

**NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 25, 2019- 7:00 P.M.**

City of Norfolk Offices – Training Room, 309 N 5th Street, Norfolk, NE 68701

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

Jim McCarville, Secretary/Treasurer, Northeast Community College

Jerry Engdahl, Platte County

Brad Albers, Vice President, Business Owner

Board Members Absent:

Megan Weaver, Wakefield Progressive, Inc.

Shannon Stuchlik, Midwest Bank of Pierce

Mike Frank, Retired Northeast Community College

Others Present:

Thomas L. Higginbotham, Jr., NENEDD

Tina M. Engelbart, NENEDD

Kristen Rosner, NENEDD

Jeff Christensen, NENEDD

Martin Griffith, NENEDD

Jan Merrill, NENEDD

Mandy Gear, NENEDD

Lowell Schroeder, NENEDD

Glen Ellis, City of Fremont

Gary Jackson, City of Norfolk

Judy Mutzenberger, Cuming County

Dan Kathol, Hartington Community Development Corporation

Tina Biteghe Bi Ndong, West Point Chamber of Commerce

Loren Kucera, Nebraska Business Development Center (NBDC), Wayne

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 September 25, 2019 Agenda and the August 28, 2019 meeting minutes: NENEDD Executive Director Thomas L. Higginbotham, Jr. presented. Brad Albers made a motion to approve the September 25, 2019 agenda and the August 28, 2019 meeting minutes. Jim McCarville seconded the motion. **AYES:** Jim

McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

V. Treasurer's Report

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

VI. Action Items

- A. Consideration for approval of applicant #101551 for owner occupied housing rehabilitation funds up to the amount of \$25,000:** NENEDD Housing Specialist Martin Griffith presented. The house under consideration, located in Newman Grove, 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 NED, Inc. Reuse. The loan will be 2% interest up to 20 years with NED, Inc. in the first lien position. Jim McCarville made a motion to approve applicant #101551 for owner occupied housing rehabilitation funds up to the amount of \$25,000. Brad Albers seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.
- B. Consideration for approval of applicant #101563 for owner occupied housing rehabilitation funds up to the amount of \$25,000:** NENEDD Housing Specialist Martin Griffith presented. The house under consideration, located in Columbus, 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 NED, Inc. Reuse. The loan will be 2% interest up to 20 years with NED, Inc. in the 3rd lien position. Jerry Engdahl made a motion to approve applicant #101563 for housing rehabilitation funds up to the amount of \$25,000. Jim McCarville seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.
- C. Consideration for approval of a deed of reconveyance on the residential property in Wisner related to loan #616003 and file a replacement deed of trust after Citizens State Bank financing as recommended by NENEDD staff.** NENEDD Business Loan Specialist Jeff Christensen presented. Loan Client #616003 built a new shop to start a diesel/automotive repair shop and tire sales/service business in Pilger. Unfortunately, the business closed due to lack of business and negative cash flow. All payments to NED, Inc. have been made as promised. All business collateral was released to allow Midwest Bank to sell the building, inventory, furniture, fixtures and equipment to recover as much of their loan balance as possible. Currently, NED, Inc.'s collateral includes deeds of trust on the LLC members' and sons' personal residences in Pilger and Wisner respectively. There is still a bank loan balance of approximately \$34,000+ with Midwest Bank which includes about \$14,000 in interest. Midwest Bank has agreed to accept \$25,000 allowing the bank to release its liens. The son's wife works at Citizens State Bank in Wisner. Citizen's will provide a \$25,000 home equity loan provided NED, Inc. releases its lien on this residence in Wisner. If we would not release our lien, then Midwest would foreclose, via a trustee's sale, and NED, Inc. would lose the lien position altogether. Brad Albers made a motion to

approve a deed of reconveyance on the residential property in Wisner related to loan #616003 and file a replacement deed of trust after Citizens State Bank financing as recommended by NENEDD staff. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

- D. Consideration to accept the sub-granted amount of approximately \$57,021.54 Community Development Block Grant (CDBG) funds from Knox County utilizing the Non-Profit Development Organization (NDO) process and loaned to Downtown Auto Service, LLC to purchase an alignment machine and 4-post rack as presented and recommended by NENEDD staff and the Northeast RLF Committee.** NENEDD Business Loan Specialist Jeff Christensen presented. Michael Guenther is the sole member of Downtown Auto Service, LLC located in Crofton. He is planning the purchase of a 4-post rack and alignment machine for his auto repair business at 1009 W 3rd Street in Crofton. Michael has two existing loans with Knox County in good standing and the current loan balances total approximately \$32,021.54. The total project costs are estimated to be \$55,000 for the purchase of the alignment machine, necessary equipment and installation. Knox County will lend \$25,000 to purchase the alignment machine and 4-post rack. Michael has two existing Knox County loans for Downtown Auto with an approximate balance of \$32,021.54. Exact payoff amounts of the existing Knox County loans will be determined at time of loan closing. These will be combined with the \$25,000 loan for a total new loan of approximately \$57,021.54 These funds will be sub-granted to NED, Inc., as a Non-profit Development Organization (NDO), who will in turn lend the \$57,021.54 to Downtown Auto Service, LLC for this project. The \$57,021.54 NDO loan will have a 10-year term at 3.50% fixed. NED, Inc. will file a subordinate deed of trust on business property at 1009 W 3rd St in Crofton, have a subordinate UCC lien on the business personal property, require personal guarantees from all owners of Downtown Auto Service, LLC, and will require a life insurance assignment from Michael Guenther for the amount of the loan for the life of the loan. NED, Inc. will also file a deed of trust on the Guether's personal residence in Crofton. Brad Albers made a motion to accept the sub-granted amount of approximately \$57,021.54 CDBG funds from Knox County utilizing the NDO process and loaned to Downtown Auto Service, LLC to purchase an alignment machine and 4-post rack as presented and recommended by NENEDD staff and the Northeast RLF Committee. Jim McCarville seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

