NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT - NENEDD
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 25, 2019 - 7:15 P.M.

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

The Chairman 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 of approval of the September 25, 2019 agenda and August 28, 2019 meeting minutes.

V. Treasurer’s Report
   A. Consideration for acceptance of the August 2019 treasurer’s report as presented.

VI. Discussion Items
   A. Staff Quarterly Reports

VII. Action Items
   A. Consideration for approval appointing Troy Uhlir to represent NENEDD at LARM member meetings and Thomas L. Higginbotham, Jr., Executive Direct, as the alternate
   B. Consideration to approve the use of NENEDD’s general funds at 2% and secure a line of credit with BankFirst (not to exceed $500,000) to pay contractor bills.
   C. Consideration for approval of a $120,000 loan to Dendinger Drug, LLC to purchase the Plainview Family Pharmacy as recommended by NENEDD staff and the Northeast Loan Committee
   D. Consideration for approval of NENEDD’s 2019 EDA RLF Plan and updated RLF Guidelines as recommended by NENEDD staff and the Northeast RLF Committee
   E. Consideration for approval of resolution for an amendment to NENEDD’s USDA-RD IRP Work Plan as recommended by NENEDD staff and the Northeast RLF Committee
   F. Consideration to adopt the 2019-2023 Comprehensive Economic Development Strategy

VIII. Chairman/Board Comments

IX. Next Meeting Date: The Northeast Nebraska Economic Development District Board of Directors will meet on Wednesday, October 30, 2019, at 7:15 pm or following the Northeast Economic Development, Inc. meeting. The meeting will be held at the via conference call.

X. Adjournment

Gary Jackson Rich Jablonski Glen Ellis
Troy Uhlir Judy Mutzenberger Dan Kathol Tina Biteghe Bi Ndong Loren Kucera

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)
A. **Object:** Consideration of approval of the September 25, 2019 agenda and August 28, 2019 meeting minutes

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

**For:** Action

**Explanation:** The September 25, 2019 agenda has been posted on the website. The August 28, 2019 meeting minutes have been posted on the website.

**Motion:** Consideration for approval of the September 25, 2019 meeting agenda and the August 28, 2019 board meeting minutes.
Abstain

NENEDD Board Agenda

Object: Acceptance of the August 2019 Treasurer’s Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:
Northeast Nebraska Economic Development District’s (NENEDD) August 2019 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 (FY) 2020 Budget for the nonaccrual accounts, July 1, 2019 through June 30, 2020 Actual, Budget Variance so far this fiscal year and Percent of the Fiscal Year 2020 Budget remaining.

Explanation:

Additional Information:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Loan Principal Received</td>
<td>16,862.04</td>
</tr>
<tr>
<td>Housing Rehabilitation Principal Received</td>
<td>-</td>
</tr>
<tr>
<td>Business Loan Disbursements</td>
<td>122,500.00</td>
</tr>
</tbody>
</table>

Restate Net Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year to date Non-Operating Revenue</td>
<td>164,670.78</td>
</tr>
<tr>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

Year to date Non-Operating Expenditures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations (Loan Payments to Northeast Economic Development, Inc.)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>801.94</td>
</tr>
<tr>
<td>Loans Written Off</td>
<td>-</td>
</tr>
<tr>
<td>Loans Forgivable Portion</td>
<td>39.48</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Year to date Revenue Over (Under) Expenditures</td>
<td>165,512.20</td>
</tr>
</tbody>
</table>

Business Loan Disbursements:
#320002, Sibert Fitness, Norfolk, $122,500

NENEDD Business Revolving Loan Funds Available for Lending (All Sources): $520,313

Motion: Consideration for acceptance of the August 2019 treasurer’s report as presented.
## Northeast Nebraska Economic Development District

**Statement of Financial Position - Overall - Unposted Transactions Included In Report**

**As of 08/31/2019**

<table>
<thead>
<tr>
<th>Current Period Balance</th>
<th></th>
</tr>
</thead>
</table>

### Assets

**General Cash**
- Cash in Bank - Checking: $45,876.27
- Unrestricted CD-Stanton State Bank #2995: $21,808.60
- Unrestricted CD-BankFirst #34875: $53,372.84
- Unrestricted CD-Midwest #882523: $27,097.43
- Unrestricted CD-Midwest #881867: $1,663.22
- Unrestricted-BankFirst #1648078: $354,887.64
- Unrestricted-BankFirst #1648166: $80,038.46

**Business RLF Cash**
- Security Reserve Account CD-EVB #20832: $27,329.48
- EDA RLF-BankFirst #1648089: $221,009.20
- NE CDBG Regional RLF-BankFirst 1648111: $241,268.39
- IRP RLF-BankFirst #1648122: $191,430.30
- HUD Business RLF-BankFirst #1648133: $107,863.65
- IRP #1 Loan Loss Reserve-BankFirst #1648144: $44,692.19
- IRP #2 Loan Loss Reserve-BankFirst #1648177: $27,949.32

**Housing Cash**
- Housing Construction-BankFirst #1648188: $1,538.84

**Accounts Receivable**
- Accounts Receivable: $123,353.05

**Business RLF Loans Receivables**
- EDA RLF Loans Receivable: $1,782,152.71
- CDBG Regional RLF Loans Receivable: $44,341.23
- IRP RLF Loans Receivable: $1,174,944.30
- HUD RLF Loans Receivable: $137,364.15

**Housing Notes Receivable**
- Regional Rehab Notes Receivable: $197.99

**Prepaid Expenses**
- Prepaid Expense: $4,979.62

**Allowances for Uncollectible Accounts**
- Allowance for Uncollectible A/R: $17,600.00
- Allowance for Uncollectible Notes: $451,161.85

**Fixed Assets**
- Furniture and Equipment: $205,739.37
- Accumulated Depreciation: $(183,460.30)

**Total Assets**: $4,268,676.10

### Liabilities

**Accounts Payable**
- Accounts Payable: $(272.82)

**Other Payables**
- Other Payables: $302.59
- NED, Inc. Loan Payments: $(0.02)
- Lease Payable: $12,408.30

**Payroll Payables**
- ADD & Life Payable: $135.14
- Accrued FICA Payable: $3,432.52
- Federal Tax Withheld: $1,760.82
- State Tax Withheld: $869.30
- 457 Withheld: $745.72
- Health Insurance Payable: $(233.94)
- Cafeteria Premium Payable: $565.25

V. Treasurer's Report A.
## Northeast Nebraska Economic Development District

**Statement of Financial Position - Overall - Unposted Transactions Included In Report**

**As of 08/31/2019**

<table>
<thead>
<tr>
<th>Current Period Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unreimbursed Medical Payable</strong></td>
</tr>
<tr>
<td><strong>Dependent Care Payable</strong></td>
</tr>
<tr>
<td><strong>Child Support Payable</strong></td>
</tr>
<tr>
<td><strong>Annual Leave Payable</strong></td>
</tr>
<tr>
<td><strong>HSA Contributions</strong></td>
</tr>
<tr>
<td><strong>Accrued Salaries</strong></td>
</tr>
<tr>
<td><strong>NEF Loan Payable</strong></td>
</tr>
<tr>
<td><strong>NEF Loan Payable</strong></td>
</tr>
<tr>
<td><strong>IRP Loan Payable</strong></td>
</tr>
<tr>
<td><strong>IRP #1 Loan Payable</strong></td>
</tr>
<tr>
<td><strong>IRP #2 Loan Payable</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
</tr>
</tbody>
</table>

| **Total Net Assets and Liabilities** | 4,268,676.10 |
## Northeast Nebraska Economic Development District

### Statement of Revenues and Expenditures - Unposted Transactions Included in Report

**From 08/01/2019 Through 08/31/2019**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Current Period Actual</th>
<th>Current Period Budget Variance</th>
<th>Total Budget</th>
<th>Percent Total Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants-EDA</td>
<td>16,500.00</td>
<td>15,000.00</td>
<td>15,000.00</td>
<td>99.99%</td>
</tr>
<tr>
<td>Dues-Community</td>
<td>500.00</td>
<td>500.00</td>
<td>500.00</td>
<td>50.00%</td>
</tr>
<tr>
<td>Rent In-Kind</td>
<td>1,250.00</td>
<td>1,250.00</td>
<td>1,250.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>18,750.00</td>
<td>16,250.00</td>
<td>16,250.00</td>
<td>99.99%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Current Period Actual</th>
<th>Current Period Budget Variance</th>
<th>Total Budget</th>
<th>Percent Total Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies/Applies</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

### Summary

- **Total Revenues**: $18,750.00
- **Total Expenses**: $1,000.00
- **Budget Variance**: $17,750.00

