

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, AUGUST 29, 2018 –7:00 P.M.

City of Norfolk Offices – Training Room, 3309 N 5th St, Norfolk, NE 686701

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 August 29, 2018 Agenda and July 26, 2018 Meeting Minutes
- V. Treasurer’s Report**
 - A.** Consideration for acceptance the July 2018 Treasurer’s Report
- VI. Action Items**
 - A.** Consideration for approval of applicant # 101383 for owner occupied housing rehabilitation in the amount of up to \$25,000.00
 - B.** Consideration for approval of applicant # 101477 for owner occupied housing rehabilitation funds up to the amount of \$ 10,500.00
 - C.** Consideration to waive the \$25.00 per square foot limit and of approval of applicant #101506 for housing rehabilitation funds up to the amount of \$25,000.00
 - D.** Consideration for approval of down payment assistance applicant #101501
 - E.** Consideration for approval of collateral change and rescheduling agreement for Loan Client #616003
 - F.** Consideration for approval of a \$50,000 Community Development Block Grant (CDBG) funds from the City of Wayne for a loan to Jason Sears, d/b/a Jason Sears Flooring in Wayne.
- VII. President/Board Comments**
- VIII. Next Meeting Date:** The next Northeast Economic Development, Inc. Board of Directors meeting will be at 7:00 p.m. on Wednesday, September 26, 2018. The meeting will be held at the City of Norfolk Office Building, 309 N. 5th St., Norfolk, Nebraska.
- IX. Adjournment**

Tina Biteghe Bi Ndong____ John Lohr____ Brad Albers____ Mike Frank____
Jerry Engdahl____ Shannon Stuchlik____ Megan Weaver____

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

NED, Inc Board Agenda

Object: Approve the August 29, 2018 meeting agenda and the July 26, 2018 meeting minutes.

Contact Person: Brittany O'Brien, Administrative Assistant

For: Action

Explanation: The August 29, 2018 agenda has been posted. The minutes from the July 26, 2018 meeting were posted.

Motion: Consideration for approval of the August 29, 2018 meeting agenda and the July 26, 2018 meeting minutes.

Tina Biteghe Bi Ndong_____ John Lohr_____ Brad Albers_____ Mike Frank_____
Jerry Engdahl_____ Shannon Stuchlik_____ Megan Weaver_____

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

NED, Inc Board Agenda

Object: Accept the July 2018 Treasurer's Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Economic Development, Inc.'s (NED, Inc) July 2018 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 2019 Budget for the nonaccrual accounts, July 1, 2018, through June 30, 2019, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2019 Budget remaining.

Explanation:

Additional Information:

Business Loan Principal Received	32,662.01
Housing Rehab Principal Received	9,894.61
Down Payment Assistance (DPA) Principal Received	26,295.54
New Construction Principal Received	-
Business Loan Disbursements	8,159.71
Housing Rehab Loan Disbursements	-
Down Payment Assistance (DPA) Loan Disbursements	-
New Construction Loan Disbursement	-

Housing Loan Payoff:

Client #100896: \$4,792.64

Down Payment Assistance Loan Payoff:

Client #100819: \$26,000.00

Business Loan Disbursements

Client #618002, Brehmer Manufacturing Inc., \$8,159.71

Motion: Consideration for acceptance of the July 2018 treasurer's report as presented.

Tina Biteghe Bi Ndong____ John Lohr____ Brad Albers____ Mike Frank____
Jerry Engdahl____ Shannon Stuchlik____ Megan Weaver____

