

**NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.**  
**BOARD OF DIRECTORS MEETING**  
**WEDNESDAY, DECEMBER 14, 2022 - 7 P.M.**

*City of Norfolk Offices – Training Room, 309 N. 5th St., Norfolk, NE 68701*  
*City of Columbus Offices – 1st Floor Mayor’s Office, 2424 14th St., Columbus, NE 68601*

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.

**AMENDED 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 December 14, 2022, agenda and October 26, 2022, meeting minutes.
- V. Treasurer’s Report**
  - A.** Consideration of acceptance of the October 2022 Treasurer’s Report as presented.
- VI. Discussion Items**
  - A.** Discussion of the November 2022 Treasurer’s Report
- VII. Action Items**
  - A.** Consideration to deny applicant #101748 for owner-occupied housing rehabilitation funds.
  - B.** Consideration to approve the change of primary lender for CC THOR INVESTMENTS – NORFOLK, LLC in Norfolk.
  - C.** Consideration to approve NED, Inc.’s updated Microenterprise Loan Fund Program Guidelines and Procedures.
  - D.** Consideration of acceptance of the Northeast Economic Development, Inc. Audit.
- VIII. President/Board Comments**
- IX. Next Meeting Date:** The next Northeast Economic Development, Inc., Board of Directors meeting will be at 7 p.m. on Wednesday, January 25, 2023. The meeting will be held via conference call.
- X. Adjournment**

Shannon Stuchlik\_\_\_\_ Jerry Engdahl\_\_\_\_ Jim McCarville\_\_\_\_  
Rich Jablonski\_\_\_\_ Sally Ganem\_\_\_\_ Loren Kucera\_\_\_\_ Kurt Dostal\_\_\_\_

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

## NED, Inc. Board Agenda

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**Object:** Consideration for approval of the December 14, 2022, agenda and October 26, 2022, meeting minutes.

**Contact Person:** Thomas L. Higginbotham Jr., Executive Director

**For:** Action

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**Explanation:** The December 14, 2022, agenda has been posted on the website. The October 26, 2022, meeting minutes have been posted on the website.

**Motion:** Consideration for approval of the December 14, 2022, agenda and October 26, 2022, meeting minutes.

Shannon Stuchlik\_\_\_\_ Jerry Engdahl\_\_\_\_ Jim McCarville\_\_\_\_  
Rich Jablonski\_\_\_\_ Sally Ganem\_\_\_\_ Loren Kucera\_\_\_\_ Kurt Dostal\_\_\_\_

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

IV. Secretary's Report A

## NED, Inc. Board Agenda

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**Object:** Acceptance of October 2022 Treasurer’s Report

**Contact Person:** Kristen Rosner, Fiscal Officer

**For:** Action

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**Background:**

Northeast Economic Development, Inc.’s (NED, Inc) October 2022 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 2023 Budget for the nonaccrual accounts, July 1, 2022, through June 30, 2023, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2023 Budget remaining.

**Explanation:**

**Additional Information:**

Business Loan Principal Received	45,270.22
Housing Rehab Principal Received	4,445.10
Direct Homebuyer Assistance (DHA) Principal Received	90.00
Business Loan Disbursements	-
Housing Rehab Loan Disbursements (2 homes)	19,556.86
Direct Home Buyer Assistance Loan Disbursements	-

NED, Inc. Reuse Funds Available for Lending:

Owner-Occupied Rehabilitation (HOME & Trust): \$690,261

Direct Home Buyer Assistance (HOME & Trust): \$440,455

Business Revolving Loan Funds (All Sources): \$3,228,586

**Motion:** Consideration for acceptance of the October 2022 treasurer’s report as presented.

Shannon Stuchlik\_\_\_\_ Jerry Engdahl\_\_\_\_ Jim McCarville\_\_\_\_  
Rich Jablonski\_\_\_\_ Sally Ganem\_\_\_\_ Loren Kucera\_\_\_\_ Kurt Dostal\_\_\_\_

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

V. Treasurer’s Report A

**NED, Inc.**  
**Statement of Financial Position - Unposted Transactions Included In Report**  
**As of 10/31/2022**

	<u>Current Period Balance</u>
<b>Assets</b>	
General Cash	
Cash in Bank-BF #1695334	1,524.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	48,334.26
RLF-BankFirst 7884203	53,268.08
IRP Loan Loss Reserve-BankFirst 7884195	13,070.22
RBEG Loans-BankFirst 7884203	84,176.22
RMAP Loan Fund-BankFirst #7898549	28,328.70
IRP #2 Loan Fund-Bank First #7898560	394,233.02
RMAP LLR Fund-BankFirst #8571	12,951.03
NE Micro Loan Fund #1 BF 7911287	137,462.54
BF NDO Defederalized	2,316,378.02
NE Micro Loan Fund #2 BF 7911287	55,068.47
NE Micro Loan Fund #3 BF 7911287	27,860.40
IRP #2 Loan Loss Reserve - #7884195	19,277.60
NE Micro Loan Fund #4 BF 7911287	28,536.78
NE Micro Loan Fund #5 BF 7911287	39,628.27
NE Micro Loan Fund #6 BF 7911287	15,311.24
Housing Cash	
Trust DHA - EVB 3035418	274,162.67
HOME Rehab-BankFirst 7858547	266,192.29
Trust Rehab Pinnacle 4400292230	132,430.77
HOME DHA - EVBT 3067890	166,293.11
HOME Rehab Pinnacle 4400292249	118,641.79
Trust Rehab BF 7930372	91,908.34
HUD/NENEDD Rehab BankFirst 7930383	81,087.95
Receivables	
Grants Receivable	7,681.12
Business RLF Notes Receivable	
Business RLF Notes Receivable	26,325.33
Business IRP Notes Receivable	211,852.58
IRP #2 Notes Receivable	311,844.91
NDO Business Notes Receivables	3,508,841.66
RMAP Business Notes Receivable	222,819.08
NE Micro Loan Receivable	1,261,524.59
Housing Notes Receivable	
DHA Notes Receivable	1,861,179.10
Regional Rehab Notes Receivable	952,637.73
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,886,210.71)
<b>Total Assets</b>	<b>9,884,621.43</b>
<b>Liabilities</b>	
Accounts Payable	
Accounts Payable	38,347.30
Notes Payable	
RMAP Loan Payable	253,817.06
IRP Loan Payable	156,158.05
IRP #2 Loan Payable	546,449.57
<b>Total Liabilities</b>	<b>994,771.98</b>