V. Treasurer’s Report A.
<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period Budget</th>
<th>Current Period Actual</th>
<th>Total Budget</th>
<th>Remaining Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>600.00</td>
<td>620.42</td>
<td>(20.42)</td>
<td></td>
</tr>
<tr>
<td>Dues/Memberships</td>
<td>750.00</td>
<td>816.66</td>
<td>(66.66)</td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>116.66</td>
<td>900.00</td>
<td>283.34</td>
<td></td>
</tr>
<tr>
<td>Advertising/Marketing</td>
<td>250.00</td>
<td>384.00</td>
<td>134.00</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>625.00</td>
<td>780.98</td>
<td>155.98</td>
<td></td>
</tr>
<tr>
<td>Legal Services</td>
<td>166.67</td>
<td>166.67</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Other Professional Services</td>
<td>633.33</td>
<td>633.33</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Annual Staff Retreat Expense</td>
<td>416.67</td>
<td>610.67</td>
<td>194.00</td>
<td></td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>416.67</td>
<td>610.67</td>
<td>194.00</td>
<td></td>
</tr>
<tr>
<td>Board Meeting Expense</td>
<td>291.67</td>
<td>291.67</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>USDA Interest Expense</td>
<td>590.00</td>
<td>590.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Microenterprise Interest Expense</td>
<td>181.85</td>
<td>181.85</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>RLF Management Contract Expense</td>
<td>83.33</td>
<td>83.33</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Loans Written Off</td>
<td>2,083.33</td>
<td>2,083.33</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Loans Forgivable Portion</td>
<td>20.00</td>
<td>20.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>42.00</td>
<td>0.00</td>
<td>42.00</td>
<td></td>
</tr>
<tr>
<td>Vehicle Maintenance</td>
<td>396.97</td>
<td>396.97</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>83,204.13</td>
<td>72,175.62</td>
<td>11,028.51</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period Budget</th>
<th>Current Period Actual</th>
<th>Total Budget</th>
<th>Remaining Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue Over (Under)</td>
<td>10,464.64</td>
<td>(20,681.98)</td>
<td>(10,217.34)</td>
<td></td>
</tr>
</tbody>
</table>

V. Treasurer's Report A.
NENEDD Board Agenda

Object: Staff Reports

Contact Person: See individual reports

For: Discussion

Background: Review of activities for period July – September 2019

Explanation: See attached individual reports
To: NENEDD Board of Directors

From: Thomas L. Higginbotham Jr. Executive Director

RE: Quarterly Activity Report – July, August, September 2019

- NENEDD/NED, Inc.
  - Overall management of organizations, programs and budgets

- NADO (National Association of Development Organizations)
  - Participated in NADO annual summer board meeting. Focus was on finalizing the strategic plan.

- EDA (Economic Development Administration)
  - Implementing and managing our CEDS scope of work
  - Attended EDA conference in Denver
  - Participated in NENEDD’s peer evaluation
  - Conducted a peer evaluation on a South Dakota EDD

- DED (Nebraska Department of Economic Development)
  - Continue communications with DED staff on community projects
  - General management & correspondence of NENEDD and NED, Inc grants
  - Working with DED management on a scope of work for potential fee for service activities

- Norfolk
  - Attended various resource team meeting hosted by City economic development department regarding potential economic development projects
  - Attend City of Norfolk subcommittee and council meetings as needed
  - Attend weekly Action Council meeting to discuss economic development projects
  - Continue working with City to inventory available lots and building for economic development projects
  - Assisting City in assessing what properties could qualify for Tax Increment Financing (TIF)

- Fremont
  - Participated on calls and emails regarding the administration of Fremont’s workforce housing funds.
  - We closed the four loan for the Fremont Rural Workforce Housing Program all the funds have been disbursed.
  - Attended the annual meeting of the Greater Fremont Development Corporation
o Nebraska Regional Officials Council (NROC).
  ▪ Participated in the NROC all staff conference in Holdrege. This conference is a best practices conference for EDD staff.
  ▪ Continue to work with NROC on Economic Development Administration (EDA) planning grant for a disaster coordinator.
  ▪ Participated in NROC conference calls and quarterly board of directors’ meetings.
  ▪ Continue to work with our lobbyist for next year’s session. We will focus on the land bank bill and NE incentive program as well as an additional $200,000 for next year’s budget.
To: NENEDD Board of Directors  
From: Tina M. Engelbart, Deputy Director  
RE: Quarterly Staff Report – July, August, September 2019

- **NENEDD/NED, Inc.**  
  - Overall management of organizations, programs, budgets and staff  
  - Met w/INSPRO representatives to discuss the potential of a group Dental/Vision Plan

- **EDA (Economic Development Administration)**  
  - Implementing goals of the current Comprehensive Economic Development Strategy (CEDS) scope of work  
  - Attended EDA-NADO Denver Regional Conference in Denver  
  - Participated in EDA Peer Evaluations

- **DED (Nebraska Department of Economic Development)**  
  - Continue communications w/DED staff on community projects  
  - General management & correspondence of NENEDD and NED, Inc grants

- **NADO (National Association of Development Organizations)**  
  - Kept apprised of current developments on Capitol Hill through email and the NADO newsletter

- **NHDA (Nebraska Housing Developers Association)**  
  - Participated in Board of Directors meetings/Governance & Policy Committee conference calls

- **NROC (Nebraska Regional Officials Council)**  
  - Participated in board meetings, conference calls/emails and discussions relating to legislation.  
  - Participated in annual All Staff Conference

- **Coldwell Banker Dover Realtors**  
  - Participated in weekly agent meetings as appropriate

- **SHRM (Society for Human Resource Management)**  
  - Passed the SHRM Exam to obtain my SHRM-Senior Certified Professional designation  
  - Participated in the Nebraska State Human Resource Conference

- **NAHRA (Norfolk Area Human Resources Association)**  
  - Participated in monthly membership and Board of Directors meetings

**Attended/Participated in:**  
- Participated in flood disaster recovery meetings with FEMA/NEMA  
- Attended the Governors Economic Development Summit in Lincoln
To: NENEDD Board of Directors

From: Lowell Schroeder, Community Planner

RE: Activity Report – July, August, & September 2019

Meetings/Conferences/Other Activities

- Continued discussions with area Economic Developers, resource providers, and community leaders regarding NAHTF disaster housing grants, flood recovery resources, and disaster recovery strategic planning
- Attended Northeast Network group meeting
- Provided input to other staff members regarding questions from communities
- Emails or calls to member Counties and communities regarding impacts of March flood event (Stanton County, Dodge County, Pierce County, Knox County, Colfax County, Osmond, Fremont, Inglewood, Stanton, Verdigre,)
- Attended NENEDD annual meeting and NROC training

Community Projects

- **Bloomfield**
  - Bloomfield Nebraska Affordable Housing Program grant application
    - Assisted contractor meeting and preparation of drawdowns
- **Creighton**
  - Creighton Downtown Revitalization Grant
    - DTR Committee meeting to discuss projects
    - Completed general grant administration duties
    - Conducted wage interviews with contractors
- **Dodge County**
  - Calls and meetings to develop and submit NAHTF Housing Disaster Funding for county-wide application which was funded to Greater Fremont Development Foundation $500,000.
  - Assisting with Emergent Threat CDBG application for Ames Dike repairs
- **Fremont**
  - NAHTF Fremont Area Habitat OOR/New Construction grant application was funded $500,000
  - Assisting with Emergent Threat CDBG application for levy repairs
  - Fremont Comprehensive Development (CD) Grant Year 1-Friendship Center
    - Contractor monitoring site visit and assist contractors with grant requirements
    - Completed general grant administration duties
    - Submitted required Project Status Reports and drawdowns
  - Fremont Downtown Revitalization Grant
    - Completed general grant administration duties
    - Submitted required Project Status Reports and drawdowns
- **Knox County**
  - Provide input to Knox County Development Agency on communities and potential projects
  - Met to discuss flood disaster resources and recovery strategic planning
  - Attended initial meeting of County-wide housing study and assisted with survey development
VI. Discussion Items A.

- **Madison**
  - Assisted with Transit Survey development
  - Prepared and submitted Public Works grant application
  - Madison 2017 CDBG Public Works Street and ADA Improvements
    - Completed general grant administration duties
    - Assisted Preservation Madison and ADA project Architect with requirements of final design
  - Prepared and submitted Public Works grant application
  - 2017 CDBG Public Works Street and ADA Improvements
  - Completed general grant administration duties

- **Neligh**
  - Met the “New Moon” theater restoration committee regarding potential resources
  - Neligh Downtown Revitalization Grant
    - Completed general grant administration duties including Submitted drawdowns and required Project Status Reports
    - Conducted wage interviews with contractors

- **Osmond**
  - Met to discuss flood disaster resources and recovery strategic planning

- **Pierce**
  - Meetings to discuss flood disaster resources, NAHTF housing disaster program, and recovery strategic planning
  - Meeting with Pierce Housing Committee to discuss NAHTF application process

- **Pierce County**
  - Prepared and submitted Pierce County Disaster Housing grant which was awarded $500,000

- **Plainview**
  - Prepared business survey for future DTR planning grant application.

- **Stanton**
  - Prepared business survey for future DTR planning grant application.

