

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
SPECIAL BOARD OF DIRECTORS MEETING
WEDNESDAY, MARCH 1, 2023 – 10 A.M.

NENEDD Offices – Conference Room, 111 S. 1st St., Norfolk, NE 68701
City of Fremont Offices – 2nd Floor, Large Conference Room, 400 E. Military Ave., Fremont, NE 68025
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.

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 March 1, 2023, agenda and January 25, 2023, meeting minutes.
- V. Treasurer’s Report**
 - A. Consideration of acceptance of the January 2023 Treasurer’s Report as presented.
- VI. Action Items**
 - A. Consideration to approve a \$200,000 loan to Jake and Kayla Brune (Brick St. Precision Ag) in Dodge.
 - B. Consideration to approve an \$85,000 loan to Katelynn and Coleman Broders, d/b/a I Wet My Plants in Wayne.
- VII. President/Board Comments**
- VIII. Next Meeting Date:** The next Northeast Economic Development, Inc., Board of Directors meeting will be at 7 p.m. on Wednesday, March 29, 2023. The meeting will be held via conference call.
- IX. 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

Object: Consideration for approval of the March 1, 2023, agenda and January 25, 2023, meeting minutes.

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

For: Action

Explanation: The March 1, 2023, agenda has been posted on the website. The January 25, 2023, meeting minutes have been posted on the website.

Motion: Consideration for approval of the March 1, 2023, agenda and January 25, 2023, 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

Object: Acceptance of January 2023 Treasurer’s Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Economic Development, Inc.’s (NED, Inc) January 2023 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 | 50,871.80 |
| Housing Rehab Principal Received | 4,692.39 |
| Direct Homebuyer Assistance (DHA) Principal Received | 90.00 |
| Business Loan Disbursements | 35,000.00 |
| Housing Rehab Loan Disbursements (1 home) | 10,406.00 |
| Direct Home Buyer Assistance Loan Disbursements | - |

Business Loan Disbursements:

Client #623008, Riley Lane d/b/a Holy Cow Coffee, Fullerton, \$35,000

NED, Inc. Reuse Funds Available for Lending:

Owner-Occupied Rehabilitation (HOME & Trust): \$642,688

Direct Home Buyer Assistance (HOME & Trust): \$437,574

Business Revolving Loan Funds (All Sources): \$3,074,976

Motion: Consideration for acceptance of the January 2023 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 01/31/2023

| | <u>Current Period Balance</u> |
|---|-------------------------------|
| Assets | |
| General Cash | |
| Cash in Bank-BF #1695334 | 1,524.27 |
| Business RLF Cash | |
| IRP Loan Fund-BankFirst 7884171 | 46,200.13 |
| RLF-BankFirst 7884203 | 53,268.08 |
| IRP Loan Loss Reserve-BankFirst 7884195 | 13,189.05 |
| RBEG Loans-BankFirst 7884203 | 83,857.28 |
| RMAP Loan Fund-BankFirst #7898549 | 25,051.01 |
| IRP #2 Loan Fund-Bank First #7898560 | 127,194.82 |
| RMAP LLR Fund-BankFirst #8571 | 12,722.53 |
| NE Micro Loan Fund #1 BF 7911287 | 111,676.07 |
| NDO Defederalized BF 1703694 | 2,430,890.61 |
| NE Micro Loan Fund #2 BF 7911287 | 57,661.25 |
| NE Micro Loan Fund #3 BF 7911287 | 29,744.06 |
| IRP #2 Loan Loss Reserve - #7884195 | 19,277.60 |
| NE Micro Loan Fund #4 BF 7911287 | 31,138.12 |
| NE Micro Loan Fund #5 BF 7911287 | 52,979.33 |
| NE Micro Loan Fund #6 BF 7911287 | 23,783.71 |
| NE Micro Loan Fund #7 | 1,532.00 |
| Housing Cash | |
| Trust DHA - EVB 3035418 | 272,342.69 |
| HOME Rehab-BankFirst 7858547 | 272,256.61 |
| Trust Rehab Pinnacle 4400292230 | 133,003.94 |
| HOME DHA - EVBT 3067890 | 165,231.34 |
| HOME Rehab Pinnacle 4400292249 | 119,155.29 |
| Trust Rehab BF 7930372 | 76,211.84 |
| HUD/NENEDD Rehab BankFirst 7930383 | 42,060.33 |
| Business RLF Notes Receivable | |
| Business RLF Notes Receivable | 25,788.17 |
| Business IRP Notes Receivable | 204,072.14 |
| IRP #2 Notes Receivable | 548,876.02 |
| NDO Business Notes Receivables | 3,422,053.41 |
| RMAP Business Notes Receivable | 219,077.81 |
| NE Micro Loan Receivable | 1,265,708.34 |
| Housing Notes Receivable | |
| DHA Notes Receivable | 1,860,909.10 |
| Regional Rehab Notes Receivable | 929,921.95 |
| Fixed Assets | |
| Furniture and Equipment | 2,250.00 |
| Accumulated Depreciation | (2,250.00) |
| Allowance for Uncollectibles | |
| Allowance for uncollectable losses | (2,886,210.71) |
| Total Assets | 9,792,148.19 |
| Liabilities | |
| Accounts Payable | |
| Accounts Payable | 19,470.85 |
| Notes Payable | |
| RMAP Loan Payable | 246,560.64 |
| IRP Loan Payable | 147,106.63 |
| IRP #2 Loan Payable | 520,076.07 |
| Total Liabilities | 933,214.19 |