**NED, Inc.**  
**Statement of Financial Position - Unposted Transactions Included In Report**  
**As of 10/31/2022**

	<u>Current Period Balance</u>
Net Assets	
Other	<u>8,889,849.45</u>
Total Net Assets	<u>8,889,849.45</u>
Total Net Assets and Liabilities	<u><u>9,884,621.43</u></u>

**NED, Inc.**

**Statement of Revenues and Expenditures - Unposted Transactions Included in Report  
From 10/01/2022 Through 10/31/2022**

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining
<b>Revenues</b>							
405	3,917.00	0.00	(3,917.00)	47,000.00	7,300.00	(39,700.00)	(84.47)%
421	1,000.00	2,625.00	1,625.00	12,000.00	2,625.00	(9,375.00)	(78.13)%
424	11,464.00	21,005.00	9,541.00	137,570.00	21,005.00	(116,565.00)	(84.73)%
	1,250.00	0.00	(1,250.00)	15,000.00	0.00	(15,000.00)	(100.00)%
428	120.00	0.00	(120.00)	1,434.00	0.00	(1,434.00)	(100.00)%
439	20,833.00	0.00	(20,833.00)	250,000.00	0.00	(250,000.00)	(100.00)%
443	2,500.00	0.00	(2,500.00)	30,000.00	12,368.47	(17,631.53)	(58.77)%
444	250.00	0.00	(250.00)	3,000.00	750.00	(2,250.00)	(75.00)%
451	10,833.00	16,469.19	5,636.19	130,000.00	63,761.51	(66,238.49)	(50.95)%
452	117.00	50.00	(67.00)	1,400.00	150.00	(1,250.00)	(89.29)%
453	500.00	2,500.00	2,000.00	6,000.00	3,900.00	(2,100.00)	(35.00)%
454	1,000.00	3,669.90	2,669.90	12,000.00	6,718.01	(5,281.99)	(44.02)%
471	667.00	664.65	(2.35)	8,000.00	2,625.17	(5,374.83)	(67.19)%
490	917.00	4,677.44	3,760.44	11,000.00	13,874.36	2,874.36	26.13%
	55,368.00	51,661.18	(3,706.82)	664,404.00	135,077.52	(529,326.48)	(79.67)%
<b>Expenditures</b>							
523	17.00	0.00	17.00	200.00	0.00	200.00	100.00%
543	8.00	30.00	(22.00)	100.00	90.00	10.00	10.00%
548	8.00	0.00	8.00	100.00	7.00	93.00	93.00%
549	1,000.00	150.00	850.00	12,000.00	675.00	11,325.00	94.38%
553	1,250.00	30.00	1,220.00	15,000.00	705.00	14,295.00	95.30%
557	0.00	0.00	0.00	20.00	0.00	20.00	100.00%
561	625.00	0.00	625.00	7,500.00	0.00	7,500.00	100.00%
573	1,003.00	474.96	528.04	12,030.00	1,790.79	10,239.21	85.11%
574	19,167.00	18,757.10	409.90	230,000.00	86,562.82	143,437.18	62.36%
580	12,083.00	0.00	12,083.00	145,000.00	0.00	145,000.00	100.00%
584	5,500.00	2,116.03	3,383.97	66,000.00	8,596.78	57,403.22	86.97%
	40,661.00	21,558.09	19,102.91	487,950.00	98,427.39	389,522.61	79.83%
	14,707.00	30,103.09	15,396.09	176,454.00	36,650.13	(139,803.87)	(79.23)%
<b>Total Revenues Over (Under) Expenditures</b>							

## NED, Inc. Board Agenda

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**Object:** Discussion of November 2022 Treasurer’s Report

**Contact Person:** Kristen Rosner, Fiscal Officer

**For:** Discussion

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**Background:**

Northeast Economic Development, Inc.’s (NED, Inc) November 2022 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 2022 Budget for the nonaccrual accounts, July 1, 2022, through June 30, 2023, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2023 Budget remaining.

**Explanation:**

**Additional Information:**

Business Loan Principal Received	45,825.08
Housing Rehab Principal Received	4,510.46
Direct Homebuyer Assistance (DHA) Principal Received	90.00
Business Loan Disbursements	-
Housing Rehab Loan Disbursements (2 homes)	25,185.81
Direct Home Buyer Assistance Loan Disbursements	-

Note: No expense has been recognized for management services as of 12/12/2022.