- **Walthill**
  - Prepare and submitted CDBG planning grant for public meeting facilities

- **Wausa**
  - Wausa Downtown Revitalization Grant
    - General grant administration duties
    - Conducted wage interviews with contractors
To: NENEDD Board of Directors
From: Jan Merrill, Community Planner
RE: Activity Report – July, August, September

Meetings/Conferences

Attended the Northeast Nebraska Economic Development District annual meeting.
Attended Riverfront Development Meeting at the Chamber monthly
Attended Nebraska Regional Officials Council 2-day conference in Holdrege

Community Projects

- Albion
  - Completed general grant administration duties
- Laurel
  - Attended meeting regarding Community Center options
  - Wrote a DTR Implementation Grant
- Lyons
  - Assisted the City with a Water/Wastewater grant
- Newcastle
  - Wrote a Public Works grant for a street improvements
  - Writing a DTR Planning Study Grant
- Norfolk
  - Norfolk Downtown Revitalization Grant
    - Completed general grant administration duties
    - Bid Opening for RiverPoint Square Contractor
  - Comprehensive Development Phase 2 Year 1 Grant and Phase 2 Year 2 Grant
    - Bid Opening for Contractor
    - Completed general grant administration duties
  - Tourism Development Grant
    - Bid Opening for Design Firm
    - Attended Open House for Public Comment regarding design of the Skatepark
    - Completed general grant administration duties
  - Meeting with Norfolk Riverfront committee
  - Writing a Peter Kiewit Grant
- St. Edward
  - Wrote a Public Works grant for the Community Center
- Wayne
  - Comprehensive Development Phase 2 Year 1 Grant
    - Completed general grant administration duties
  - Comprehensive Development Phase 2 Year 2 Grant
    - Completed general grant administration duties
  - Wrote a Public Works grant for a streets project
TO: NENEDD Board of Directors  
FROM: Mandy Gear, Community Planner  
DATE: September 25, 2019  
RE: Staff Report for July, August, September

Meetings/Conferences
- Attended monthly NE Nebraska network meetings
- Attended NROC conference in Holdrege
- Assisted with and attended NENEDD Annual meeting

Community Projects:
Columbus
- Attended Columbus Taskforce Housing meetings
- Worked with the City to submit DTR grant application for façade improvements including a downtown business survey of all business owners/tenants in the target area and updates to the City’s façade improvement program
- NWNEN began searching for properties for P/R/R activities for 16-CD-201; Contractor was chosen and approved by the Council for the 48th Avenue sewer project; Prepared and submitted LSE7; Construction and Davis Bacon monitoring is in progress
- Prepared and submitted contract extension documents for the 15th Street portion of the 16-CD-101 grant activities to be extended from November 8, 2019 to November 8, 2020
- Completed General Grant Administration duties for 16-CD-101 and 16-CD-201 listed in scope of services

Fordyce
- Worked with the Village to submit a 2019 Public Works application for street improvements

Oakdale
- Construction and Davis Bacon monitoring continued with wage interviews and certified payroll review
- Attended monthly project progress meetings
- Completed General Grant Administration duties for 16-WW-003 listed in scope of services

Pender
- Worked with the Village to complete and submit a 2019 DTR application
- Began conversations with Pender regarding a possible Disaster Recovery grant application and possible uses for their idle program income which include ADA sidewalks and work on their Senior Center

Schuyler
- Attended monthly Schuyler Housing Development Committee meetings
- Assisted JEO with a Planning grant application for Feasibility study following local flooding
- Obtained a General Administration contract and began ROF paperwork for Schuyler Planning grant utilized for evaluation of the performance of the City’s interior drainage system and recommendations for potential mitigation actions to reduce deficiencies and flood risks

Wynot
- Construction and Davis Bacon monitoring continued with wage interviews and review of certified payrolls
- Streets project was completed; Began closeout paperwork for grant 17-PW-010
• Completed General Grant Administration duties for 17-PW-010 listed in scope of services

**Fremont**
• Project design continues on 16-CD-202 for removal of architectural barriers
• Completed general administration duties for 16-CD-202 listed in scope of services

**Wakefield**
• Street engineer was selected and approved by the Council; contract negotiations are in progress
• Completed general administration duties for 18-PW-013 listed in scope of services

**Pierce**
• Conducted wage interviews on contractor and subs for Pierce well project; conducted Davis Bacon monitoring on certified payrolls; submitted additional wage classification request to NDEQ; project has been completed and closeout paperwork is in progress
• Project design continues by city appointed engineer Gilmore and Associates on DTR project
• Completed general administration duties for 18-DTR-102 listed in scope of services

**Emerson**
• Working with the Village on a random income survey; Village is currently 43.21% LMI; Emerson is hoping to utilize grant funds for street improvements, DTR, and a water system improvements

**Belden**
• Attended Board meeting to discuss membership benefits

**Tekamah**
• Attended a meeting in Tekamah to discuss DTR funding; Tekamah is working on a Comprehensive Plan and DTR Plan with Hanna:Keelan and hopes to apply for implementation funds in the next 2 years
To: Northeast Nebraska Economic Development District Board of Directors

From: Judy Joy, Housing Loan Specialist


OWNER/OCCUPIED HOUSING REHABILITATION (OOR)

NED Inc. and Community Reuse OOR Projects
- Contact applicants on regional waiting list for participation in the program.
- Process applications and determine income eligibility.
- Conduct Environmental Reviews on board approved projects.
- Monitor projects and maintain client files.
- Prepare loan documents for approved and completed projects.
- Owner/Occupied Rehabilitation projects completed, and files closed this quarter: 4

Village of Walthill 16-HO-15069
- Monitor projects and maintain client files.
- Prepare loan documents for approved and completed projects.
- Maintain individual client budget and total grant budget.
- Prepare drawdowns and submit to Nebraska Department of Economic Development for reimbursement of grant funds.
- Monitor the progress of the grant.
- Attend public hearing on results of the grant
- Prepare for grant monitoring
- Owner/Occupied Rehabilitation projects completed, and files closed this quarter: 2

RENTAL REHABILITATION PROJECTS

City of Madison 17-TFRH-15050
- Process contractor invoices.
- Prepare drawdowns and submit to Nebraska Department of Economic Development for reimbursement of grant funds.
- Monitor progress of grant.
- Preparation of documents for tenant applications and qualifications.
- Prepare tenant marketing information
- Correspondence with property owner.

City of Bloomfield 18-TFRH-35006
- Monitor progress of grant.
- Process contractor invoices.
- Prepare drawdowns and submit to Nebraska Department of Economic Development.

DIRECT HOMEOWNERSHIP ASSISTANCE (DHA)

NED Inc. Regional Reuse Funds – Funds have been expended
- Direct Homeownership Assistance loans closed in this quarter: 1

Fremont Area Habitat for Humanity – 19-TFHP-15062 (OOR and New Construction Activities)
- Attend contract negotiations
- Prepare guidelines for owner/occupied housing rehabilitation and new construction activities for special conditions for release of funds.

VI. Discussion Items A.
NEBRASKA AFFORDABLE HOUSING TRUST FUND DISASTER GRANTS

Pierce County 19-TFDR-15094
- Attend contract negotiations.

Greater Fremont Development Foundation 19-TFDR-15092
- Attend contract negotiations.

GENERAL HOUSING ACTIVITIES

- Reorganize files and delete files from server.
- Update Community reuse account budget sheets with information from bank statements.
- Reviewing community files for Deeds of Trust and Deeds of Reconveyance.
- Updates to manual for Housing Loan Specialist job duties and instructions for completing those duties.
- Review direct homebuyer assistance guidelines.
- Mail monthly housing administration invoices to communities.
- Compare fiscal officer’s element code balances to open grant budget balances.
- Provide updates to housing department’s project list.
- Prepare program income reports for communities.
- Update housing database for new grants.

MEETINGS/CONFERENCE CALLS

- NED, Inc. monthly board meetings.
- Attend Northeast Nebraska Economic Development, Inc.’s annual meeting
- Attend NeighborWorks Northeast Nebraska annual meeting
- Participate in conference calls regarding Nebraska Affordable Housing Trust Fund Disaster Fund grant applications.
To: NENEDD Board of Directors

From: Martin Griffith, Housing Specialist

RE: Activity Report – July, August, September

Meetings/Conferences

- Attended National Association of Home Builders local chapter monthly meetings
- Attended Ned, Inc and NENEDD board of Directors meetings
- Attended Community and Housing Board meetings
- Attended Schuyler Housing Development Committee meetings representing NENEDD as a consultant
- Attended Town Hall meetings
- Attended City of Norfolk Planning Commission & sub-committee meetings
- Attended Neighbor Works Northeast Nebraska 25th Anniversary celebration
- Attended Fremont Disaster Public Hearing
- Attended eight hour Certified Lead Renovators training class
- Attended NROC All Staff conference
- Attended contract negotiations with NDED for two awardees of disaster grants
- Attended 2nd Public Hearing for Walthill 16-HO-15069 Grant

Owner Occupied

- Sent application packets to interested individuals
- Processed applications
- Performed initial Housing Quality Standards inspections
- Prepared initial work and board write-ups
- Presented applicants to Board for approval/denial
- Conducted Tier II Environmental Reviews
- Ordered Title Searches
- Ordered Lead Based Paint Audits/Risk Assessments and Clearances
- Reviewed Lead Based Paint Risk Assessments and revised work write-ups accordingly
- Prepared bid specifications
- Filed and evaluated bids
- Conducted Pre-construction Conferences
- Prepared and issued construction contracts
- Conducted interim and final inspections of repairs
- Reviewed contractor invoices, verified work completed and authorized payment to contractors
- Maintained project files and budgets

Down Payment Assistance program

- Performed initial Housing Quality Standards inspections
- Prepared list of required repairs
- Performed verification of repairs
Ned, Inc Regional Reuse Program

- Completed rehabilitation of homes in Genoa, Fremont, and Bloomfield
- Initiated projects in the communities of Hartington, Crofton, Newman Grove, Plainview and two in Columbus
- Monitored progress on nine projects
- Verified work completed and authorized payments to contractors

Walthill 16-HO-15069 Grant

- Completed rehabilitation of three homes
- Monitored progress on three projects
- Verified work completed and authorized payments to contractors
- Conducted second Public Hearing

Community Reuse Programs

- Completed rehabilitation of homes in Fullerton, Bloomfield, Stanton
- Initiated projects in the communities of Columbus, Niobrara, Newman Grove, Verdigre, Hartington & Pierce
- Monitored progress on nine projects
- Verified work completed and authorized payments to contractors

Madison Rental Rehabilitation Grant

- Verified work completed for Drawdowns
- Monitored progress on project
- Attended monthly construction meetings