NED, Inc.
Statement of Financial Position - Unposted Transactions Included In Report
As of 01/31/2023

| | <u>Current Period Balance</u> |
|----------------------------------|-------------------------------|
| Net Assets | |
| Other | <u>8,858,934.00</u> |
| Total Net Assets | <u>8,858,934.00</u> |
| Total Net Assets and Liabilities | <u><u>9,792,148.19</u></u> |

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included in Report
From 01/01/2023 Through 01/31/2023**

| | 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 | 3,917.00 | 0.00 | (3,917.00) | 47,000.00 | 7,300.00 | (39,700.00) | (84.47)% |
| 421 | 1,000.00 | 0.00 | (1,000.00) | 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 | 12,394.68 | 9,894.68 | 30,000.00 | 24,763.15 | (5,236.85) | (17.46)% |
| 444 | 250.00 | 0.00 | (250.00) | 3,000.00 | 1,000.00 | (2,000.00) | (66.67)% |
| | | | | | | | |
| 451 | 10,833.00 | 17,706.00 | 6,873.00 | 130,000.00 | 112,404.37 | (17,595.63) | (13.54)% |
| 452 | 117.00 | 55.00 | (62.00) | 1,400.00 | 280.00 | (1,120.00) | (80.00)% |
| 453 | 500.00 | 1,882.00 | 1,382.00 | 6,000.00 | 7,782.00 | 1,782.00 | 29.70% |
| | | | | | | | |
| 454 | 1,000.00 | 1,473.32 | 473.32 | 12,000.00 | 9,488.84 | (2,511.16) | (20.93)% |
| 471 | 667.00 | 723.79 | 56.79 | 8,000.00 | 4,600.42 | (3,399.58) | (42.49)% |
| 490 | 917.00 | 6,164.38 | 5,247.38 | 11,000.00 | 30,793.11 | 19,793.11 | 179.94% |
| | <u>55,368.00</u> | <u>40,399.17</u> | <u>(14,968.83)</u> | <u>664,404.00</u> | <u>223,556.89</u> | <u>(440,847.11)</u> | <u>(66.35)%</u> |
| Expenditures | | | | | | | |
| 523 | 17.00 | 0.00 | 17.00 | 200.00 | 0.00 | 200.00 | 100.00% |
| 543 | 8.00 | 60.00 | (52.00) | 100.00 | 195.00 | (95.00) | (95.00)% |
| 548 | 8.00 | 0.00 | 8.00 | 100.00 | 7.00 | 93.00 | 93.00% |
| 549 | 1,000.00 | 105.00 | 895.00 | 12,000.00 | 960.00 | 11,040.00 | 92.00% |
| 553 | 1,250.00 | 15.00 | 1,235.00 | 15,000.00 | 810.00 | 14,190.00 | 94.60% |
| 557 | 0.00 | 28.00 | (28.00) | 20.00 | 28.00 | (8.00) | (40.00)% |
| 561 | 625.00 | 0.00 | 625.00 | 7,500.00 | 7,500.00 | 0.00 | 0.00% |
| 573 | 1,003.00 | 462.85 | 540.15 | 12,030.00 | 10,084.08 | 1,945.92 | 16.18% |
| 574 | 19,167.00 | 18,900.85 | 266.15 | 230,000.00 | 143,791.46 | 86,208.54 | 37.48% |
| 580 | 12,083.00 | 0.00 | 12,083.00 | 145,000.00 | 0.00 | 145,000.00 | 100.00% |
| 584 | 5,500.00 | 2,153.83 | 3,346.17 | 66,000.00 | 54,446.67 | 11,553.33 | 17.51% |
| | <u>40,661.00</u> | <u>21,725.53</u> | <u>18,935.47</u> | <u>487,950.00</u> | <u>217,822.21</u> | <u>270,127.79</u> | <u>55.36%</u> |
| | | | | | | | |
| | <u>14,707.00</u> | <u>18,673.64</u> | <u>3,966.64</u> | <u>176,454.00</u> | <u>5,734.68</u> | <u>(170,719.32)</u> | <u>(96.75)%</u> |
| Total Revenues Over (Under) Expenditures | | | | | | | |