NED, Inc. Reuse Funds Available for Lending:

Owner-Occupied Rehabilitation (HOME & Trust): \$654,502

Direct Home Buyer Assistance (HOME & Trust): \$436,727

Business Revolving Loan Funds (All Sources): \$3,268,996

**NED, Inc.**  
**Statement of Financial Position - Unposted Transactions Included In Report**  
**As of 11/30/2022**

	<u>Current Period Balance</u>
<b>Assets</b>	
General Cash	
Cash in Bank-BF #1695334	3,039.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	40,181.44
RLF-BankFirst 7884203	53,268.08
IRP Loan Loss Reserve-BankFirst 7884195	13,104.84
RBEG Loans-BankFirst 7884203	83,729.28
RMAP Loan Fund-BankFirst #7898549	26,637.18
IRP #2 Loan Fund-Bank First #7898560	398,880.33
RMAP LLR Fund-BankFirst #8571	12,961.14
NE Micro Loan Fund #1 BF 7911287	140,163.33
BF NDO Defederalized	2,353,546.67
NE Micro Loan Fund #2 BF 7911287	55,655.74
NE Micro Loan Fund #3 BF 7911287	28,221.06
IRP #2 Loan Loss Reserve - #7884195	19,277.60
NE Micro Loan Fund #4 BF 7911287	29,055.14
NE Micro Loan Fund #5 BF 7911287	41,773.99
NE Micro Loan Fund #6 BF 7911287	17,884.56
Housing Cash	
Trust DHA - EVB 3035418	271,137.98
HOME Rehab-BankFirst 7858547	266,140.63
Trust Rehab Pinnacle 4400292230	132,600.57
HOME DHA - EVBT 3067890	165,589.03
HOME Rehab Pinnacle 4400292249	118,793.91
Trust Rehab BF 7930372	77,584.13
HUD/NENEDD Rehab BankFirst 7930383	59,382.68
Receivables	
Grants Receivable	7,681.12
Business RLF Notes Receivable	
Business RLF Notes Receivable	26,145.46
Business IRP Notes Receivable	209,224.46
IRP #2 Notes Receivable	307,472.19
NDO Business Notes Receivables	3,479,573.59
RMAP Business Notes Receivable	221,661.10
NE Micro Loan Receivable	1,253,306.27
Housing Notes Receivable	
DHA Notes Receivable	1,861,089.10
Regional Rehab Notes Receivable	931,770.85
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,886,210.71)
<b>Total Assets</b>	<b>9,820,322.01</b>
<b>Liabilities</b>	
Accounts Payable	
Accounts Payable	11,704.87
Notes Payable	
RMAP Loan Payable	251,433.10
IRP Loan Payable	147,106.63
IRP #2 Loan Payable	546,449.57
<b>Total Liabilities</b>	<b>956,694.17</b>



**NED, Inc.**  
**Statement of Financial Position - Unposted Transactions Included In Report**  
**As of 11/30/2022**

	<u>Current Period Balance</u>
Net Assets	
Other	<u>8,863,627.84</u>
Total Net Assets	<u>8,863,627.84</u>
Total Net Assets and Liabilities	<u><u>9,820,322.01</u></u>

**NED, Inc.**

**Statement of Revenues and Expenditures - Unposted Transactions Included in Report  
From 11/01/2022 Through 11/30/2022**

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining
<b>Revenues</b>							
405	3,917.00	0.00	(3,917.00)	47,000.00	7,300.00	(39,700.00)	(84.47)%
421	1,000.00	1,515.00	515.00	12,000.00	4,140.00	(7,860.00)	(65.50)%
424	11,464.00	0.00	(11,464.00)	137,570.00	21,005.00	(116,565.00)	(84.73)%
427	1,250.00	0.00	(1,250.00)	15,000.00	0.00	(15,000.00)	(100.00)%
428	120.00	0.00	(120.00)	1,434.00	0.00	(1,434.00)	(100.00)%
439	20,833.00	0.00	(20,833.00)	250,000.00	0.00	(250,000.00)	(100.00)%
443	2,500.00	0.00	(2,500.00)	30,000.00	12,368.47	(17,631.53)	(58.77)%
444	250.00	0.00	(250.00)	3,000.00	750.00	(2,250.00)	(75.00)%
451	10,833.00	14,879.56	4,046.56	130,000.00	78,641.07	(51,358.93)	(39.51)%
452	117.00	25.00	(92.00)	1,400.00	175.00	(1,225.00)	(87.50)%
453	500.00	2,000.00	1,500.00	6,000.00	5,900.00	(100.00)	(1.67)%
454	1,000.00	539.19	(460.81)	12,000.00	7,257.20	(4,742.80)	(39.52)%
471	667.00	583.13	(83.87)	8,000.00	3,208.30	(4,791.70)	(59.90)%
490	917.00	5,312.57	4,395.57	11,000.00	19,186.93	8,186.93	74.43%
	<u>55,368.00</u>	<u>24,854.45</u>	<u>(30,513.55)</u>	<u>664,404.00</u>	<u>159,931.97</u>	<u>(504,472.03)</u>	<u>(75.93)%</u>
<b>Expenditures</b>							
523	17.00	0.00	(17.00)	200.00	0.00	200.00	100.00%
543	8.00	15.00	(7.00)	100.00	105.00	(5.00)	(5.00)%
548	8.00	0.00	8.00	100.00	7.00	93.00	93.00%
549	1,000.00	0.00	(1,000.00)	12,000.00	675.00	11,325.00	94.38%
553	1,250.00	0.00	(1,250.00)	15,000.00	705.00	14,295.00	95.30%
557	0.00	0.00	0.00	20.00	0.00	20.00	100.00%
561	625.00	7,500.00	(6,875.00)	7,500.00	7,500.00	0.00	0.00%
573	1,003.00	2,018.83	(1,015.83)	12,030.00	3,809.62	8,220.38	68.33%
574	19,167.00	0.00	19,167.00	230,000.00	86,562.82	143,437.18	62.36%
580	12,083.00	0.00	(12,083.00)	145,000.00	0.00	145,000.00	100.00%
584	5,500.00	41,542.23	(36,042.23)	66,000.00	50,139.01	15,860.99	24.03%
	<u>40,661.00</u>	<u>51,076.06</u>	<u>(10,415.06)</u>	<u>487,950.00</u>	<u>149,503.45</u>	<u>338,446.55</u>	<u>69.36%</u>
	<u>14,707.00</u>	<u>(26,221.61)</u>	<u>(40,928.61)</u>	<u>176,454.00</u>	<u>10,428.52</u>	<u>(166,025.48)</u>	<u>(94.09)%</u>
<b>Total Revenues Over (Under) Expenditures</b>							