Bloomfield New Rental Construction Grant

- Monitored progress
- Verified work completed for Drawdowns
VI. Discussion Items A.
To: NENEDD Board of Directors  
From: Jeff Christensen, Business Loan Specialist  
Re: Activity Report – July, August, September 2019

- CDBG General Grant Administration Duties
  - 10-ED-009 (Business Park – Fremont)
  - 16-ED-003 (Brehmer Mfg. - Lyons) - Completed
  - 17-ED-005 (Columbus Hydraulics – Columbus)
- Project Monitoring
  - Dodge, Knox Co., Leigh, Madison Co., Platte Co. - CDBG RLF
- Directed Northeast RLF Committee Monthly Meetings
- Annual Site Visits
- Meetings with Banks to Discuss Business RLF Program
- Participated in Center for Rural Affairs Planning Meeting for Thurston County Food & Art Conference
- Participated in Midwest Renewable Capital Advisory Committee Meeting
- Updated NENEDD EDA RLF Plan, USDA-RE Work Plan, NENEDD/NED, Inc. RLF Guidelines and Procedures
- EDA Monitoring of RLF Files

Three Loans Were Closed:
- Home Town Grocery, Inc. – Crofton ($185,000 Knox County RLF/ NED, Inc. NDO)
- Kool Kats Sanitation – Beemer ($42,000 NENEDD EDA)
- Sibert Fitness, LLC – Norfolk ($122,500 NENEDD EDA)

Four Loans for Approval Tonight:
- Fired Up Fitness – Fullerton (Start-up)
- S2 Roll Offs, LLC – Fremont (Retention)
- Dendinger Drug, LLC – Plainview (Transition)
- Downtown Auto Service, LLC – Crofton (Expansion)

Loan Approved – To Be Closed:
- Midplanes Crane Works, LLC – Bancroft (Mid-October)
- Sound Works – Norfolk (9-30-19)

Potential Business Loan Projects:
- Service Station – Startup
- Sanitation Business (2) – Buy Existing/Expansion
- Monument Company – Startup
- Pharmacy – Retention
- Coffee Shop – Startup
- Auto Dealership – Expansion
- Hardware/Home Store – Startup
- Veterinary Clinic – Expansion
- Daycare (2) - Startup
- Ice Cream Shop - Expansion
- Manufacturing – Buy Existing
- Bar/Restaurant (2) – Startup
- Horse Training – Startup
- Car Wash – Startup
- Internet Company – Expansion

Abbreviations:
- CDBG – Community Development Block Grant
- DED – Nebraska Department of Economic Development Administration
- NDO – Non-Profit Development Organization
- EDA – Economic Development
- ED – Economic Development
- RLF – Revolving Loan Fund

VI. Discussion Items A.
VI. Discussion Items A.
To: NENEDD Board of Directors

From: Kristen Rosner, Fiscal Officer

RE: Activity Report – July, August, September

- Meetings/Conferences
  - Attended NENEDD’s annual meeting
  - Attended NeighborWorks anniversary celebration

- Reporting as required
  - NED, Inc.
    - RMAP Quarterly report
    - NDO semi-annual report
    - Housing program income reports
    - Notification of Annual Audit to Department of Economic Development
  - NENEDD
    - Payroll quarterly reports including 941, 941N, unemployment
    - EDA RLF Report
    - Housing program income reports
    - Business RLF program income reports on behalf of communities

- Loan Closings/Processing
  - Kool Katz Sanitation
  - Sibert Fitness
  - Sound Works

- Monthly and daily tasks of accounts payable, accounts receivable, payroll, loan payments, follow-up with loan clients, financial statements, invoicing for services, etc.

- Finished Procurement process for property insurance

- Assisting Housing Department with review of community Deeds of Trust.

- Audit field work was the week of September 3
Object: Appoint NENEDD representatives to LARM

Contact Person: Thomas L. Higginbotham Jr.

For: Action/Discussion

Background/Explanation: As a participation member we are allowed to appoint representatives so that we have voting rights at LARM member meetings.

Motion: Consideration for approval appointing Troy Uhlir to represent NENEDD at LARM member meetings and Thomas L. Higginbotham, Jr., Executive Director, as the alternate

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

Object: Approval to use of NENEDD’s general funds at 2% and secure a line of credit with BankFirst (not to exceed $500,000) to pay contractor bills related to housing grants

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:
NENEDD pays contractors on behalf of the community for housing grants for some communities. The community reimburses NENEDD after receiving the funds through the grant drawdown. This process can take 20 to 45 days depending on timing. In the past NENEDD has used a line of credit to meet these obligations however that line of credit has expired and for the last couple of years NENEDD has used its general funds (at no cost to the grantee) to meet the obligations.

Explanation:
NENEDD staff would like to continue the process of paying housing contractors directly. Due to the disaster grants being funded and future potential housing grants, we would like to have a line of credit available due to the large dollar amounts. NENEDD assisted Pierce County and Greater Fremont Development Foundation in applying for Nebraska Affordable Housing Trust Funds for disaster recovery. Both grants were awarded $500,000 each.

NENEDD would like to continue to pay contractors on behalf of the grantee with general funds at a 2% charge (interest on our saving and checking) which will be invoiced to the grant. If contractor obligations are too large to utilize NENEDD’s general funds, the line of credit will be utilized. The line of credit will help cash flow, as both grants have the same timeline. The interest is an eligible general administration expense and will be invoiced to the community for reimbursement through the grant. Interest will be set according to the current prime rate (5.25% on 9/17/19). There is no fee for the line of credit.

Motion: Consideration to approve the use of NENEDD’s general funds at 2% and secure a line of credit with BankFirst (not to exceed $500,000) to pay contractor bills.
Object: Approve a $120,000 loan to Dendinger Drug, LLC – Plainview
Ashley Dendinger, Member

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background:
Loan Applicant: Dendinger Drug, LLC, d/b/a Plainview Family Pharmacy – Plainview
Ashley Dendinger, Member

I. Project Overview and Description:
Ashley and Forrest Dendinger have formed Dendinger Drug, LLC and are planning the purchase of Plainview Family Pharmacy located at 103 South Main in Plainview. Ashley is the sole member of the LLC. The purchase includes the building/real estate and entire pharmacy contents and pharmacy business which includes prescription medication, including generic equivalents, over the counter products including herbal medications, essential oils, nutritional foods and high calorie drinks like Ensure or Boost, vitamins and minerals, home health care aids, sports medicine equipment and supplies, greeting cards, unique gifts, photo processing, and home décor. It’s a very nice pharmacy; clean and well lit; right on main Street; ½ block across from the CHI Hospital & Clinic.

Traffic flow around and leading into the pharmacy parking area is adequate and unimpeded. The pharmacy is located on two lots and features a drive-thru pick up lane. The pharmacy has been in business for over 35 years with a designated trade area of a 30 mile radius. Ashley intends to keep the same staff of two pharmacy technicians, one front end cashier and one part time relief pharmacist. Additional personnel will be added as needed.

The total project costs are $426,550. This includes $319,400 to purchase the building, inventory, furniture, fixtures, & equipment, $32,150 for fees and goodwill, and a $75,000 operating line of credit. The Dendingers and Security Bank are requesting that NENEDD provide a loan in the amount of $120,000 for the purchase of the Plainview Family Pharmacy. The Bank has approved two loans not to exceed $245,000 which includes the $75,000 line of credit. The Dendingers will inject $36,550 cash. The City of Plainview will lend $25,000 for the project from their USDA Rural Development Business Grant. The project will maintain all current employees in addition to themselves for a total of five jobs.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Bank</th>
<th>NENEDD</th>
<th>Plainview RDBG</th>
<th>Equity</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Real Estate/Building</td>
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<td>$23,315</td>
<td>$4,857</td>
<td>$6,800</td>
<td>$68,000</td>
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<tr>
<td>Inventory</td>
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<td>$57,600</td>
<td>$12,000</td>
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<td>$168,000</td>
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<tr>
<td>Equipment</td>
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<td>$23,451</td>
<td>$4,886</td>
<td>$6,840</td>
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<td>Furniture/Fixtures</td>
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<td>$5,143</td>
<td>$1,071</td>
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<td>Fees/Goodwill</td>
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<td>$10,491</td>
<td>$2,186</td>
<td>$4,610</td>
<td>$32,150</td>
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<tr>
<td>Line of Credit</td>
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<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>$75,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$245,000</td>
<td>$120,000</td>
<td>$25,000</td>
<td>$36,550</td>
<td>$426,550</td>
</tr>
</tbody>
</table>

VII. Action Items C.
Explanation:

Proposed Loan Package and Related Collateral:

Security Bank in Hartington has approved a loan of up to $170,000 for this project and a $75,000 line of credit. The term loan will be set up as a regular real estate/commercial loan, fully amortized over a 15-year term at an interest rate of 6.50% (5 year variable). In addition to a first deed of trust on the property at 103 South Main in Plainview, they will require a blanket security agreement and UCC on all assets of the business.

NENEDD will lend Dendinger Drug, LLC $120,000 to purchase Plainview Family Pharmacy in Plainview. This loan will have a term of 15 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate (2nd) lien position on the real estate and business personal property and personal guaranty from Ashley & Forrest Dendinger. NENEDD will also file a Deed of Trust on the Dendinger’s personal residences in Hartington and require an assignment of life insurance from Ashley for the amount of the loan for the life of the loan.

The City of Plainview will lend $25,000 from its Rural Development Business Grant at 6.50% for 15 years which will be subordinate to the bank and NENEDD.