NED, Inc. Board Agenda

Object: Approve a \$200,000 loan to Jake and Kayla Brune (Brick St. Precision Ag) in Dodge

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background:

Jake and Kayla Brune are planning the construction of a new shop to expand Jake’s business Brick Street Precision Ag, LLC (BSPA) in Dodge. Jake and his business partner, Jason Meyer, own and operate BSPA which they started two years ago. Jason also owns Meyer Agri-Services also located in Dodge. In addition to seed sales, they offer soil testing, seed treating, and other ag-related services. BSPA specializes in the crop planting market by adding technology to farmer’s equipment to help them become more profitable with the use of technology. Ninety percent of their business is custom build/retro fitting a farmer’s planter with various products from monitoring, metering, depth control, and more. Their current customers choose BSPA products because they can take their existing equipment and put the latest technology on it without having to spend 2x-10x more than buying new equipment to get the same technology. BSPA can build new planters as well. They not only help the farmer understand the benefits of using technology, but also help them operate it.

BSPA operates out of Meyer Agri-Services building and needs to expand into their own space. This new shop will be owned by Jake & his wife, Kayla, personally, allowing them to work on equipment during the winter months which will lead to more potential clients and more employees. Their main suppliers are Precision Planting (Illinois) and Harvest International (Iowa). Their customer base is currently concentrated within a 30-mile radius of Dodge, but they have some customers as far away as 60 miles.

The new shop will be a steel building 80’ x 100’ on concrete. The land is currently owned by Jake’s parents, who will gift 2.3 acres to Jake. It is on the far east end of Dodge on 2nd Street between the bowling alley and Wagner Well Company.

The total project costs are estimated to be \$585,300. This includes \$565,000 for building construction and \$20,300 for the land. The Bruness and Nebraska Bank in Dodge are requesting that NED, Inc. provide a loan in the amount of \$200,000 for the project. The Bank is considering a \$315,000 loan. The Brune’s will inject \$70,300 which is \$20,300 for the land and \$50,000 cash. The project will maintain 5 jobs, including Jake & Jason, and create one job for a total of 6 jobs.

Explanation:

| Uses ↓ | Sources → | Bank | NED, Inc. | Equity | Total |
|------------------------------|-----------|------------------|------------------|-----------------|------------------|
| Building Construction | | \$315,000 | \$200,000 | \$50,000 | \$565,000 |
| Land | | -0- | -0- | \$20,300 | \$20,300 |
| TOTAL | | \$315,000 | \$200,000 | \$70,300 | \$585,300 |

Nebraska Bank in Dodge is considering a loan of up to \$315,000 for this project. The term loan will be set up as a regular real estate/commercial loan, fully amortized over a 20-year term at an interest rate of prime plus .50 (5 year variable). Nebraska Bank will fund the construction with a line of credit, dependent on approval of permanent financing from NED, Inc.