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

NED, Inc.
Statement of Financial Position
As of 07/31/2018

	<u>Current Period Balance</u>
Assets	
General Cash	
Cash in Bank-BF #1695334	1,547.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	97,301.93
RLF-BankFirst 7884203	26,633.38
IRP Loan Loss Reserve-BankFirst 7884195	15,495.32
RBEG Loans-BankFirst 7884203	123,945.73
NDO Loan Fund-Security Bank 229970	707.41
RMAP Loan Fund-BankFirst #7898549	51,982.08
#88841889-Midwest Bank-NEF Loan Loss Reserve	12,420.57
IRP #2 Loan Fund-Bank First #7898560	121,652.99
RMAP LLR Fund-BankFirst #8571	18,953.64
NDO Loan Fund-Security Bank 833851	92,453.62
NE Micro Loan-BankFirst #7911287	186,503.60
BF NDO Defederalized	637,533.30
#7911287 - NE Micro Loan #2	13,967.54
NED, Inc. Micro Funds #3 - 2018 Grant BF#7911287	471.90
#7884195 - IRP #2 Loan Loss Reserve	37,344.60
Housing Cash	
Trust DPA - EVB 3035418	87,258.14
HOME Rehab-BankFirst 7858547	302,537.70
HOME Rehab - CD #882514-Midwest Bank	107,180.25
Trust Rehab CD #882516-Midwest Bank	107,634.16
Trust Rehab Pinnacle 4400292230	126,932.56
HOME DPA - EVBT 3067890	9,197.86
HOME Rehab Pinnacle 4400292249	117,694.56
Trust Rehab BF 7930372	116,149.21
HUD/NENEDD Rehab BankFirst 7930383	115,089.61
Trust New Construction EVBT 3035418	21,341.28
Business RLF Notes Receivable	
Business RLF Notes Receivable	43,627.59
Business IRP Notes Receivable	182,623.54
IRP #2 Notes Receivable	784,461.04
NDO Business Notes Receivables	2,635,567.29
RMAP Business Notes Receivable	306,719.52
NE Micro Loan Receivable	379,994.05
Housing Notes Receivable	
DPA Notes Receivable	2,142,790.32
Regional Rehab Notes Receivable	1,129,850.17
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(3,213,453.88)
Total Assets	6,942,109.85
Liabilities	
Accounts Payable	
Accounts Payable	5,056.53
Notes Payable	
RMAP Loan Payable	372,025.94
NEF Loan Payable	101,248.03
IRP Loan Payable	191,476.37

NED, Inc.
Statement of Financial Position
As of 07/31/2018

	<u>Current Period Balance</u>
IRP #2 Loan Payable	649,358.07
Total Liabilities	<u>1,319,164.94</u>
Net Assets	
Other	5,622,944.91
Total Net Assets	<u>5,622,944.91</u>
Total Net Assets and Liabilities	<u><u>6,942,109.85</u></u>

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 07/01/2018 Through 07/31/2018**