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 $120,000 loan to Dendinger Drug, LLC to purchase the Plainview Family Pharmacy as recommended by NENEDD staff and the Northeast RLF Committee.
**Object:** Approve NENEDD’s 2019 EDA RLF Plan and updated RLF Guidelines

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

**For:** Action

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**Background:** NENEDD & 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. The 20- and 10-year SBA term loans are also still in place. SBA’s rules state that no other loans be paid off faster than the SBA loan. The exceptions might be TIF and/or CBDG funds on a 20-year term, and a bank loan of 20 years in conjunction with a 25-year 504 loan. There are many times on larger projects, where a SBA loan is part of the financing package in which NENEDD/NED, Inc. provides a loan. We did verify that NENEDD/NED, Inc. would not be allowed to have a 20-year loan in conjunction with a 25-year SBA 504 loan. This is noted in SBA’s SOP 50-10-5, page 272, and 13 CFR 120.912 page 306.

NENEDD’s EDA RLF plan was last updated in September 2013. EDA requires it to be updated every five years. However, an extension was granted until 9-30-19, to correspond to the CEDS being updated. The last update included these changes:
- Increased lending limit per job from $20,000 to $35,000
- Increased standard total loan lending limit from $100,000 to $200,000
- Increased maximum lending term from 15 years to 20 years

Current interest rates are fixed at:
- 4.00% up to a 5-year term
- 4.50% over 5 years, up to 10 years
- 5.00% over 10 years, up to 15 years
- 5.50% over 15 years, up to 20 years

Here are samples Kristen prepared with increasing interest rate for a 25-year term:

<table>
<thead>
<tr>
<th>20-year Loan</th>
<th>Total Interest Paid at 5.50%</th>
<th>Total Interest Paid at 6.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>$32,547.18</td>
<td>$35,970.84</td>
</tr>
<tr>
<td>100,000</td>
<td>$65,092.46</td>
<td>$71,943.81</td>
</tr>
<tr>
<td>150,000</td>
<td>$97,639.63</td>
<td>$107,914.66</td>
</tr>
<tr>
<td>200,000</td>
<td>$130,186.81</td>
<td>$143,887.30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>25-year Loan</th>
<th>Total Interest Paid at 5.50%</th>
<th>Total Interest Paid at 6.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>$42,114.55</td>
<td>$46,645.60</td>
</tr>
<tr>
<td>100,000</td>
<td>$84,225.43</td>
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<tr>
<td>150,000</td>
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<tr>
<td>200,000</td>
<td>$168,454.14</td>
<td>$186,582.07</td>
</tr>
</tbody>
</table>
**Explanation:** NENEDD and NED, Inc. has several funding sources used for lending. NENEDD needs to update the RLF Plan for the Economic Development Administration (EDA) and overall guidelines. The proposed 2019 EDA RLF Plan and RLF Guidelines are included. The RLF Guidelines are provided to all loan applicants and is a combination for all funding sources. The updated 2019 EDA RLF Plan must be submitted to the EDA Regional office in Denver by the end of September. There is only one change being proposed; increasing the loan term to a maximum of 25 years. This is noted on page 7 of the proposed RLF Guidelines and page 10 of the 2019 EDA RLF Plan. This includes increasing the interest rate an additional ½% for a 25-year term. (6.00%) Both also acknowledge the use of 0.00% interest loans for businesses that have been affected by disasters, such as flooding, which occurs in federally and/or state-wide declared disaster areas.

NENEDD staff and the Northeast RLF Committee are recommending the approval of the 2019 EDA RLF Plan and the updated RLF Guidelines.

**Motion:** Consideration for approval of NENEDD’s 2019 EDA RLF Plan and updated RLF Guidelines as recommended by NENEDD staff and the Northeast RLF Committee.

CEDS – Comprehensive Economic Development Strategy  
CFR – Code of Federal Regulations  
EDA – Economic Development Administration  
RLF – Revolving Loan Fund  
SBA – Small Business Administration  
SOP – Standard Operating Procedure
ECONOMIC DEVELOPMENT ADMINISTRATION

REVOLVING LOAN FUND PLAN
(EDA RLF)

ADOPTED

September 25, 2019

________________________

Rich Jablonski, NENEDD Chairman
PART I: THE REVOLVING LOAN FUND STRATEGY

ECONOMIC ADJUSTMENT OVERVIEW
The board of directors and staff of the Northeast Nebraska Economic Development District (NENEDD) brought together a diverse group of citizens from Northeast Nebraska to develop the Comprehensive Economic Development Strategy (CEDS) through the analysis of existing conditions affecting the area’s economy and quality of life and developing a plan to improve conditions in the future. NENEDD’s sister organization, Northeast Economic Development, Inc. (NED, Inc.) board members of were also involved in the CEDS process.

With the NENEDD and NED, Inc. board of directors acting as the steering committee, the first step in the CEDS process was to survey the region to identify existing conditions affecting the area. An on-line survey was conducted in 2018 throughout NENEDD’s 16 county region to assist in addressing the needs of the area. Once the on-line survey results were tabulated, a series of town hall meetings were held throughout the region to discuss the results of the survey and identify any additional needs. From those results, the CEDS committee and NENEDD staff developed a list of goals and objectives to address the issues in the region.

Through this process, the CEDS committee identified many elements that affect our local economy. Several challenges were identified. A plan of action for Northeast Nebraska, developed by the committee, addresses the needs to diversify and strengthen NENEDD’s regional economy, encourage economic development and job creation/retention throughout Northeast Nebraska, continue to provide technical planning assistance in community development activities, assist members in identifying available federal, state, local and private resources to provide safe, affordable, quality housing in Northeast Nebraska, and assist members in identifying available federal, state, local and private resources to help with flooding recovery efforts. The goals and objectives could only be met through the combined efforts of many citizens and organizations. The board of directors and staff of NENEDD have focused their efforts toward the fulfillment of the development plan by maximizing resources in the region.

NENEDD’s RLF Plan will address the following challenges directly impacting the NENEDD economy:
- Lack of financial incentives for businesses
- Loss of small businesses (retail and service)
- Quality of employment opportunities
- Disaster assistance

The current RLF Plan was updated in 2013 to offer additional financial incentives for businesses. These changes were 1) amount of funds available for each job being created/retained - increased from $20,000 to $35,000 for each job being created/retained; 2) amount of total funding for a project - increased from $100,000 to $200,000; 3) term of financing available – increased from 15 years to 20 years. The term of financing available was extended to 20 years due to the fact that when SBA provides a portion of the financing and NENEDD provides “gap” financing, SBA requires the term to match that of the SBA portion of financing. This is applied to all loans if required by SBA. These changes lead to increased loan volume and widened the size of businesses utilizing the EDA RLF as NENEDD was able to assist larger businesses with their financing. As the RLF capital base grows, NENEDD
may consider amending the RLF plan to increase the maximum allowable loan size.

The RLF Plan continues to provide funding for start-up and existing businesses wanting to expand, that will create and/or retain quality jobs, especially with the potential of more advanced technology jobs. The RLF plan will be adjusted (when applicable) in response to the changing economic and market changes with prior EDA approval.

From 2012 to 2018, statistics show there has been less than 1% (.4%) loss of small businesses in the NENEDD RLF service area; 9,719 in 2012 to 9,684 in 2018. However, the number of employees increased by 1.6% from 2012 to 2018; 119,931 in 2012 to 121,778 in 2018. NENEDD’s RLF Plan will continue to provide funding to increase the number of small businesses in the area. This includes retail and service businesses.

The CEDS was developed for the 16 NENEDD counties of Antelope, Boone, Burt, Cedar, Colfax, Cuming, Dixon, Dodge, Knox, Madison, Nance, Pierce, Platte, Stanton, Thurston and Wayne. The RLF Plan is utilized in these 16 counties, as well as six counties in north central Nebraska (Boyd, Brown, Cherry, Holt, Keya Paha, and Rock), one in the SIMPCO area (Dakota County), and one in the MAPA region (Washington County). This is 24 counties total. Other eligible lending areas may be added to NENEDD’s lending area with EDA’s prior written approval.

NENEDD currently employs ten full-time staff which include an Executive Director, Deputy Director, three Community Planners, two Housing Specialists, one Business Loan Specialist, Fiscal Officer, and Administrative Assistant. The Business Loan Specialist is a certified Economic Development Finance Professional (EDFP) and Accredited Business Planning Advisor (ABPA).

