

**NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, OCTOBER 30, 2019- 7:00 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**

MINUTES

I. Call to Order: The Northeast Economic Development, Inc. (NED, Inc.) Board of Directors meeting was called to order at 7:01 p.m. by NED, Inc. President John F. Lohr. John F. Lohr informed the public about the location of the Open Meetings Act LB 898 and that it is accessible to the public.

II. Roll Call: NENEDD Fiscal Officer, Kristen Rosner, read roll call.

Board Members Present:

John F. Lohr, President, City of Columbus (Norfolk)
Jim McCarville, Secretary/Treasurer, Northeast Community College (Norfolk)
Jerry Engdahl, Platte County (Norfolk)
Brad Albers, Vice President, Business Owner (Norfolk)
Megan Weaver, Wakefield Progressive, Inc. (Wakefield)
Shannon Stuchlik, Midwest Bank of Pierce (Norfolk)
Mike Frank, Retired Northeast Community College (Norfolk)

Board Members Absent:

None

Others Present:

Thomas L. Higginbotham, Jr., NENEDD (Norfolk)
Tina M. Engelbart, NENEDD (Norfolk)
Kristen Rosner, NENEDD (Norfolk)
Jeff Christensen, NENEDD (Norfolk)
Judy Joy, NENEDD (Norfolk)
Glen Ellis, City of Fremont (West Point)
Rich Jablonski, City of Columbus (Norfolk)
Troy Uhler, Madison County (Norfolk)
Gary Jackson, City of Norfolk (Norfolk)
Judy Mutzenberger, Cuming County (West Point)
Dan Kathol, Hartington Community Development Corporation (Hartington)
Tina Biteghe Bi Ndong, West Point Chamber of Commerce (West Point)
Carl Pearson, Burt County (West Point)

III. Introduction of Guests: NED, Inc. President John F. Lohr asked everyone attending the meeting to introduce themselves to the group.

IV. Secretary's Report

A. Consideration for approval of the October 30, 2019 Agenda and the September 25, 2019 meeting minutes: NENEDD Executive Director Thomas L. Higginbotham, Jr.

presented. Jerry Engdahl made a motion to approve the October 30, 2019 agenda and the September 25, 2019 meeting minutes. Jim McCarville seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. Motion carried.

V. Treasurer's Report

- A. Consideration for acceptance of the September 2019 Treasurer's Report:** NENEDD Fiscal Officer Kristen Rosner presented the report. Megan Weaver made a motion to accept the September 2019 Treasurer's Report as presented. Mike Frank seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. Motion carried.

VI. Discussion Items

- A. Quarterly Loan Review:** NENEDD Fiscal Officer Kristen Rosner presented the loan review. There are 228 active loans with a delinquency rate of 0.15%.

VII. Action Items

- A. Consideration to reaffirm the acceptance of the sub-granted \$50,000 Community Development Block Grant (CDBG) funds from the Village of Thurston utilizing the Non-Profit Development Organization (NDO) process and approve a loan up to \$200,000 for Midplains Crane Works, LLC.** NENEDD Business Loan Specialist Jeff Christensen presented. Adam Rief & Jon Toft are members of the LLC. In August 2019, the NED, Inc. Board of Directors approved a \$200,000 loan to Midplains Crane Works, LLC pending the purchase of the assets of Ivan's Welding (equipment/inventory; no real estate) in rural Cuming County. The main piece of equipment to be purchased was a crane. Before the purchase was completed, the crane was damaged and will not pass inspection. The purchase of Ivan's Welding will not take place. Adam & Jon have negotiated the purchase of some assets of Anderson & Son's, Inc. of Oakland, including a crane. Total project costs are estimated to be \$971,000 to purchase the equipment, inventory and goodwill. As originally planned, NED, Inc. will lend \$150,000 and the Village of Thurston will lend \$50,000 for this project for the purchase of the business personal property assets and equipment/inventory. The Thurston funds will be sub-granted to NED, Inc. as an NDO who will in turn lend the \$50,000 to Midplains Crane Works, LLC. The \$200,000 loan will have a term of 10 years at an interest rate of 4.50% (fixed). In the event Thurston would not reaffirm the change in collateral of the \$50,000 portion of the funding, it is planned that NED, Inc. will provide the entire \$200,000 loan at 4.50% for 10 years. NED, Inc. will file a UCC lien on the business personal property subordinate to the bank. NED, Inc. will require life insurance assignment from Adam and Jon each for the amount of the loan for the life of the loan. NED, Inc. will also require a company guaranty from the parent company, Cuming County Industries, LLC. Shannon Stuchlik made a motion to reaffirm the acceptance of the sub-granted \$50,000 CDBG funds from the Village of Thurston utilizing the NDO process and approve a loan up to \$200,000 for Midplains Crane Works, LLC. Jim McCarville seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. Motion carried.