		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	Bad Debt Recovery	3,916.66	26,000.00	22,083.34	47,000.00	26,000.00	(21,000.00)	(44.68)%
428	Down Payment Assistance Loan Processing Fee	79.66	0.00	(79.66)	956.00	0.00	(956.00)	(100.00)%
436	Microenterprise Management Revenue	421.33	0.00	(421.33)	5,056.00	0.00	(5,056.00)	(100.00)%
439	CDBG ED NDO RLF Contributions	41,666.66	8,159.71	(33,506.95)	500,000.00	8,159.71	(491,840.29)	(98.37)%
442	Microenterprise Lending Program Contributions	12,066.66	0.00	(12,066.66)	144,800.00	0.00	(144,800.00)	(100.00)%
443	USDA RMAP TA Funds	2,250.00	0.00	(2,250.00)	27,000.00	0.00	(27,000.00)	(100.00)%
444	Business Loan Closing Revenue	250.00	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
451	Business Loan Interest	10,833.33	11,922.07	1,088.74	130,000.00	11,922.07	(118,077.93)	(90.83)%
452	Loan Late Fees	116.66	70.57	(46.09)	1,400.00	70.57	(1,329.43)	(94.96)%
453	Business Loan Processing Fee	500.00	0.00	(500.00)	6,000.00	0.00	(6,000.00)	(100.00)%
454	Annual Servicing Fees	1,000.00	0.00	(1,000.00)	12,000.00	0.00	(12,000.00)	(100.00)%
471	HO Rehab Interest	666.66	657.67	(8.99)	8,000.00	657.67	(7,342.33)	(91.78)%
490	Interest Income	1,166.66	2,806.88	1,640.22	14,000.00	2,806.88	(11,193.12)	(79.95)%
492	Contributions	333.33	0.00	(333.33)	4,000.00	0.00	(4,000.00)	(100.00)%
	Total Revenues	<u>75,267.61</u>	<u>49,616.90</u>	<u>(25,650.71)</u>	<u>903,212.00</u>	<u>49,616.90</u>	<u>(853,595.10)</u>	<u>(94.51)%</u>
Expenditures								
523	Office Supplies	16.66	0.00	16.66	200.00	0.00	200.00	100.00%
543	Bank Fees	8.33	30.00	(21.67)	100.00	30.00	70.00	70.00%
546	Lead Inspection Exp	41.66	0.00	41.66	500.00	0.00	500.00	100.00%
548	Loan Closing Expense	8.33	0.00	8.33	100.00	0.00	100.00	100.00%
557	Memberships	2.08	0.00	2.08	25.00	0.00	25.00	100.00%
560	Legal Services	100.00	0.00	100.00	1,200.00	0.00	1,200.00	100.00%
561	Audit Fees	572.08	0.00	572.08	6,865.00	0.00	6,865.00	100.00%
569	Other Professional Services	225.00	0.00	225.00	2,700.00	0.00	2,700.00	100.00%
573	Loan Interest Expense	1,458.33	867.03	591.30	17,500.00	867.03	16,632.97	95.05%
574	NENEDD Management Exp	14,583.33	16,966.01	(2,382.68)	175,000.00	16,966.01	158,033.99	90.31%
580	Loans Written Off	12,083.33	0.00	12,083.33	145,000.00	0.00	145,000.00	100.00%

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included In Report
From 07/01/2018 Through 07/31/2018**

		Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining
584	Rehab Loans Forgiven	3,425.00	3,453.73	(28.73)	41,100.00	3,453.73	37,646.27	91.60%
589	Invest Nebraska NDO RLF Contributions	1,491.66	1,488.10	3.56	17,900.00	1,488.10	16,411.90	91.69%
	Total Expenditures	<u>34,015.79</u>	<u>22,804.87</u>	<u>11,210.92</u>	<u>408,190.00</u>	<u>22,804.87</u>	<u>385,385.13</u>	<u>94.41%</u>
	Total Revenues Over (Under) Expenditures	<u>41,251.82</u>	<u>26,812.03</u>	<u>(14,439.79)</u>	<u>495,022.00</u>	<u>26,812.03</u>	<u>(468,209.97)</u>	<u>(94.58)%</u>

NED, Inc Board Agenda

Object: Approve applicant # 101383 for owner occupied housing rehabilitation in the amount of up to \$25,000.00

Contact Person: Martin Griffith

For: Action

Background: Level A (66%- 120% of Area Median Income) – 2% Interest Loan up to 20 years

Property Location: West Point
House Square Footage: 2317
Cost of Repairs: \$25,000.00
Cost per Square Foot: \$11.00
Funding Source: NED, Inc. Reuse

Explanation: The house under consideration is structurally sound, in good condition, and after repairs will meet or exceed all of the required Minimum Rehabilitation Standards, therefore is deemed to be economically feasible for the Ned, Inc Owner Occupied Housing Rehabilitation Program. See list of repairs below.

Repairs

- Replace eight basement windows with low E argon gas filled half inch insulated glass units.
- Complete the kitchen remodel to homeowner’s specifications.
- Stabilize all deteriorated paint on interior and exterior surfaces.
- Install five smoke detectors and two carbon monoxide detectors.
- Install electrical switch and outlet box extensions where needed.
- Hepa vacuum and wet wipe all window troughs and interior sills.
- Make Homeowner specified repairs to front porch to include replacement of lattice skirting.
- Install Homeowner provided air conditioning unit and associated ductwork.
- Wire for air conditioning unit to be located in the attic.