Total population of NENEDD’s RLF Plan area in northeast and north central Nebraska decreased only 0.6% in population since the last census (2010 – 2018). Seven of the 24 counties experienced an increase in population, with Thurston County enjoying the highest percentage increase (+5.0%) Seventeen counties suffered from a decrease in population between the 2010 and 2018 estimated population. Rock County suffered the worst loss in population (-12.4%).
Source: https://www.census.gov/quickfacts/fact/table/

Per capita income in the NENEDD RLF service area had historically been lower than the State average. The state average during the 12 months in 2017 (in 2017 dollars) was $29,866 while the average in NENEDD’s RLF service area was $27,588. Fifteen EDA RLF service area counties’ per capita incomes were lower than the State average and ranged from $19,380 in Thurston County to $33,867 in Rock County. According to QuickFacts from the US Census Bureau, the Median Household income (MHI in Nebraska in 2017 was $59,970 while the average MHI in NENEDD’s RLF service area was $52,387. This ranged from a low of $42,773 in Brown County to $66,485 in Washington. Only one NENEDD RLF county exceeded the State MHI.
Source: (http://quickfacts.census.gov/qfd/states),

The following is a chart showing the change in retail sales in 2012 compared to 2018 for the 24 counties in the NENEDD EDA RLF service area.
VII. Action Items D.

and Platte (558) counties have the highest number of unemployed persons, with Thurston’s total rate of unemployment was 3.2% or 4,723 persons. Northeast Nebraska’s entire labor force is As of July 2019, Nebraska’s unemployment rate was 3.1%. In the NENEDD RLF service area, the county’s trade capture (the ability to bring more dollars from outside into the county). pull factors (the relative market share of retailing captured by a county over time) and the need for more small businesses. Increasing the number of small businesses could increase the amount of retail sales at $675,074. Six of the 24 counties had lower retail sales in 2018 compared to 2012. In terms of retail sales per capita, Madison County was also the highest at $8,939. Stanton County had the lowest retail sales per capita at only $584 and Keya Paha was comparable at $833. Both counties had retail sales per capita that are significantly lower than the NENEDD RLF service area as a whole (average of $4,965). Having such a lower retail sales per capita figure could indicate the need for more small businesses. Increasing the number of small businesses could increase the counties pull factors (the relative market share of retailing captured by a county over time) and the county’s trade capture (the ability to bring more dollars from outside into the county).

As of July 2019, Nebraska’s unemployment rate was 3.1%. In the NENEDD RLF service area, the total rate of unemployment was 3.2% or 4,723 persons. Northeast Nebraska’s entire labor force is comprised of 145,869 individuals with 141,146 of them employed. Madison (654), Dodge (625), and Platte (558) counties have the highest number of unemployed persons, with Thurston’s unemployment rate of 5.3% being the highest in the NENEDD RLF area. The need for new business

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>2012 Retail Sales</th>
<th>2018 Retail Sales</th>
<th>CHANGE</th>
<th>2018 retail sales per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antelope</td>
<td>$21,932,326</td>
<td>$19,063,914</td>
<td>86.9%</td>
<td>$3,009</td>
</tr>
<tr>
<td>Boone</td>
<td>$31,034,969</td>
<td>$35,523,321</td>
<td>114.5%</td>
<td>$6,781</td>
</tr>
<tr>
<td>Boyd</td>
<td>$3,242,860</td>
<td>$4,104,646</td>
<td>126.6%</td>
<td>$2,100</td>
</tr>
<tr>
<td>Brown</td>
<td>$20,344,035</td>
<td>$18,156,388</td>
<td>89.2%</td>
<td>$6,107</td>
</tr>
<tr>
<td>Burt</td>
<td>$12,319,194</td>
<td>$13,633,601</td>
<td>110.7%</td>
<td>$2,101</td>
</tr>
<tr>
<td>Cedar</td>
<td>$22,589,169</td>
<td>$25,042,270</td>
<td>110.9%</td>
<td>$2,965</td>
</tr>
<tr>
<td>Cherry</td>
<td>$26,081,023</td>
<td>$31,808,914</td>
<td>122.0%</td>
<td>$5,521</td>
</tr>
<tr>
<td>Colfax</td>
<td>$24,402,267</td>
<td>$25,032,008</td>
<td>102.6%</td>
<td>$2,301</td>
</tr>
<tr>
<td>Cuming</td>
<td>$24,847,867</td>
<td>$28,782,833</td>
<td>115.8%</td>
<td>$3,220</td>
</tr>
<tr>
<td>Dakota</td>
<td>$75,753,667</td>
<td>$88,835,873</td>
<td>117.3%</td>
<td>$4,423</td>
</tr>
<tr>
<td>Dixon</td>
<td>$4,348,799</td>
<td>$7,225,929</td>
<td>166.2%</td>
<td>$1,266</td>
</tr>
<tr>
<td>Dodge</td>
<td>$226,331,525</td>
<td>$271,522,210</td>
<td>120.0%</td>
<td>$7,380</td>
</tr>
<tr>
<td>Holt</td>
<td>$47,807,311</td>
<td>$43,389,394</td>
<td>90.8%</td>
<td>$4,263</td>
</tr>
<tr>
<td>Keya Paha</td>
<td>$537,939</td>
<td>$675,074</td>
<td>125.5%</td>
<td>$833</td>
</tr>
<tr>
<td>Knox</td>
<td>$21,335,665</td>
<td>$24,680,939</td>
<td>115.7%</td>
<td>$2,932</td>
</tr>
<tr>
<td>Madison</td>
<td>$317,177,625</td>
<td>$316,356,006</td>
<td>99.7%</td>
<td>$8,939</td>
</tr>
<tr>
<td>Nance</td>
<td>$5,330,809</td>
<td>$5,938,672</td>
<td>111.4%</td>
<td>$1,681</td>
</tr>
<tr>
<td>Pierce</td>
<td>$12,497,910</td>
<td>$13,659,075</td>
<td>109.3%</td>
<td>$1,913</td>
</tr>
<tr>
<td>Platte</td>
<td>$202,104,263</td>
<td>$217,039,484</td>
<td>107.4%</td>
<td>$6,505</td>
</tr>
<tr>
<td>Rock</td>
<td>$3,270,724</td>
<td>$2,930,034</td>
<td>89.6%</td>
<td>$2,154</td>
</tr>
<tr>
<td>Stanton</td>
<td>$3,409,009</td>
<td>$3,486,778</td>
<td>102.3%</td>
<td>$584</td>
</tr>
<tr>
<td>Thurston</td>
<td>$7,646,347</td>
<td>$7,513,667</td>
<td>98.3%</td>
<td>$1,029</td>
</tr>
<tr>
<td>Washington</td>
<td>$62,999,601</td>
<td>$77,238,428</td>
<td>122.6%</td>
<td>$3,737</td>
</tr>
<tr>
<td>Wayne</td>
<td>$21,419,767</td>
<td>$24,975,073</td>
<td>116.6%</td>
<td>$2,656</td>
</tr>
</tbody>
</table>

Source: [http://revenue.nebraska.gov/research/salestax_data.html](http://revenue.nebraska.gov/research/salestax_data.html)
and subsequent employment in Thurston county is higher than any other county in the District. Antelope, Boone and Nance counties have the lowest rates of unemployment (2.7%) in the NENEDD RLF service area. Six of the 24 counties showed unemployment rates higher than NENEDD’s RLF service area coverage.

In 2018, the three industries that employed the most people, according to the NEworks Nebraska Department of Labor, were Healthcare and Social Assistance (1,428 establishments), Retail Trade (1,116), and Construction (1,004). Followed by Transportation and Warehousing (723) and Wholesale Trade (606), Agriculture, Fishing, Forestry, Hunting (605), and Other Services Excluding Public Administration (602).

As of 2012, Madison (1,478), Platte (1,181), and Dodge (1,179) counties had the greatest number of business establishments versus any other county. In 2018, the three counties with the greatest number of business establishments are Madison (1,486), Dodge (1,178), and Platte (1,176). Rock (61) and Keya Paha (32) counties have the smallest number in 2018.

In 2012, Madison County had the largest number of business establishment employees (21,062) followed by Platte County (19,196). Keya Paha County had the lowest number of business establishments (31) and the fewest employees (132). In 2018, the three counties with the largest establishment employees are Madison (21,733), Platte (19,009) and Dodge (17,298). Keya Paha (142) and Rock (486) have the least number of employees. Source: Nebraska Department of Labor, Labor Market Information, Quarterly Census of Employment and Wages.

NENEDD is the entity responsible for the implementation and on-going management of the EDA RLF program. Designed initially as an economic development facilitator, NENEDD started operations in 1977 to serve Northeast Nebraska. NENEDD’s first objective was to provide a series of meetings between communities in the area where common goals, objectives and problems could be discussed. The organization’s founders believed the region’s communities should work together because of their shared economic base. Over the years, the CEDS has been updated to meet the ongoing challenges throughout the region. NENEDD’s RLF has been instrumental in meeting the current goals and objectives.

One Goal Statement in NENEDD’s 2019 CEDS Strategy related to Business and Industry in the Evaluation Framework is “Encourage economic development and job creation/retention throughout Northeast Nebraska.” Objectives are to a.) assist in the coordination of entrepreneurial training programs for existing and new businesses, including minorities to help foster the creation and retention of higher paying jobs; b.) Assist in marketing and recruitment of new business/industry; c.) Assist in the implementing job creation projects and programs, especially as they may relate to applying for EDA assistance and carrying out the projects and programs funded with such assistance; and d.) encourage the creation of additional business and industrial parks and assist in identifying the resources needed for the construction of the needed infrastructure to adequately supply these parks.

NENEDD staff promotes entrepreneurship at public meetings, through social media, news briefs, in meetings with local lenders and participating and presenting at local business expos. As part of the entrepreneurial promotion, NENEDD staff provides credit-based technical assistance and/or training
which consist of one-on-one technical assistance (T/A) to each business client. This T/A consists of but is not limited to personal credit counseling, one-on-one business plan development required for loan packaging, delinquency counseling and delinquency monitoring including cash flow and business plan assistance, access to markets assistance, and e-commerce assistance. Classroom trainings have also been provided for businesses that need legal assistance in formation of their business, such as sole proprietor, general and limited partnerships, C & S corporations, LLC, etc. At the same time, NENEDD utilizes existing incentive programs such as low interest loans and promote entrepreneurship within communities.

Evaluation indicators are “Job creation/retention in the region and significant private and public sector investment.” NENEDD’s EDA RLF program has been successful in addressing these goals in the form of financing and technical assistance provided throughout the region. The following are statistics of NENEDD’s EDA RLF and NENEDD’s entire loan portfolio including all funds.