**Ned, Inc. Board Agenda Item**

**Object:** Recommendation to deny applicant #101748 for owner-occupied housing rehabilitation funds.

**Contact Person:** Martin Griffith

**For:** Action

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**Background:** 100% Forgivable Loan up to 5 years

Property Location:	Wayne
House Square Footage:	1593
Cost of Repairs:	\$34,525.00
Cost per Square Foot:	\$22.00
Funding Source:	Wayne 21-HO-35041 Grant

**Explanation:** The house under consideration is not structurally sound or in good condition, and the cost of repairs required to meet all the required Minimum Rehabilitation Standards will greatly exceed the limits set forth in Section 4.6 (Economic Feasibility for Rehabilitation) of the Program Guidelines. Therefore, it is deemed not to be economically feasible for the Wayne Owner Occupied Housing Rehabilitation Program. See list of repairs below.

**Repairs**

- Replace roof coverings
- Install seamless gutters.
- Install total siding package.
- Replace five windows.
- Rehang all interior and exterior doors for smooth operation and scrape and paint all door components.
- Replace two electrical outlets with ground fault circuit interrupter outlets.
- Install two battery powered smoke detectors and three battery powered combination smoke/carbon monoxide detectors.
- Stabilize areas of deteriorated paint on interior surfaces.
- Cover interior of windows in second story sunroom and rear porch with plywood.
- Repair or replace front porch floor.
- Scrape and paint or replace wooden lattice of front porch.
- Scrape and paint all areas of deteriorated paint on exterior basement entry components and all components of interior basement stairs.

This property is currently valued at - \$101,552.08  
After rehabilitation property value - \$127,445.75  
Current Mortgage – None  
City of Wayne Lien Position – 1<sup>st</sup>

**After Rehab Property Value Calculation:**

**County: Wayne**

**Tax Valuation: \$97,490.00**

**% of Value: 96%**

**100% RE Tax Valuation: \$101,552.08**

**Total Rehab Spent: \$34,525.00**

**75% of Rehab Spent: \$25,893.75**

**After Rehab Value: \$127,445.83**

**2022 tax year**  
(Pre-Rehab value)

Recommendation based on the condition of the house, cost of repairs (Section 4.6 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines).

**Motion:** Consideration for denial of applicant #101748 for housing rehabilitation funds.

Shannon Stuchlik\_\_\_\_\_ Jerry Engdahl\_\_\_\_\_ Jim McCarville\_\_\_\_\_  
Rich Jablonski\_\_\_\_\_ Sally Ganem\_\_\_\_\_ Loren Kucera\_\_\_\_\_ Kurt Dostal\_\_\_\_\_

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

VII. Action Items A

## NED, Inc. Board Agenda

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**Object:** Approve the change of primary lender for CC THOR INVESTMENTS – NORFOLK, LLC in Norfolk.

**Contact Person:** Jeff Christensen, NENEDD Business Loan Specialist

**For:** Action

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**Background:** *This project was approved by the NED, Inc. board on 10-26-22. Neither the bank's loan nor NED, Inc's loan has been closed and the funds have not been disbursed. Since the original approval, Calvin's father, Jim Thor, wishes to provide the bank's portion of the funding for tax purposes. This is not a normal situation as bank financing is usually used as the primary lender. However, everyone (Jim & Calvin Thor and BankFirst) understands and agrees that doing this, NED, Inc. will need to be in 1<sup>st</sup> lien position on the real estate. If for some reason, the NED, Inc. board does not approve this, we will remain with the original plan of having the bank provide the funding and NED, Inc. in 2<sup>nd</sup> lien position on the real estate. The bank's loan was to be set up on a 20 year term at 7.25% interest (variable). Jim's loan will also be set up on a 20 year term, but at 6.00% interest (fixed).*

Calvin Thor and his wife Chelsie Englund and planning the purchase of commercial real office estate located at 110 N 37<sup>th</sup> Street, Suite 402, in Norfolk, for their business, Creekwood Chiropractic Clinic, P.C. Both Calvin and Chelsie are chiropractors in the business along with Calvin's father. His father is retiring and selling the Norfolk real estate to Calvin and Chelsie's newly formed real estate holding company CC THOR INVESTMENTS – NORFOLK, LLC, of which Calvin and Chelsie are the only members. Currently the Norfolk chiropractic business itself is called Creekwood Chiropractic (owned by Jim Thor) and will change to Cultivate Chiropractic in January 2023. It will operate under CCLB THOR, LLC (owned by Calvin and Chelsie).