This property is currently valued at \$103,601.06
After rehabilitation property value- \$122,351.06
Current Mortgage- \$80,000.00
NED, Inc. Lien Position 2nd

After Rehab Property Value Calculation:

County: Cuming
Tax Valuation: \$97,385.00
% of Value: 94%
100% RE Tax Valuation: \$103,601.06 (Pre Rehab value)
Total Rehab Spent: \$25,000.00
75% of Rehab Spent: \$18,750.00
After Rehab Value: \$122,351.06

Recommendation based on the condition of the house, cost of repairs, cost of repairs per square foot (see section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Program Guidelines) current mortgage balance, after rehabilitation value of the house, and lien position of NED Inc.

Motion: Consideration for approval of applicant #101383 for housing rehabilitation funds in the amount of up to \$25,000.00

Tina Biteghe Bi Ndong_____ John Lohr_____ Brad Albers_____ Mike Frank_____
Jerry Engdahl_____ Shannon Stuchlik_____ Megan Weaver_____

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

NED, Inc. Board Agenda Item

Object: Approve applicant # 101477 for owner occupied housing rehabilitation funds up to the amount of \$ 10,500.00

Contact Person: Martin Griffith

For: Action

Background: Level B (51% - 65% of Area Median Income) – 1% interest Loan up to 20 years.

Property Location:	Genoa
House Square Footage:	1693
Cost of Repairs:	\$25,000.00
Cost per Square Foot:	\$15.00
Funding Source:	NED, Inc. and Genoa Reuse

Explanation: The house under consideration is structurally sound, in good condition, and after repairs will meet or exceed all of the required Minimum Rehabilitation Standards, therefore is deemed economically feasible for the Ned, Inc. Owner Occupied Housing Rehabilitation Program. Funding sources will be the Ned, Inc and Genoa Reuse with Ned, Inc's portion being \$10,500.00 and the City of Genoa's being \$14,500.00. On 8/20/2018 the Genoa City Council approved the applicant for \$14,500.00 at their regularly schedule monthly meeting.

See list of repairs below.

Repairs

- Install seamless gutters where missing.
- Install total siding package.
- Replace six electrical outlets with ground fault circuit interrupter outlets.
- Replace fifteen windows with low E argon gas filled half inch insulated glass units.
- Complete the permanent window trim where replacing windows.
- Stabilize all deteriorated paint on interior surfaces.
- Rehang, scrape and paint door and door frame of door leading from enclosed porch to kitchen.
- Install handrails on basement stairs.
- Install two smoke detectors and three combination smoke/carbon monoxide detectors.
- Hepa vacuum and wet wipe all window troughs and interior sills.
- Seal all interior window sills with paint or polyurethane.
- Replace garage overhead door.
- Replace central air conditioning unit.
- Replace furnace.

This property is currently valued at - \$54,427.84
After rehabilitation property value - \$73,177.84
Current Mortgage - None
NED, Inc. Lien Position – 2nd

After Rehab Property Value Calculation:

County: Nance

Tax Valuation: \$52,795.00

% of Value: 97%

100% RE Tax Valuation: \$54,427.84

(Pre Rehab value)

Total Rehab Spent: \$25,000.00

75% of Rehab Spent: \$18,750.00

After Rehab Value: \$73,177.84

Recommendation based on the condition of the house, cost of repairs, cost of repairs per square foot (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines), along with the after rehabilitation value of house, balance of mortgage, and the lien position of NED, Inc.

Motion: Consideration for approval of applicant #101477 for housing rehabilitation funds up to the amount of \$10,500.00

Tina Biteghe Bi Ndong____ John Lohr____ Brad Albers____ Mike Frank____
Jerry Engdahl____ Shannon Stuchlik____ Megan Weaver____

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

Ned, Inc. Board Agenda Item

Object: Approve applicant #101506 for owner occupied housing rehabilitation funds up to the amount of \$25,000.00

Contact Person: Martin Griffith

For: Action

Background: 100% Forgivable Loan over 10 years

Property Location:	Walthill
House Square Footage:	924
Cost of Repairs:	\$25,000.00
Cost per Square Foot:	\$27.00
Funding Source:	Walthill OOR Housing Grant #16-HO-15069