<table>
<thead>
<tr>
<th></th>
<th># of loans</th>
<th># of jobs</th>
<th>Total lending</th>
<th>Total private investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDA RLF</td>
<td>113</td>
<td>806</td>
<td>$7,030,029</td>
<td>$39,654,806</td>
</tr>
<tr>
<td>NENEDD TOTAL</td>
<td>239</td>
<td>1,488</td>
<td>$12,693,839</td>
<td>$80,833,087</td>
</tr>
</tbody>
</table>

Another Goal Statement in NENEDD’s 2019 CEDS Strategy related to Flooding in its Evaluation Framework is to “Assist members in identifying available federal, state, local and private resources to help with the recovery efforts.” NENEDD has the fortunate opportunity to utilize and partner with other organizations and funding sources that provide financing in certain situations that the NENEDD EDA RLF cannot be used. This is especially important as it relates to disaster assistance. NENEDD has a sister organization, Northeast Economic Development, Inc. (NED, Inc.), which contracts with NENEDD staff to administer its business loan program. NED, Inc. has USDA and defederalized CDBG funds that can be used specifically for 0.00% loans for businesses that have been affected by disasters such as flooding which occurred in federally and/or state-wide declared disaster areas.

Evaluation indicators are “Business programs will assist businesses in the region affected by the flooding.” NENEDD’s sister organization, NED, Inc., has provided 0.00% disaster loans to three businesses in 2019 alone and will continue to offer this as the need arises.

**BUSINESS DEVELOPMENT STRATEGY**

**Financing Strategy**

NENEDD started its EDA RLF program in 1996 followed by re-capitalizing in 1998. The two funds were consolidated in 2006.

The objective of NENEDD’s RLF is to provide “gap” financing for start-up and existing businesses that cannot obtain sufficient conventional financing or to attract new businesses within the NENEDD service area. The RLF 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 RLF 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 then help the redevelopment of vacant or blighted buildings and land in the area. NENEDD’s “gap” financing will assist businesses in many ways such as diversifying manufacturing capacity that lead to new products that add value to meet changing needs for farmers or rural businesses and increasing capacity to supply parts and services for other local manufacturers. NENEDD RLF will also fill the unmet need for financing high growth/high technology business start-ups.

The RLF provides funding at rates and terms to enhance the chances for success of worthy projects. In many cases, conventional financing sources do not provide complete financing necessary to launch a project. The RLF is an ideal tool to close this financing gap. This is reinforced by a Small Business Needs Assessment done in December 2016 by the Center for Rural Affairs for its Rural Enterprise Assistance Project. The number one difficulty identified in the assessment was “lack of start-up cash” followed by “marketing”, “lack of business finance knowledge” and “obtaining financing from a traditional lender”.  

In times of sudden and severe economic distress, such as when a very large employer is closed, it is often necessary to use as many resources as possible to recruit an industry. NENEDD’s RLF will often be a piece of a wide variety of financing options such as bank financing, tax increment financing (TIF), Community Development Block Grant (CDBG), USDA, SBA, local sales tax option, and owner carry-back (owner financing).

Demand for NENEDD’s RLF is enhanced because of Nebraska Department of Economic Development (DED) guidelines for its CDBG programs. Funds from this program are primarily used for business retention and expansion of industrial manufacturers as outlined in the Nebraska Advantage Act http://www.revenue.nebraska.gov/incentiv/neb_adv/312_info.html. DED and NENEDD have developed a very good working relationship through the years. DED staff refers several projects a year, creating a greater demand for NENEDD funds. DED prefers to utilize NENEDD’s RLF before tapping into CDBG funds for the northeast and north central regions of Nebraska. In addition, since DED funds cannot be used for retail or service sector projects the state staff refer all of those projects to NENEDD. Without NENEDD’s RLF, there would be few other resources available to retail and service businesses.

NENEDD’s RLF clients and perspective clients have a wide variety of characteristics; generally, anywhere from 1 to 100 employees (usually 3-10 employees); startups to established businesses; sole proprietors, LLC, S & C Corporations; manufacturing to food processing and boat covers to dental offices. The businesses that NENEDD does not lend are for production agriculture such as cattle yards, swine confinements, or row crop production unless it is related to value added production. NENEDD’s EDA RLF will not be used by not-for-profit organizations.

NENEDD conducts a Bank Survey on a regular basis in its service area. A 2019 survey was completed of 193 commercial lending institutions. 89.5% of those that responded indicated there is a need for subordinated gap financing for large and small businesses in the northeast and north central region. 94.7% of the respondents 1) indicated that the clients they talk to need technical assistance such as preparing business plans, conducting market research, analyzing business conditions and economic trends, and determining enterprise feasibility, and 2) said they would or have made referrals...
to our program totaling approximately 165 referrals in the past 12 months. The financial institutions also indicated there was a potential for over two hundred referrals to the Revolving Loan Fund (RLF) loan program in the next 24 months.

Eligible Businesses
The NENEDD Board of Directors, as recommended by the NENEDD staff, has identified and approved the following types of for profit businesses that would be eligible for the NENEDD RLF Plan:

• 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
• The administrative management of any activities, including headquarter facilities relating to such activities only when jobs are created and/or retained. In the case where the loan will impact job retention, the borrower must demonstrate how many jobs will be lost without the loan. Financial records must be provided to NENEDD to support this claim.

This list may change as identified by the NENEDD Board of Directors

Eligible Activities in accordance with 13 C.F.R. 307.17(b)

• Acquisition of real estate and buildings
• Construction or renovation of real estate either leased or owned
• Acquisition of machinery, equipment, property or services
• Working Capital
• Public Infrastructure (streets, water, sewer, electrical) necessary to accommodate businesses (only if jobs are created/retained)
• Administration costs related to servicing NENEDD’s RLF Program as allowed in accordance with 13 C.F.R. 307.12

Portfolio Targets
The RLF 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 and north central Nebraska. Loans will only be available to individuals, businesses and companies located in or expanding into the 24-county area of northeast and north central Nebraska. The applicant must identify sources of private financing.

Portfolio standards of the RLF are as follows:
• 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 RLF portfolio
• Generally, RLF funding may not represent more than 40% of the total costs
• The RLF funding must be necessary and appropriate based upon a review of other possible financing assistance
• The RLF funding is reasonable in relation to the achieved public benefit
• The RLF 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 – such as hog confinements, cattle yards, and row crops like corn and soybeans
• Loans typically range from $5,000 to $200,000
• Loans larger than $200,000 will be considered based on job creation to encourage a business, which offers its employees above average wages for the county, to locate or expand into NENEDD’s service area. Loans greater than $200,000 will not exceed 25% of the RLF capital base to any one borrower. EDA will be provided a summary of the terms of the loan at the time the application is received.
• Maximum loan size for any business will not exceed 25% of the RLF capital base to any one borrower.
• Job Pirating will not be allowed in any instance.

Credit not otherwise available
NENEDD is not in the business to replace bank financing. A letter from a primary lending institution will be required to either ask NENEDD to 1) provide some of the financing, due to bank lending policies and/or limitations or 2) provide a turn-down letter. In addition to the required selection criterion that financing is not otherwise available, NENEDD will primarily consider the number of jobs created or retained, the fixed assets of the project, the amount of private leveraging, the potential benefits to existing business and industry and the type and value of collateral.

Other programs and activities
As mentioned previously, NENEDD has the fortunate opportunity to utilize and partner with other organizations and funding sources that provide financing in certain situations that the NENEDD EDA RLF cannot be used. This is especially important as it relates to disaster assistance. NENEDD has a sister organization, Northeast Economic Development, Inc. (NED, Inc.), which contracts with NENEDD staff to administer its business loan program. NED, Inc. has USDA and defederalized CDBG funds that can be used specifically for 0.00% loans for businesses that have been affected by disasters such as flooding which occurred in federally and/or state-wide declared disaster areas.

In addition to NED, Inc., NENEDD often partners with other organizations to provide financing and/or technical assistance needed for small businesses in northeast and north central Nebraska. These include, the Rural Enterprise Assistance Project (REAP), through the Center for Rural Affairs, Nebraska Enterprise Fund, local economic development programs, and the Nebraska Business Development Center.

Performance Assessment
The RLF standards will be reviewed by the NENEDD Board of Directors with staff at least annually to insure it is consistent with and supportive of the area’s current economic adjustment strategy and is operated in accordance with the policies and procedures. The RLF plan will be updated in conjunction with the CEDS at least every five years.

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 now not exceed 25 years. There are many times on larger projects where a Small Business Administration (SBA) loan is part of the financing package in which NENEDD provides a loan. SBA 504 loans can now be termed out to 25 years. SBA’s rules state that no other loans be paid off faster than the SBA loan. We did verify that NENEDD would not be allowed to have a 20 year loan in conjunction with a 25 year SBA 504 loan. The term must be reasonable and prudent considering the purpose of the loan, expected repayment ability of the ultimate recipient, and the useful life of collateral.

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 25 years. The term must be reasonable and prudent considering the purpose of the loan, expected repayment ability of the ultimate recipient, and the useful life of collateral. 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 of twenty-five (25) years.

The minimum interest rate will be four (4) percentage points below the lesser of the current money center prime rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event may the interest rate be less than four (4) percent or 75 percent of the prime interest rate listed in the Wall Street Journal. However, should the prime interest rate listed in the Wall Street Journal exceed fourteen (14) percent, the minimum RLF interest rate is not required to be raised above ten (10) percent if doing so compromises the ability of NENEDD to implement its financing strategy.