NED, Inc. will lend Jake Brune \$200,000 to build a new shop for Brick Street Precision Ag in Dodge. This loan will have a term of 20 years at an interest rate of 5.50% (fixed). NED, Inc. will have a subordinate (2nd) lien position on the business real estate and business personal property. NED, Inc. will also file a Deed of Trust on their personal residence just north of Dodge and require an assignment of life insurance from Jake for the amount of the loan for the life of the loan.

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 \$200,000 loan to Jake and Kayla Brune (Brick St. Precision Ag) in Dodge.

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)

VI. Action Items A

NED, Inc. Board Agenda

Object: Approve a \$85,000 loan to Katelynn and Coleman Broders, d/b/a I Wet my Plants in Wayne.

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background:

Katelynn and Coleman Broders are planning the startup of a floral and gift shop to be called I Wet My Plants. Katelynn will operate the store which will offer an array of products and services, from wedding floral to funeral arrangements, confections, giftable items, and décor. They will also offer wine and spirits, charcuterie snack and boards to be sold to take out as well as enjoy in the store. It will be located at 221 Main Street in Wayne in the heart of the business district and a prime stop for foot traffic. They will be open Monday thru Saturday...closed on Sunday. Specialty hours for once-a-month ladies/guys nights open to the surrounding communities and for town events. Various fun items she will market and sell will be labeled with “I Wet My Plants in Wayne, NE.”

The project includes purchasing the building that was formerly the Flower Cellar, one of our former loan clients. There will be some renovations which includes removing the faux brick panels and painting throughout the main space. The consultation room carpet will be replaced, and a new door put in place. The cooler condensers will also be replaced. Katelynn will purchase inventory, furniture, fixtures, and equipment including a computer POS system.

The total project costs are estimated to be \$269,464. This includes \$177,000 to purchase the real estate and renovations, \$34,610 for equipment, \$15,000 for inventory, and \$42,854 for working capital. Katelynn and Coleman Broders and State Nebraska Bank and Trust in Wayne are requesting that NED, Inc. provide a loan in the amount of \$85,000 for the purchase of the real estate and equipment. The Broders have applied for \$40,000 of Wayne’s LB840 funds and \$20,000 of WAED (Wayne Area Economic Development). The Broders will provide owner equity in the amount of \$24,464 cash. The project will create one job besides Katelynn and Coleman.

Explanation:

| Uses ↓ | Sources → | Bank | NED, Inc. | LB840 | WAED | Equity | Total |
|----------------------|-----------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Building/renovations | | \$100,000 | \$77,000 | -0- | -0- | -0- | \$177,000 |
| Equipment | | -0- | \$8,000 | \$26,610 | -0- | -0- | \$34,610 |
| Inventory | | -0- | -0- | \$13,390 | \$1,610 | -0- | \$15,000 |
| Working Capital | | -0- | -0- | -0- | \$18,390 | \$24,464 | \$42,854 |
| Total | | \$100,000 | \$85,000 | \$40,000 | \$20,000 | \$24,464 | \$269,464 |

State Nebraska Bank and Trust in Wayne is considering a loan not to exceed \$100,000 to purchase the commercial real estate at 221 Main St. in Wayne. It will be set up as a regular real estate/commercial loan amortized over 20 years at 7.50% (10 year variable). The bank will require a 1st deed of trust, personal guaranty from Katelynn and Coleman, and other items outlined in the bank letter.

NED, Inc. will lend \$85,000 to Katelynn & Coleman Broders, d/b/a I West My Plants to start a floral/gift shop in Wayne. This loan will have a term of 20 years at an interest rate of 5.50% (fixed). NED, Inc. will file a subordinate (2nd) position lien on the business real estate and UCC filing on the business assets of I Wet my Plants. NED, Inc. will require life insurance assignments from Katelynn for the total amount of the loan for the life of the loan. NED, Inc. will also file a deed of trust on Broder's personal residence in Wayne.

The Broder's have applied to the city of Wayne and have been approved for \$40,000 LB840 funds at a term of 10 years at 3.75% interest and approved by WAED for \$20,000 for 10 years at 0.00% interest. Both LB840 funds and WAED will be subordinate to the bank and NED, Inc.

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 \$85,000 loan to Katelynn and Coleman Broders, d/b/a I Wet my Plants in Wayne

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)

VI. Action Items B