Explanation: This Application was presented for denial at the July 27th, 2018 Ned, Inc. Board of Directors meeting as Action Item VI-B. The Ned, Inc. Board of Directors voted to recommend to the Walthill Village Board to deny this applicant. The Walthill Village Board tabled this Action Item and requested that the Housing Specialist pursue bids from several select local contractors in an effort to acquire a feasible bid. After successfully acquiring a bid of \$25,000.00 the Walthill Village Board and the Housing Specialist asks that the Ned, Inc. Board of Directors reconsider this application with the amended recommendation. The house under consideration is in considerable disrepair but, structurally sound and after repairs will meet all of the required Minimum Rehabilitation Standards. Due to the small size of the house the cost of the repairs will exceed the \$25.00 per square foot limit listed in section 4.5-2 of the Housing Rehabilitation Program Guidelines. The Housing specialist requests that the board recommend waiving the \$25.00 per square foot limit, as it is in the opinion of the Housing Specialist that the rehabilitation of this house is economically feasible for the Housing Rehabilitation Program. Funding will be provided by the Walthill Owner Occupied Housing Rehabilitation Program. See list of repairs below.

Repairs

- Replace roof coverings.
- Install seamless gutters to entire house.
- Replace rotten fascia boards.
- Install total siding package.
- Re-install cover on electrical panel.
- Replace eleven windows with low E insulated glass units.
- Replace one basement bedroom window with egress type.
- Replace bathroom fixtures.
- Replace water damaged drywall in the ceilings of four rooms and bathroom walls.
- Repair frame of front door.
- Install two combination smoke/carbon monoxide detectors.
- Add soil against foundation to create positive drainage of rainwater.

This property is currently valued at \$11,500.00
After rehabilitation property value \$30,250.00
Current mortgage balance - None

Village of Walthill Lien Position – 1st

After Rehab Property Value Calculation:

County: Thurston

Tax Valuation:	\$11,155.00	
% of Value:	97%	(Based on tax roll year) 2017
100% RE Tax Valuation:	\$11,500.00	(Pre-Rehab value)
Total Rehab Spent:	\$25,000.00	
75% of Rehab Spent:	\$18,750.00	
After Rehab Value:	\$30,250.00	

Recommendation based on the condition of the house, cost of repairs, (Section 4.5 Economic Feasibility for Rehabilitation of the Housing Rehabilitation Guidelines), along with the after-rehabilitation value of the house, balance of mortgage, and the lien position of the Village of Walthill.

Motion: Consideration to waive the \$25.00 per square foot limit and of approval of applicant #101506 for housing rehabilitation funds up to the amount of \$25,000.00.

Tina Biteghe Bi Ndong_____ John Lohr_____ Brad Albers_____ Mike Frank_____
Jerry Engdahl_____ Shannon Stuchlik_____ Megan Weaver_____

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

NED, Inc. Board Agenda

Object: Approve down payment assistance applicant #101501

Contact Person: Judy Joy

For: Action

Background: Property Location: Columbus - Purchase Price: \$143,000 - Appraised Value \$143,000
 Primary Lender – Charter West Bank
 Primary Mortgage Loan Term - 30-year NIFA/USDA – 4.25% Interest Rate

NED Inc. Down Payment Assistance \$29,000

NED Inc. Loan Term – 0% Deferred Interest Loan – Loan Due Upon Transfer of Title

Ratios: Housing Debt to Income – 18%

Total Debt to Income – 18%

Credit Score: 661

Explanation: Recommendation for approval is based on the following information

Purchase Price	\$143,000.00
Primary Lender and NED Inc. Closing Costs	\$7,172.85
Subtotal	\$150,172.85
Maximum Bank Loan	\$120,172.00
NED, Inc. Down Payment Assistance	\$29,000.00
Buyer Cash Requirement at Closing	\$1,000.85
Estimated Loan to Value Ratio	84%
Monthly Gross Income	\$4,914.32
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$864.29
Housing Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 28%)	18%
Other Monthly Debts	
Automobile Payment	\$0.00
Credit Cards	\$27.00
Other Debt	\$0.00
Student Loans	\$0.00
Total Housing Expense Plus Other Debt	\$891.29
Total Debt to Income Ratio (Ratio Criteria Per Guidelines: Maximum 40%)	18%

Explanation: Recommendation for approval of down payment assistance applicant #101501 is based on the ratios and credit score.