**Explanation:**

Uses ↓	Sources →	Bank Jim Thor	NED, Inc.	Equity	Total
Real Estate/Bldg.		\$470,000	\$250,000	-0-	\$720,000
Renovation		-0-	-0-	\$80,000	\$80,000
<b>Total</b>		<b>\$470,000</b>	<b>\$250,000</b>	<b>\$80,000</b>	<b>\$800,000</b>

The original loan from BankFirst will be replaced with a loan from Jim Thor, Calvin's father, who will provide a \$470,000 loan for this project. The loan will be set up on a 20 year term at an interest rate of 6.00% (fixed). Jim Thor will file a deed of trust on the business real estate subordinate to NED, Inc's. loan. He will not file a security agreement UCC.

NED, INC. will lend \$250,000 to CC THOR INVESTMENTS - NORFOLK, LLC to purchase the commercial real estate at 110 N 37<sup>th</sup> Street, Suite 402 in Norfolk. This loan will have a term of 20 years at an interest rate of 5.50% (fixed). NED, INC. will have the following collateral:

- primary (1<sup>st</sup> lien position) deed of trust on the business real estate
- primary (1<sup>st</sup> lien position) on all business assets of CC THOR INVESTMENTS - NORFOLK, LLC
- subordinate (2<sup>nd</sup> lien position) UCC filing on the business assets of CCLB THOR, LLC, d/b/a Cultivate Chiropractic.
  - BankFirst currently has a UCC lien on these business assets
- personal guaranty from Calvin and Chelsie,
- company guaranty from CCLB THOR, LLC, d/b/a Cultivate Chiropractic
- life insurance assignments from Calvin and Chelsie each for the total amount of the loan for the life of the loan.
- deed of trust on Calvin and Chelsie's personal residence near Beemer.

The Northeast Revolving Loan Fund (RLF) committee was presented this same information and recommends approving the request to change the primary lender.

**Motion:** Consideration for approval to change the primary lender for CC THOR INVESTMENTS – NORFOLK, LLC in Norfolk.

Shannon Stuchlik\_\_\_\_ Jerry Engdahl\_\_\_\_ Jim McCarville\_\_\_\_  
Rich Jablonski\_\_\_\_ Sally Ganem\_\_\_\_ Loren Kucera\_\_\_\_ Kurt Dostal\_\_\_\_

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

VII. Action Items B

## NED, Inc. Board Agenda

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**Object:** Approve NED, Inc.'s updated Microenterprise Loan Fund Program Guidelines and Procedures

**Contact Person:** Jeff Christensen, NENEDD Business Loan Specialist

**For:** Action

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**Background:** NED, Inc. has received six Microenterprise Loan Fund grants over the past several years for a total of \$1,565,000. These funds are from the Nebraska Department of Economic Development (DED) Business Innovation Act. The program started with a maximum limit of \$50,000 per loan and was increased to \$100,000 per loan about three years ago.

**Explanation:** In 2023 DED has increased the limit to \$150,000 per loan. The only change to these guidelines is in Section 2.2 Proposed Standards of the Microenterprise Loan Fund (MLF).

- Maximum loan amount is ~~\$100,000~~ \$150,000 on initial new funds; once revolved the maximum amount is \$200,000.

**Motion:** Consideration for approval of NED, Inc.'s updated Microenterprise Loan Fund Program Guidelines and Procedures.

Shannon Stuchlik\_\_\_\_ Jerry Engdahl\_\_\_\_ Jim McCarville\_\_\_\_  
Rich Jablonski\_\_\_\_ Sally Ganem\_\_\_\_ Loren Kucera\_\_\_\_ Kurt Dostal\_\_\_\_

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

VII. Action Items C

Northeast Economic Development, Inc. (NED, Inc.)  
Microenterprise Loan Fund Program Guidelines and Procedures  
(Nebraska Business Innovation Act)

**PURPOSE**

The purpose of the Northeast Microenterprise Loan Fund (MLF) program is to provide “gap” financing for start-up and existing businesses that cannot obtain sufficient conventional financing or to attract new businesses within the NED, Inc. service area. The MLF loan customer is an entrepreneur who is unable to access 100% of the needed financing from a financial institution due to failure to meet credit requirements.

Without the assistance of the MLF program, this customer would not be able to start or expand their business. They need assistance in obtaining capital for projects that would otherwise not be possible with only bank financing.

By Stopping the “leakage” of dollars from leaving the region, we can encourage and promote entrepreneurship and new business development. This can only then help the redevelopment of vacant or blighted buildings and land in the area.

**COUNTIES NED, INC. COVERS**

The MLF will be used in 26 distressed counties of Antelope, Boone, Boyd, Brown, Burt, Butler, Cedar, Cherry, Colfax, Cuming, Dakota, Dixon, Dodge, Douglas (rural), Holt, Keya Paha, Knox, Madison, Nance, Pierce, Platte, Rock, Stanton, Thurston, Washington and Wayne.