- B. Consideration for approval of a \$202,250 disaster loan to Laura Kruse to start the 3rd Street Bar & Grill in Osmond.** NENEDD Business Loan Specialist Jeff Christensen presented. Laura Kruse is planning to start her own business called 3rd Street Bar & Grill to replace the Tiger Tavern in Osmond. The Tiger Tavern, located at 301 N State Street in

Osmond, sustained damage from the March 2019 flooding and was never reopened. Total project costs are estimated to be \$626,860 to purchase the real estate, demolition, new building construction, furniture, fixtures, equipment, inventory and working capital. NED, Inc. will lend \$202,250 as disaster funds for the construction of a new building and to purchase furniture, fixtures, equipment, inventory, and working capital to start the 3rd Street Bar & Grill. The loan includes the 1% (\$2,000) loan application fee and standard \$250 loan closing fee. The \$202,250 loan will have a term of 20 years at an interest rate of 0.00% (fixed). The bank's term may be 25 years depending on SBA guidelines. If the bank would go to a 25-year term, NED, Inc.'s loan would mirror that and have a 25-year term. NED, Inc. will have a subordinate Deed of Trust on the real estate and building being built, and UCC lien on the business personal property of the 3rd Street Bar & Grill. NED, Inc. will also require a life insurance assignment from Laura Kruse for the amount of the loan for the life of the loan. A personal guaranty will also be required from Laura Kruse and her parents Martin & Jackie Kruse. NED, Inc. will also file a deed of trust on Martin & Jackie's personal residence in Osmond. Shannon Stuchlik made a motion to approve a \$202,250 disaster loan to Laura Kruse to start the 3rd Street Bar & Grill in Osmond. Megan Weaver seconded the motion. **AYES:** John F. Lohr, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** Jim McCarville. **ABSTAIN:** Brad Albers. **ABSENT:** None. Motion carried.