Motion: Consideration for approval for down payment assistance applicant #101501 in the amount of \$29,000.

Tina Biteghe Bi Ndong _____ John Lohr _____ Brad Albers _____ Mike Frank _____
 Jerry Engdahl _____ Shannon Stuchlik _____ Megan Weaver _____

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

NED, Inc. Board Agenda

Object: Approve the collateral change and rescheduling agreement for Loan Client #616003

Contact Persons: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Loan Client #616003 - Pilger

Project Overview and Description:

Loan Client #616003 built a new shop to start a diesel/automotive repair shop and tire sales/service business in Pilger. Unfortunately, the business has closed due to lack of business and negative cash flow. The son (and his wife) is not a member of the LLC but was involved in the management of the business. NED, Inc. provided a \$70,000 loan in December 2015 – 20 yrs – 5.50% - scheduled payments of \$481.52/mo. The last payment we received was April 2018. Current balance is \$66,601.05. Both NED, Inc. and Midwest Bank in Pilger have filed default notices. Midwest Bank's original loan was \$208,000 and now has a balance of \$192,578.91. Real estate value is approximately \$170,000 and business property is approximately \$15,000. These are not appraisals, but what the bank feels they can realistically sell for.

The client has given the keys of the building to Midwest Bank. Midwest Bank is requesting that in lieu of them going through a Trustee's Sale, that NED, Inc. release its lien on the business real estate and business property to allow them to take possession of the business to sell it. Up to this time, there have been a couple interested parties, but not willing to pay a fair value of the collateral. Since the estimated value of the business assets is less than the bank's loan balance, we do not anticipate receiving any proceeds from the sale of the business.

NED, Inc.'s collateral includes a subordinate (2nd) lien position on the business property and real estate in Pilger (liens to be released at this request); deeds of trust on the LLC members' and son's, personal residences in Pilger and Wisner respectively. Both families have provided personal guarantees. Deeds of trust on personal residences and personal guarantees to remain in place.

Due to the closing of the business, the owners are requesting NED, Inc. consider a rescheduling agreement as follows:

- Change the interest rate to 2.25% (fixed)
- Change monthly payments to \$400.00/mo.
- Eliminate the annual service fee

No payments we be paid from May thru September 2018, and the new payment amount would start 10-1-18. Accrued interest (\$1,495.33) will be added to the principal. New principal amount will be \$68,096.38. The owner has indicated that he has some accounts payable he is paying off, and may increase his monthly payments to NED, Inc in the future when possible.

Motion: Consideration for approval of releasing NED, Inc.'s lien on the business real estate and business property of Loan Client #616003 and reschedule the loan as presented and recommended by NENEDD staff and the Northeast RLF Committee.

Tina Biteghe Bi Ndong _____ John Lohr _____ Brad Albers _____ Mike Frank _____
Jerry Engdahl _____ Shannon Stuchlik _____ Megan Weaver _____

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

NED, Inc. Board Agenda

Object: Approve a \$50,000 Community Development Block Grant (CDBG) funds from the City of Wayne for a loan to Jason Sears, d/b/a Jason Sears Flooring in Wayne.

Contact Persons: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Loan Applicant: – Jason Sears, d/b/a Jason Sears Flooring - Wayne

This loan is being approved using Wayne's CDBG funds that will be sub-granted to NED, Inc. utilizing the NDO process (Non-Profit Development Organization) NED, Inc. will loan the funds to Jason Sears.