**SOURCE OF LOAN FUNDS**

- Nebraska Microenterprise Loan Fund -Business Innovation Act (BIA)

**1.0 APPLICANT ELIGIBILITY**

**1.1 ELIGIBLE BUSINESSES**

- Manufacturing assembling, fabricating or processing of tangible personal property
- Storing, warehousing, distributing, transporting, or selling of tangible personal property
- Conducting research, development, or testing for scientific, agricultural, animal husbandry, food product, or industrial purposes
- Performing data processing, telecommunications, insurance or financial services
- Transportation, retail, service and tourism that are for profit and/or not for profit
- The administrative management of any activities, including headquarter facilities relating to such activities
- For-profit business entity with not more than ten (10) full-time equivalent employees (Microenterprise)



## 1.2 ELIGIBLE ACTIVITIES

- Acquisition of land and buildings
- Construction or renovation of real estate either leased or owned
- Acquisition of machinery, equipment, property or services
- Working capital
- Miscellaneous activities that continue to support economic development as approved by the board
- Administration costs related to servicing NED, Inc.'s Micro Loan Fund

## **2.0 PORTFOLIO STANDARDS AND TARGETS**

### 2.1 The MLF will target those businesses that:

1) Demonstrate a need for financial assistance; 2) demonstrate or project the ability to succeed; and 3) which will, if funded, create or retain employment opportunities in northeast Nebraska. Loans will only be available to individuals, businesses and companies located in or expanding into the 25-county area of northeast and north central Nebraska. The applicant must identify sources of private financing.

### 2.2 Proposed standards of the MLF are as follows:

- Maximum loan amount is \$150,000 on initial new funds; once revolved the maximum amount is \$200,000.
- Matching funds from non-state funds must represent at least 35% of the total project costs. This may include federal funds, bank financing and/or equity injection
- At least one (1) job must be created or retained for each \$35,000 in individual loans, while striving to maintain a \$15,000/job ratio in the MLF portfolio
- The MLF funding must be necessary and appropriate based upon a review of other possible financing assistance
- The MLF funding is reasonable in relation to the achieved public benefit
- The MLF portfolio will comprise at least 50% in fixed asset loans and have a private investment leveraging ratio of at least 2-1 for the loan portfolio as a whole
- 10% minimum equity injection from business owner – certain types of businesses will require a 20% equity injection
- No production agriculture – value added is okay
- Microloans can be done without bank participation

In addition to the required selection criterion that financing is not otherwise available, NED, Inc. will primarily consider the number of jobs created or retained, the fixed assets of the project, the amount of private leveraging and the potential benefits to existing business and industry.

## **3.0 ORGANIZATIONAL STRUCTURE**

### 3.1 MLF Committee

The MLF Committee is the review committee for all business loans for NED, Inc. They will review and make a loan recommendation of approval or denial to the Board of Directors. The MLF Committee will also recommend changes in the policies and procedures of the MFL to the Board of Directors. This nine-member committee consists of three lenders, three business owners (one each from manufacturing, service and retail), one economic developer, one city administrator, and one small business consultant. These nine also represent the region geographically. This is a three year commitment.

The MLF Committee meets on an “as needed” basis, but typically the monthly meetings are held on the Monday one week before the last Wednesday of the month. All documents must be submitted to the business loan specialist a week prior to the committee meeting. The committee may conduct its review during a face-to-face meeting, by mail, e-mail, or through the use of a telephone conference call. A quorum of five of the nine committee members is required to make a recommendation. A simple majority of those attending the meeting or providing an email/mail of their vote is needed to make a recommendation. A loan will not be recommended without at least one of the three lender’s approval. The Business Loan Specialist will present loan applications to the Board of Directors at their monthly meetings.

Northeast Nebraska Economic Development District (NENEDD) staff will administer the MLF. The Business Loan Specialist will be a Certified Economic Development Financial Professional (EDFP). Staff will be responsible for marketing the MLF, meeting with potential applicants, processing loan applications, closing and disbursing loans, servicing loans and all administrative procedures required. Staff will monitor the portfolio standards and performance and prepare reports as directed by the Board of Directors and the Program Funder.

### 3.2 The MLF Committee will receive a loan summary packet that includes:

- Summary
- Proforma – projection of cash flow for the business
- List of what the funds are going to be used for (estimates from vendors, construction estimates, price quotes, etc.)
- Personal tax returns on the applicant (20% or more ownership for the past two years)
- Three years of tax returns, profit/loss statements/balance sheet of the business (if existing)
- Business Plan
- Bank letter

## **4.0 LOAN PACKAGING PROCEDURES**

### **4.1 Application Documents**

A completed pre-application form will be required. Upon review and approval of the pre-application by staff, the business must submit all items listed on the loan application checklist form if applicable. They include:

- Business Plan
- 3 year historical balance sheet and operating statement
- Personal financial statement for each person owning 20% or more of the business
- Letter of participation or rejection from a bank except in the case of incentive loans
- Credit report from a credit reporting agency
- Proforma financial information
- Sources and uses
- Contractor estimates
- Vendor price quotes
- Lease or purchase agreement
- Job creation/retention form
- Tax returns on the business and person (each individual owning 20% or more of the business)
- Resume(s)
- Business information paperwork
- Aging of accounts payable and receivable
- Appraisal
- Environmental information as required by each funding source
- UCC search
- Assistance Agreement
- Indemnification Agreement
- Exhibit "A" Memorandum
- Attestation Form
- Credit History Authorization

The staff will review the information submitted to insure it is complete and will prepare a loan write-up/summary to submit to the MLF Committee. Rate, terms, collateral and equity requirements will be finalized as negotiated between the applicant and the staff. Staff will keep minutes/record all committee recommendations. The loan recommendation will be forwarded to the Board of Directors for final approval/denial. After approval or denial by the Board of Directors, staff will immediately notify the applicant of the decision in writing.

