestricted CD-Midwest #881867	1,663.22
Unrestricted-BankFirst #1648078	355,989.44
Unrestricted-BankFirst #1648166	80,286.88
Business RLF Cash	
Security Reserve Account CD-EVB #20832	27,329.48
EDA RLF-BankFirst #1648089	98,427.20
NE CDBG Regional RLF-BankFirst 1648111	197,667.46
IRP RLF-BankFirst #1648122	63,565.74
HUD Business RLF-BankFirst #1648133	114,230.23
IRP #1 Loan Loss Reserve-BankFirst #1648144	42,710.57
IRP #2 Loan Loss Reserve-BankFirst #1648177	28,026.62
Housing Cash	
Housing Construction-BankFirst #1648188	1,539.94
Accounts Receivable	
Accounts Receivable	108,988.35
Business RLF Loans Receivables	
EDA RLF Loans Receivable	1,939,593.32
CDBG Regional RLF Loans Receivable	41,309.97
IRP RLF Loans Receivable	1,305,605.39
HUD RLF Loans Receivable	134,154.09
Prepaid Expenses	
Prepaid Expense	9,181.23
Allowances for Uncollectible Accounts	
Allowance for Uncollectible A/R	(23,700.00)
Allowance for Uncollectible Notes	(451,161.85)
Fixed Assets	
Furniture and Equipment	183,416.02
Accumulated Depreciation	(163,142.51)
Total Assets	4,201,481.41
Liabilities	
Accounts Payable	
Accounts Payable	19,964.13
Other Payables	
Other Payables	302.59
Lease Payable	11,191.80
Paryoll Payables	
ADD & Life Payable	69.44
Accrued FICA Payable	3,926.70
Federal Tax Withheld	2,042.88
State Tax Withheld	992.57
457 Withheld	833.22
Health Insurance Payable	144.94
Cafeteria Premium Payable	683.08
Unreimbursed Medical Payable	850.00
Dependent Care Payable	755.08
Child Support Payable	1,500.00

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall - Unposted Transactions Included In Report
As of 01/31/2020

	Current Period Balance
Annual Leave Payable	18,357.07
HSA Contributions	537.50
Accrued Unemployment	191.52
Accrued Salaries	18,632.16
NEF Loan Payable	
NEF Loan Payable	42,037.98
IRP Loan Payable	
IRP #1 Loan Payable	357,712.14
IRP #2 Loan Payable	<u>312,322.01</u>
Total Liabilities	<u>793,046.81</u>
Net Assets	
Other	<u>3,408,434.60</u>
Total Net Assets	<u>3,408,434.60</u>
Total Net Assets and Liabilities	<u><u>4,201,481.41</u></u>

Northeast Nebraska Economic Development District
 Statement of Revenues and Expenditures - Unposted Transactions Included In Report
 From 01/01/2020 Through 01/31/2020

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Revenues							
400	5,833.33	17,500.00	11,666.67	70,000.00	52,500.00	(17,500.00)	(25.00)%
405	13,333.33	(1,230.08)	(14,563.41)	160,000.00	161,337.00	1,337.00	0.84%
406	1,180.00	0.00	(1,180.00)	14,160.00	14,320.00	160.00	1.13%
407	1,133.33	0.00	(1,133.33)	13,600.00	11,650.00	(1,950.00)	(14.34)%
410	8,416.66	0.00	(8,416.66)	101,000.00	49,587.10	(51,412.90)	(50.90)%
415	58.33	0.00	(58.33)	700.00	610.00	(90.00)	(12.86)%
418	16,666.66	17,184.31	517.65	200,000.00	122,976.15	(77,023.85)	(38.51)%
420	20,833.33	15,977.38	(4,855.95)	250,000.00	107,376.23	(142,623.77)	(57.05)%
425	1,500.00	170.00	(1,330.00)	18,000.00	11,552.45	(6,447.55)	(35.82)%
430	3,333.33	9,888.79	6,555.46	40,000.00	47,409.51	7,409.51	18.52%
433	2,500.00	315.00	(2,185.00)	30,000.00	11,442.90	(18,557.10)	(61.86)%
440	600.00	600.00	0.00	7,200.00	4,200.00	(3,000.00)	(41.67)%
444	104.16	24.00	(80.16)	1,250.00	1,740.00	490.00	39.20%
445	100.00	148.91	48.91	1,200.00	1,046.76	(153.24)	(12.77)%
451	13,333.33	13,732.73	399.40	160,000.00	96,255.75	(63,744.25)	(39.84)%
452	50.00	0.00	(50.00)	600.00	35.00	(565.00)	(94.17)%
453	291.66	0.00	(291.66)	3,500.00	5,875.00	2,375.00	67.86%
454	833.33	511.16	(322.17)	10,000.00	3,685.63	(6,314.37)	(63.14)%
460	416.66	75.00	(341.66)	5,000.00	1,838.75	(3,161.25)	(63.23)%
490	1,583.33	509.27	(1,074.06)	19,000.00	7,711.95	(11,288.05)	(59.41)%
495	1,250.00	1,250.00	0.00	15,000.00	8,750.00	(6,250.00)	(41.67)%
	93,350.77	76,656.47	(16,694.30)	1,120,210.00	721,900.18	(398,309.82)	(35.56)%
Expenditures							
500	51,583.33	52,364.42	(781.09)	619,000.00	372,055.32	246,944.68	39.89%
505	12,708.33	13,032.83	(324.50)	152,500.00	90,707.55	61,792.45	40.52%
520	1,250.00	1,250.00	0.00	15,000.00	8,750.00	6,250.00	41.67%
521	791.66	1,190.86	(399.20)	9,500.00	6,566.07	2,933.93	30.88%
522	333.33	493.85	(160.52)	4,000.00	1,776.41	2,223.59	55.59%
523	833.33	1,816.56	(983.23)	10,000.00	5,694.44	4,305.56	43.06%
524	833.33	908.25	(74.92)	10,000.00	2,917.25	7,082.75	70.83%
526	2,333.33	973.50	1,359.83	28,000.00	15,856.19	12,143.81	43.37%
530	183.33	0.00	183.33	2,200.00	1,584.00	616.00	28.00%
531	100.00	(0.01)	100.01	1,200.00	1,538.58	(338.58)	(28.21)%
536	416.67	57.78	358.89	5,000.00	3,975.98	1,024.02	20.48%
538	1,266.67	757.63	509.04	15,200.00	5,723.92	9,476.08	62.34%
539	1,500.00	0.00	1,500.00	18,000.00	14,392.45	3,607.55	20.04%
548	104.17	285.45	(181.28)	1,250.00	1,844.95	(594.95)	(47.60)%
550	287.50	291.00	(3.50)	3,450.00	2,282.00	1,168.00	33.86%