Project Overview and Description:

Jason Sears wants to purchase the warehouse he has been renting for the past three years, located at 904 Jaxon St. in Wayne. The warehouse is a one-story building built in 2012 that is 4,180 sq. ft. with an additional 960 sq. ft. used by Grace Counseling. Jason will also receive rent from Grace Counseling. Jason Sears Flooring offers leading brand name carpet, vinyl, wood, laminate, ceramic, DuraCeramic, remnants, backsplashes, stack store, and decorative wall board as well as professional installation with reputable warranties. Jason has over 18 years' experience in the floor covering industry. He was a contract labor installer for numerous jobs/projects prior to opening his first store in Wayne in 2013 in the Dearborn Mall. Clients would have to set up appointments to look at flooring. This location was outgrown within a year, due to the numerous product lines that Jason carried to meet the needs of his customers. The store then moved to its current location at 210 Main St, in downtown Wayne in February 2015 and has a full-time sales person. They have hired two other part time associates in the Wayne Showroom and currently employ two full time installers. Both have been with them for three years.

Jason opened a second store/showroom in O'Neill in February 2017, where they have a part-time showroom manager, two other part-time employees (including an interior designer), and a full-time installer. They try to do most installs/projects with their Wayne team, but find it economical to have an installer in O'Neill and work on smaller projects. The O'Neill installer also helps in the Wayne area as needed.

In 2016 they started supplying Heritage Homes with the carpet for their modular homes they build. In March 2018, they started supplying their hard surfaces as well. They now supply them with carpet, engineered wood, vinyl planking, and laminate choices. They are also working with one other contractor in Wayne supplying the flooring and installation. They also do several residential and commercial jobs within central and northeast Nebraska. Currently they are booked about a month out, so they intend to hire another installer to help their business grow.

The total project costs are estimated to be \$177,000 for the purchase of the warehouse Jason has been renting. Jason and Elkhorn Valley Bank in Wayne are requesting that the City of Wayne provide a loan in the amount of \$50,000 to purchase his warehouse. The bank has approved a loan of up to \$99,000 for the building. Jason is providing equity of \$18,000 cash. Besides the current six employees that will be maintained, the project will create one to two additional jobs (7-8 total).

Sources and Uses

Uses ↓ Sources →	Bank	Wayne RLF	WAED	Equity	Total
Building Purchase	\$99,000	\$50,000	\$10,000	\$18,000	\$177,000
Total	\$99,000	\$50,000	\$10,000	\$18,000	\$177,000

Proposed Loan Package and Related Collateral:

Elkhorn Valley Bank in Wayne has approved a loan of up to \$99,000 for this project. The bank’s loan will be set up on a 15-year fully amortized loan at an interest rate of 6.25% (variable). After five years, the rate will vary at the bank’s discretion by no more than 2.00% per adjustment. In addition to a first deed of trust on the 904 Jaxon St. in Wayne, they will file a blanket UCC filing.

The City of Wayne will lend \$50,000 for this project. These funds will be sub-granted to NED, Inc., as a Non-profit Development Organization (NDO), who will in turn lend the \$50,000 to Jason Sears. The \$50,000 NDO loan will have a 15-year term at 5.00% (fixed). Payments will be made to NED, Inc. This is the process approved by the Nebraska Department of Economic Development (DED) to de-federalize CDBG funds in our local communities.

NED, Inc. will file a subordinate deed of trust on the property at 904 Jaxon St. in Wayne, have a subordinate UCC lien on the business personal property, and will require a life insurance assignment from Jason Sears for the amount of the loan for the life of the loan.

Other funds include \$10,000 from the Wayne Area Economic Development (WAED) with a 10-year term at 0.00% interest.

The Northeast RLF committee was presented information on credit scores, net worth, collateral, and financial information as part of the loan summary discussion and recommends this loan for approval.

Motion: Consideration for approval of accepting the sub-granted \$50,000 CDBG funds from the City of Wayne utilizing the Non-Profit Development Organization (NDO) process. The \$50,000 will be loaned to Jason Sears to purchase his warehouse in Wayne as presented and recommended by NENEDD staff and the Northeast RLF Committee.

Tina Biteghe Bi Ndong_____ John Lohr_____ Brad Albers_____ Mike Frank_____
Jerry Engdahl_____ Shannon Stuchlik_____ Megan Weaver_____

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