## 4.2 Loan Closing Documents

General closing requirements will include documentation that equity requirements have been met and that private lender financing has been secured. Prior to loan closing the borrower must provide NENEDD staff if applicable:

- Proof of hazard insurance
- Proof of flood insurance
- Schedule of collateral
- Equipment, inventory and contractor invoices
- Life insurance or any other insurance required by the Board of Directors
- Promotional Use Authorization

Standard loan closing documents will include:

- Acceptance/Rejection Letter
- Promissory Note
- Authorization and Loan Agreement
- Security Agreement
- Financing Statement
- Deed of Trust
- Personal Guaranty
- Automated Clearing House (ACH) Form
- Title/Lien Search

## 4.3 Loan Proceeds

- Loan proceeds will be provided to the client at the time of loan closing after security documents have been signed.

## **5.0 LOAN SERVICING PROCEDURES**

### 5.1 Loan Payments

Staff will monitor each loan by requiring annual financial statements, annual insurance renewals, conducting regular site visits to the borrowers, continuing UCC's job creation/retention reports and other reports that are specific to each loan. If evidence of requested documents, such as but not limited to Loss Payee, Life Insurance Assignment and annual financial statements, are not received within 60 days as requested by written communication, a monthly assessment of not less than \$25.00 may be assessed to borrower and will be automatically withdrawn from the client's bank account electronically each month until received.

Staff may report payment history to a credit reporting agency.

## 5.2 LATE PAYMENTS

In the event of a late payment or loans over 90 days in arrears, staff and/or legal council will attempt to establish a workout arrangement with the borrower. Every effort will be made to assist the borrower but protect the MLF as well. All action taken on any given loan will be documented in the regular reports to the Board of Directors.

If payment is not honored from the bank, staff documents contact with the client (either by phone or letter) -notifying client of NSF charge and payment must be sent to the office by the 10<sup>th</sup> to avoid a late payment fee of \$25.00. If the bank financing is also involved, the bank is contacted to verify if their payments are in jeopardy, too.

If the 1<sup>st</sup> payment is not received and the 2<sup>nd</sup> payment is not made, a certified letter is sent explaining the NSF charge and the late payment fee again if not received by the 10<sup>th</sup> and the bank is contacted.

If the first two payments are not made and the 3<sup>rd</sup> payment is not made, the information is turned over to the attorney and a Default Notice is sent and filed. Bank is contacted and usually at this point the bank will have already started their Default process.

In most instances, with a bank as primary lender, we will follow the actions of the bank as not to incur the cost of a Trustee's sale. If there is no bank involved staff will proceed with a Trustee's Sale if applicable.

## 5.3 Rescheduling Agreement

Special circumstances regarding business loans may require a different repayment plan and will be structured accordingly. Some projects require special financing techniques to meet a borrower's needs. Recognizing that, a subordinate position to other lenders of record at time of the project may be taken. If a subordinate position is required, additional considerations will be taken so as to not jeopardize the loan portfolio. Other special financing techniques may include quarterly or semiannual payments, interest only payments during the first year, or some other method agreed up on by the Board of Directors and the applicant.

Loan payments will start no more than 60 days after loan closing. During the loan payment period, staff at their discretion may authorize a one-time, 3-month payment deferral or 3-month interest only payment. Any other payment arrangements must be approved by the appropriate Board of Directors. In times of state or federally declared emergencies, staff may also authorize immediate loan payment deferral in increments of three months, with interest to still accrue. Loan payment deferral related to state or federally declared emergencies will be limited to one time within 12 months.

#### 5.4 Collateral Change Requests

From time to time collateral change requests may be necessary. Loan subordination requests for refinancing of existing debt with no "cash out" will be approved by staff in the event it does not diminish our lien position. Any other requests must be approved by the appropriate Board of Directors. All fees associated with any collateral change requests, will be the client's responsibility.

#### 5.5 Loan Write-Off Collections

The organizations may pursue bad debt any way possible to collect loans that have been written off. This may include, but is not limited to, wage garnishment and repossession of collateral.

### **6.0 LOAN TERMS AND INTEREST RATES**

Loan terms vary according to what is being purchased. Working capital: up to five (5) years; furniture, fixtures and equipment: up to ten (10) years; and real estate financing will not exceed 20 years. Interest rates have a base rate determined by the Board of Directors for loans with a term of five (5) years or less with an increase of .5% (one half percent) for loans with terms over five (5) years up to ten (10) years, an additional .5% (one half percent) for loans over ten (10) years up to fifteen (15) years, an additional .5% (one half percent) for loans over fifteen (15) years up to twenty (20) years, and an additional .5% (one half percent) for loans over twenty (20) years up to a maximum term of twenty-five (25) years.

### **7.0 PROPOSED FEES AND CHARGES**

#### 7.1 Loan Processing Fees

NED, Inc. charges modest loan processing fees and closing cost fees. As outlined in the Assistance Agreement, the client agrees to pay a loan processing fee if the loan will be presented to the MLF Committee for their review. The fee is 1% of the loan request, with a minimum of \$200.00. This fee will be used to reimburse NED, Inc. for all out-of-pocket expenses incurred in researching, preparing and submitting the loan package for a loan. If staff feels that NED, Inc. is not able to provide financial assistance, the processing fee will not be collected. Once a loan has been reviewed by the MLF Committee and the loan is denied, NED, Inc. reserves the right to refund a portion of the fee if it exceeds the costs of actual incurred costs of the loan packaging.