NENEDD Board Agenda

Object: Approve a \$105,000 loan to H K Industries, LLC - Bancroft

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background:

Josh Hays and Adam Kaser have formed H K Industries, LLC (HK) with the intentions of purchasing Ivan's Welding in rural Bancroft. They plan to continue servicing Ivan's customers and manufacturing steel products. The business was started by Ivan Heise in 1983 and is still located at 2441 22nd Rd in Cuming County, about 7 miles northwest of Bancroft. The purchase includes all the tools, vehicles, equipment, inventory and real estate of Ivan's. The property has three 40' x 80' buildings. One is cold storage and the other two are insulated working shops. There also is a very nice residence where Adam will live. The property has an open layout with room to grow.

Products they manufacture include grain dump pits and livestock gates, with plans to start manufacturing custom fire truck bed apparatus used for brush fires. They have already made two that were sold to the Pender Fire department and have a bid out for another. Adam has been talking with the sales managers for both Orshein Farm Supply and Bomgaars about contracting to sell livestock gates. They also do grain bin/leg repairs and sell Sukup products, such as grain bins and accessories <https://www.sukup.com/> and Schlagel equipment <http://www.schlagel.com/>. As they are taking over an existing business, it has been proven that these services and products are needed in the area.

The total project costs are estimated to be \$868,000 for the purchase of real estate, equipment, inventory, working capital, and good will. Charter West Bank in Pender and the members of HK are requesting that NENEDD provide a loan in the amount of \$105,000 for the project. The bank will provide a loan of \$616,900 and a \$30,000 line of credit. The members will provide \$69,000 cash for the project. \$49,000 was paid with the purchase agreement and they will inject another \$20,000 cash for working capital. The current owner, Ivan Heise, will provide a carryback loan of \$47,100. There will be at least three jobs created, including the two members.

Explanation:

Uses ↓	Source →	Bank	NENEDD	Equity	Owner Carryback	Total
Land acquisition		\$300,000	\$45,000	-0-	-0-	\$345,000
Machinery/Equipment		\$258,233	\$31,100	-0-	-0-	\$289,333
Goodwill/Ivan's Welding		\$45,000	\$28,900	\$49,000	\$47,100	\$170,000
LOC / Working Capital		\$30,000	-0-	\$20,000	-0-	\$50,000
SBA Fee		\$13,667	-0-	-0-	-0-	\$13,667
TOTAL		\$646,900	\$105,000	\$69,000	\$47,100	\$868,000

Charter West Bank in Pender has approved a loan not to exceed \$616,900. The loan will be set up as a regular real estate/commercial loan fully amortized over 20 years at 6.30% (variable). They will also provide a \$30,000 line of credit at 6.40%. In addition to a first deed of trust on the real estate located at 2441 22nd Road, Bancroft, they will require a blanket security agreement and titles to all vehicles owned by the business. Adam and Josh also will provide a personal guaranty.

NENEDD will lend \$140,000 to HK for this project with a 20-year term and 5.50% (fixed). NED, Inc. will file a subordinate deed of trust on the business real estate and a subordinate UCC lien on the business assets owned by H K Industries, LLC. NENEDD also will require personal guarantees from Josh, his wife Stephanie, and Adam. NENEDD will require life insurance assignments from Josh and Adam, each for the amount of the loan for the life of the loan. NENEDD also will file a deed of trust on the Hays' personal residences in Wayne. Ivan Heise will provide a \$47,100 carryback loan subordinate to both the bank and NENEDD.

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 \$105,000 loan to H K Industries, LLC.

Gary Jackson_____ Rich Jablonski_____ Glen Ellis_____
Troy Uhlir_____ Judy Mutzenberger_____ Dan Kathol_____ Tina Biteghe Bi Ndong_____ Loren Kucera_____

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

VI. Action Items A