- E. Consideration for approval of a \$50,000 loan to Megan & Will Zoucha to start Fired Up Fitness in Fullerton as recommended by NENEDD staff and the Northeast RLF Committee.** NENEDD Business Loan Specialist Jeff Christensen presented. Megan & Will Zoucha wish to start a 24-hour access fitness center located at 209 Broadway in downtown Fullerton. The total project costs are estimated to be \$80,000 for the purchase of the building, furniture, fixtures, equipment (FFE) and working capital. NED, Inc. will lend \$50,000 to purchase the building/real estate and FFE. 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 subordinate line position on all other business assets of Fired Up Fitness. NED, Inc. will file a deed of trust on the Zoucha's personal residence and require life insurance on Megan for the amount of the loan for the life of the loan. Assuming NED, Inc.'s loan will be made to a newly formed LLC, we will require personal guarantees from Megan and Will Zoucha as additional security for this loan. Jerry Engdahl made a motion to approve a \$50,000 loan to Megan & Will Zoucha to start Fired Up

Fitness in Fullerton as recommended by NENEDD staff and the Northeast RLF Committee. Brad Albers seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

F. Consideration for approval of a \$202,250 disaster loan to S2 Roll Offs, LLC to purchase a garbage truck as recommended by NENEDD staff and the Northeast RLF Committee. NENEDD Business Loan Specialist Jeff Christensen presented. Mitch Sawyer is a member of S2 Roll Offs, LLC in Fremont. S2 sustained damage to many of their vehicles and equipment in the March 2019 flooding. NED, Inc.'s lending limit is \$200,000. S2 is requesting \$200,000 to replace one garbage truck. Total cost of the truck is \$224,178. NED, Inc. will provide a loan of \$202,250 which includes \$200,000 towards the purchase of the 2019 Mack GR64BR garbage truck, the 1% (\$2,000) loan application fee and standard \$250 loan closing fee. NED, Inc.'s loan will have a term of 5 years at an interest rate of 0.00% fixed. NED, Inc. will have the title to the 2019 Mack truck purchased and file a subordinate UCC lien on all business assets of S2 Roll Offs, LLC. NED, Inc. will require life insurance on Mitch for the amount of the loan for the life of the loan and a personal guaranty will be provided by Mitch and Bridget Sawyer. Jim McCarville made a motion to approve a \$202,250 disaster loan to S2 Roll Offs, LLC to purchase a garbage truck as recommended by NENEDD staff and the Northeast RLF Committee. John F. Lohr seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

G. Consideration for approval of resolutions for an amendment to NED, Inc.'s USDA-RD IRP and RBEG Workplans as recommended by NENEDD staff and the Northeast RLF Committee. NENEDD Business Loan Specialist Jeff Christensen presented. NED, Inc.'s current USDA-RD IRP Workplans and RBEG Workplans (last updated in 2013) allow for loans to be termed out up to 20 years if real estate is involved. Since April, SBA 504 loans can be termed out to 25 years. SBA's rules state that no other loans can be paid off faster than the SBA loan. Jerry Engdahl made a motion to approve the resolution for an amendment to NED, Inc.'s USDA-RD IRP and RBEG Workplans as recommended by NENEDD staff and the Northeast RLF Committee. Jim McCarville seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

H. Consideration for approval of NED, Inc.'s updated RLF Guidelines as recommended by NENEDD staff and the Northeast RLF Committee. NENEDD Business Loan Specialist Jeff Christensen presented. NED, Inc.'s current RLF Guidelines (last updated in 2013) allow for loans to be termed out up to 20 years if real estate is involved. Since April, SBA 504 loans can be termed out to 25 years. SBA's rules state that no other loans can be paid off faster than the SBA loan. Jim McCarville made a motion to approve NED, Inc.'s updated RLF Guidelines as recommended by NENEDD staff and the Northeast RLF Committee. Brad Albers seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried.

VII. President/Board Comments: None

VIII. Next Meeting Date: The next Northeast Economic Development, Inc. Board of Directors meeting will be Wednesday, October 30, 2019 at 7:00 p.m. The meeting will be held via conference call.

IX. Adjournment: Jim McCarville made a motion to adjourn the meeting. Brad Albers seconded the motion. **AYES:** Jim McCarville, John F. Lohr, Brad Albers, and Jerry Engdahl. **NAYS:** None. **ABSENT:** Mike Frank, Shannon Stuchlik and Megan Weaver. Motion carried. NED, Inc. President John F. Lohr adjourned the meeting at 7:35 p.m.