#### 7.2 Servicing Fee

In addition to the above and foregoing fee, the client further agrees to pay to an annual servicing fee of one-half percent (1/2%) of the declining loan balance on the Note, which shall be paid on an annual basis for the term of the loan to be issued by NED, Inc. pursuant to the terms and provisions of the loan.

### 7.3 Closing Fees

In addition to the above and foregoing fees, the client agrees to a set closing fee. This fee covers all costs of closing the loan, and all related transactions, including, but not limited to, all costs of title insurance, abstracting, recording fees, survey costs, inspections, environmental assessment, and legal fees. It is estimated that the average loan closing fees will be \$250.00, but individual loans may vary, depending upon the complexity of the transactions, and the circumstances that develop in connection with the application of the loan.

### 7.4 Prepayment Penalty

Business loans with a term of 24 months or more contain a prepayment penalty of 10% on the outstanding balance if pre-payment occurs before two years following the loan closing date. This is based on the original amortization schedule.

### 7.5 Automatic Payments

Loan recipients, who are to make payments, are required to use the Automated Clearing House (ACH) method for monthly loan installments. Recipients are required to fill out and submit an ACH form thus authorizing this payment method. Payments will start on the 1st of the month, as indicated in the loan closing documents. The annual service fee will be automatically withdrawn from the client's bank account electronically on the anniversary date of the loan.

## **8.0 ADMINISTRATIVE PROCEDURES**

A separate file will be maintained for each loan applicant and borrower. Each file will contain all documents and correspondence and are kept in a fireproof filing cabinet. The file will include all application documents, loan documents, insurance forms, general correspondence, financial statements, site visit reports and job creation/retention reports.

NED, Inc. shall maintain and keep all applications as well as all other required documents, records and other evidence in conformance with the close out requirements.

Staff, through our GMS Revolving Loan software program, will track the MLF reporting requirements. Each loan will be assigned a number for record keeping. If the loan is in good standing, then the borrower may be eligible for repeat lending.

## **9.0 AMENDMENT**

In an ongoing effort to improve the quality of the MLF Program, the Board of Directors will accept suggestions from the public, program participants, program staff, or members of the Board of Directors with regard to program guideline amendments. All suggestions received will be taken under consideration by the Board of Directors. Upon approval and adoption by the Board of Directors, the amendment will be included in the program guidelines.

## **10.0 GRIEVANCES PROCEDURES**

In the event that any applicant feels he or she has been unfairly treated or discriminated against during the loan application process or within any other segment of the MLF, he or she may appeal the decision of the staff to the Board of Directors for their consideration. The appeal must be submitted in writing to the President of the Board of Directors and postmarked within 14 calendar days of the decision. The Board of Directors will act to support or overturn the action within 30 days of the receipt of the appeal. The Board of Directors will have final authority in the decision.

## **11.0 CONFLICT OF INTEREST**

No officer, employee or agent of NED, Inc. who will participate in the selection, the award, or the administration of these funds may obtain a personal or financial interest or benefit from the activity or have an interest in any loan with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for two years thereafter. Upon written request, exception may be granted upon a case by case basis when it is determined that such an exception will serve to further the purposes of the MLF plan and the effective and efficient administration of NED, Inc.'s MLF program. These exceptions are granted by each funding source.

## **12.0 OFFICIAL CONTACT**

The place of contact for this program shall be the office of NENEDD, 111 S. 1<sup>st</sup> Street, Norfolk, NE. 68701. Any grievances, suggestions, requests for applications and information should be directed to this office. Applications are also available on the website [www.nenedd.org](http://www.nenedd.org). This in no way shall be construed to limit other interested parties from distributing information about the program or receiving suggestions for amendments to the program. All grievances shall be directed to NED, Inc. in writing.

These guidelines are hereby approved by action of the Board of Directors of the Northeast Development, Inc. (NED, Inc.) this 14<sup>th</sup> day of December, 2022.

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**Shannon Stucklik, President**  
**NED, Inc.**



## NED, Inc. Board Agenda

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**Object:** Acceptance of Northeast Economic Development, Inc. Audit

**Contact Person:** Kristen Rosner, Fiscal Officer

**For:** Action

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**Background:** Board members were mailed and emailed the Fiscal Year 2022 audit. Staff from Herley & Reinke Accounting, P.C. will present the audit.

Note 10 regarding the pandemic effects is standard language recommended to be included in audits that are presenting fiscal years where the pandemic was an impact on finances or operations. It does not reflect an accurate picture of the NED, Inc. financials for the year fiscal year ending June 30, 2022. It is anticipated that this will be the last audit where Note 10 regarding the pandemic effects will be included.

**Motion:** Consideration to accept the Fiscal Year 2022 Northeast Economic Development, Inc. audit as presented.

Shannon Stuchlik\_\_\_\_ Jerry Engdahl\_\_\_\_ Jim McCarville\_\_\_\_  
Rich Jablonski\_\_\_\_ Sally Ganem\_\_\_\_ Loren Kucera\_\_\_\_ Kurt Dostal\_\_\_\_

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

VII. Action Items D