- C. Consideration to accept the sub-granted \$13,300 CDBG RLF funds from Knox County utilizing the NDO process for a loan to Holecek Law Office, LLC.** NENEDD Business Loan Specialist Jeff Christensen presented. Samantha Holecek wants to open her own law office in Creighton at 714 Main Street. The total project costs for furniture, fixtures, equipment and working capital are estimated to be \$15,220. Knox County will lend \$13,300 to purchase furniture, fixtures and equipment. The funds will be sub-granted to NED, Inc. as a NDO, who will in turn lend the \$13,300 to Holecek Law Office, LLC for this project. The \$13,300 NDO loan will have a 10-year term at 3.50% (fixed). NED, Inc. will secure a financing statement UCC lien on the business assets owned by Samantha Holecek and Holecek Law Office, LLC at 715 Main Street in Creighton, require personal guarantees from Samantha and her husband Jonathon, and will require a life insurance assignment from Samantha for the amount of the loan for the life of the loan. NED, Inc. will also file a deed of trust on the Holecek's personal residence in Creighton. Jim McCarville made a motion to accept the sub-granted \$13,300 CDBG RLF funds from Knox County utilizing the NDO process for a loan to Holecek Law Office, LLC. Brad Albers seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. Motion carried.
- D. Consideration for approval to accept \$145,000 City of Wayne CDBG RLF funds for a loan to Retail Reclaimers, L.L.C. utilizing the NDO process and lending \$200,000 of NED, Inc. funds to Retail Reclaimers, L.L.C.** NENEDD Business Loan Specialist Jeff Christensen presented. Stephen LeGrand (51%), Mike McManigal (29%), Bradley Woehler (5%), Christopher Woehler (5%), Wesley Blecke (5%) and Geoff Rozovics (5%) are members of Retail Reclaimers, L.L.C. Retail Reclaimers will open an Ace Hardware and Home Store in the former Shopko building located at 615 Dearborn Street in Wayne. Total project costs are estimated to be \$1,891,000 to purchase the furniture, fixtures, equipment and inventory. The City of Wayne will lend \$145,000 of its CDBG funds for this project. These funds will be sub-granted to NED, Inc. as an NDO who will in turn lend the \$145,000 to Retail Reclaimers, L.L.C. The \$145,000 NDO loan will have a 10-year term at the NENEDD staff/Northeast RLF Committee recommended interest rate of

4.50% (fixed). NED, Inc. will also lend \$200,000 for this project. The \$200,000 portion will have a 10-year term at NENEDD staff/Northeast RLF Committee recommended interest rate of 4.50% (fixed). The members of the LLC have requested 0.00% interest at a 15-year term for the entire \$345,000. NED, Inc. will have a blanket UCC lien on company assets subordinate to the bank with the intent of securing a first lien position on the “non-ACE Hardware” inventory. NED, Inc. will require a personal guaranty from all owners/members of the LLC at 125% of the loan pro-rata to their ownership percentage. END, Inc. will also require life insurance assignment from Steve LeGrand for \$175,000 and Mike McManigal for \$100,000. Mike Frank made a motion to accept \$145,000 from the City of Wayne CDBG RLF for a loan to Retail Reclaimers, L.L.C. utilizing the NDO process and lending \$200,000 of NED, Inc. funds to Retail Reclaimers, L.L.C. Shannon Stuchlik seconded the motion. The motion was amended that loan payments would be interest only for one year at 4.50% interest (fixed) and then have a 10-year term at 4.50% interest (fixed). The amended motion was accepted unanimously. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. The amended motion carried.

- E. Consideration for approval of a \$15,000 loan subordination with Pinnacle Bank related to the CK Grill and Bar, LLC expansion.** NENEDD Business Loan Specialist Jeff Christensen presented. The NED, Inc. board recently approved a loan to CK Grill and Bar, LLC in Columbus to purchase equipment as they expanded their business. In the process of their expansion, the costs in meeting the fire marshal/electric codes exceeded their expectations. The members of CK Grill and Bar, LLC initially asked Pinnacle Bank to lend an additional \$15,000 provided NED, Inc. subordinates this additional amount. The subordination amount needs to be changed to \$25,000 based on information provided after the meeting agenda was prepared. Jerry Engdahl made a motion to approve a \$15,000 loan subordination with Pinnacle Bank related to the CK Grill and Bar, LLC expansion. Brad Albers seconded the motion. The motion was amended to state that the subordination amount should be \$25,000 instead of \$15,000. The amended motion was accepted unanimously. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. The amended motion carried.

VIII. President/Board Comments: None

IX. Next Meeting Date: The next Northeast Economic Development, Inc. Board of Directors meeting will be Wednesday, November 20, 2019 at 7:00 p.m. The meeting will be held via conference call.

X. Adjournment: Brad Albers made a motion to adjourn the meeting. Mike Frank seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, Mike Frank, Shannon Stuchlik, Megan Weaver and Jerry Engdahl. **NAYS:** None. **ABSENT:** None. Motion carried. NED, Inc. President John F. Lohr adjourned the meeting at 7:50 p.m.