FEES AND CHARGES

Loan Processing Fees
NENEDD 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 RLF Committee for their review. The fee is $1,000 or 1% of the loan request, with a minimum of $200.00. This fee will be used to reimburse NENEDD for out-of-pocket expenses incurred in researching, preparing and submitting the loan package for a loan. If staff feels that NENEDD is not able to provide financial assistance, the processing fee will not be collected. Once a loan has been reviewed by the RLF Committee and the loan is denied, NENEDD reserves the right to refund a portion of the fee if it exceeds the costs of actual incurred costs of the loan packaging.

Servicing Fee
In addition to the above and foregoing fee, the client further agrees to pay 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 NENEDD pursuant to the terms and provisions of the loan.

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.

**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.

**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.

**PART II: OPERATIONAL PROCEDURES**

**LOAN-PACKAGING PROCEDURES**

**Application Documents**
A standard loan 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. Not all checklist items will apply for each applicant and certain situations may require additional items not on the list. 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
- Business formation paperwork
- Aging of accounts payable and receivable
- Appraisal
- UCC Search
- Assistance Agreement
- Indemnification Agreement
- Exhibit “A” Memorandum
Environmental Reviews
NENEDD Business Loan Specialists will be responsible for ensuring compliance with applicable environmental laws and regulations, including but not limited to 13 CFR Parts 302 and 314, the National Environmental Policy Act of 1969, and other Federal environmental mandates. The environmental review process will include the following:

- A determination whether the project will result in a significant adverse environmental impact. The applicant may be asked to submit additional documentation as necessary to make the determination. No activity shall be financed which would result in a significant adverse environmental impact unless that impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.
- A determination whether the project involves new above-ground development within a floodplain based on a review of the proposed development against FEMA Flood Insurance Rate Maps. No activity shall be financed which would result in new above-ground development in a 100-year floodplain, per E.O. 11988.
- A determination whether the project will be located within or adjacent to any wetland area. The applicant may be required to provide wetland delineation information as necessary. No activity shall be financed which would result in alteration of any wetland or in any adverse impact on any wetland without consultation with the U.S. Department of the Interior Fish and Wildlife Service and, if applicable, a Section 404 Permit with the Army Corp of Engineers shall be obtained.
- Contacting the State Historic Preservation Officer (SHPO) of each approved loan that involves significant new construction and expansion and request and receive comments on the effect of the proposed activity on historic and archaeological resources prior to closing of the loan. In cases where SHPO has recommended actions or has determined an adverse impact, NENEDD and loan applicant must work with the SHPO and EDA to address any issues identified before the loan is closed.
- Requiring loan applicants to provide information regarding whether or not there are hazardous materials such as EPA listed hazardous substances (see 40 CFR 300), leaking underground storage tanks, asbestos, polychlorinated biphenyls (PCB), or other hazardous materials present on or adjacent to the affected property that have been improperly handled and have the potential of endangering public health. If deemed necessary, loan applicant may be required to perform or provide evidence of performance of a Phase I Site Assessment to identify possible sources of contamination, a Phase II Site Assessment to test soil and/or groundwater samples, and a Phase III Site Remediation involving mitigation of applicable contaminants. No activity shall be financed which involve unresolved site contamination issues. The loan applicant shall be responsible for working with the appropriate state environmental agency office to resolve any outstanding issues before any loan can be approved for the affected site.

The staff will review the information submitted to insure it is complete and will prepare a loan write-up to submit to the Northeast RLF Committee. The loan write-up will summarize the key aspects of the loan such as firm history, management, product, productions capability, market conditions, financing, collateral, repayment ability, consistency with the RLF’s financing policy and any
environmental issues. Rate, terms, collateral and equity requirements will be finalized as negotiated between the applicant and the staff.

The RLF Committee receives 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

NENEDD utilizes the Northeast RLF Committee as the review committee for all business loans. They will review and make a loan recommendation of approval or denial to the Board of Directors. The RLF Committee will also recommend changes in the policies and procedures of the RLF to the Board of Directors. This nine-member RLF 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 term commitment.

The RLF Committee meets on an “as needed” basis, but typically the monthly meetings are held on the 2nd Monday before the last Wednesday of the month. All documents must be submitted to the business loan specialist a week prior to the RLF Committee meeting. The committee may conduct its review during a meeting, by mail, e-mail, or through the use of a telephone conference call. A quorum of five of the nine RLF Committee members is required to make a recommendation. A simple majority of those attending the meeting or providing an e-mail/mail of their vote is needed to make a recommendation. A loan will not be approved without at least one of the three lender’s approval. The Business Loan Specialist will present loan applications to the Board of Directors at the Directors’ monthly meetings.

Staff will keep minutes/record of all RLF Committee recommendations. The loan recommendation will be forwarded to the NENEDD 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. Minutes of the NENEDD Board meeting will also be kept in the file.

NENEDD Board of Directors

Size and general composition - The membership of the District Board of Directors shall consist of not less than nine (9) persons elected annually by the Council of Officials and may consist of elected or appointed officials from the Council of Officials membership. At least three (3) of the Board positions will be held by an elected official or a private sector representative as appointed by the Mayor from the three growth centers of Columbus, Fremont and Norfolk.

- Experience and occupational requirements – Our requirements are that there is a wide range of representation from our region including local elected officials, the business sector, community & economic development professionals and the education sector.
• **Process for appointing members** - A vacancy on the Board shall be filled by the staff and existing board recommendation. Vacated board and officer positions may be filled at any regularly scheduled board meeting by a majority vote of the board of directors present.

• **Membership terms** - The terms of members of the Board of Directors shall be three years except that at the inception, one-third of the Board shall serve for a period of one year, one-third for two years, and one-third for three years and shall be determined by lot. A Director may serve two (2) consecutive terms and then must be off the Board for at least one (1) year prior to further Board eligibility.

• **Quorum requirements** - A quorum of the Board of Directors shall be a simple majority of the board members. Any meeting of the Board at which less than a quorum is in attendance is valid provided that the minutes of that meeting or the transactions of the Directors are approved at a subsequent meeting with at least a simple majority of the Directors present.

NENEDD staff administers the RLF. The business loan specialist is a Certified Economic Development Finance Professional. Staff will be responsible for marketing the RLF, 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.

**Loan Proceeds**
All loan proceeds will be disbursed at time of loan closing. Borrower must provide cost estimates and/or invoices for items being purchased and agree that they will be used as agreed in the loan agreement. NENEDD will be provided receipts of items purchased using NENEDD’s EDA funds.

**Loan Closing Documents**
General closing requirements will include documentation that equity requirements have been met. This may include but not limited to copy of bank statement showing cash in the bank and/or sweat equity in the form of work to be completed by the borrower. Private lender financing must be secured; included in bank letter. Prior to loan closing the borrower must provide NENEDD staff if applicable:

- Proof of hazard insurance
- Proof of flood insurance
- Schedule of collateral - which may include:
  - Business furniture, fixtures, equipment, real estate
  - Personal residence, guaranty, vehicles, property
- 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
- Deed of Trust
- Financing Statement
- Personal Guaranty
- Automated Clearing House (ACH) Form
• Title/Lien Search

LOAN SERVICING PROCEDURES

Loan Payments
As part of the Assistance Agreement, the client acknowledges that NENEDD will require an
authorization to have loan payments be automatically withdrawn from client’s bank account
electronically on the 1st of each month and the annual service fee will be automatically withdrawn
from the client’s bank account electronically on the anniversary date of the NENEDD loan.

Staff will monitor each loan by requiring annual financial statements, annual insurance renewals,
continuing UCC’S, job creation/retention reports and other reports that are specific to each loan.
NENEDD also conducts regular site visits to the borrowers. At a minimum, site visits to the
borrowers will be conducted on an annual basis. If evidence of requested documents, such as, but not
limited to NENEDD being listed as Loss Payee, Life Insurance assignment and annual financial
statements are not received within 60 days as requested by written communication, a monthly
assessment of no 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.

Late Payments
If payment is not honored from the bank, staff documents contact with the client (either by phone or
letter) – notifying client of Non-Sufficient Funds (NSF) charge and payment must be sent to the
office by the 10th 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 1st payment is not received and the 2nd payment is not made, a certified letter is sent explaining
the NSF charge and the late payment fee again if not received by the 10th and the bank is contacted.

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

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 RLF as well. All action taken on any given loan will be documented in the
regular reports to the Board of Directors.

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.

Rescheduling Agreements
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

NENEDD EDA RLF Plan - 2019 - page 15 of 18

VII. Action Items D.
jeopardize the loan portfolio. A moratorium on interest or principle (not both) of not more than twelve months will be permitted as approved by the Board of Directors. A request by the business owner(s) stating the type of special financing will be required. 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. In situations where a business needs to reschedule payments during the course of the loan, an explanation and workout plan must be submitted to insure a rescheduled loan will solve the problem leading to the request. NENEDD staff will review the past and current financial situation of the business in conjunction with the bank (if applicable) along with credit worthiness of the business owner(s).

Loan payments will generally 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 Board of Directors.

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.

Loan Write-Off Collections
The NENEDD Board of Directors will approve any loan that is to be written-off. 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.

Administrative Procedures

Accounting: A separate bank account is established for the RLF so that repayments and interest income are clearly identifiable and auditable. The EDA RLF portfolio and cash will be clearly distinguishable from any other NENEDD loan program. This includes both the EDA and local share portions of the RLF. NENEDD will ensure that the RLF is operating in accordance with Generally Accepted Accounting Principles (GAAP) in accordance with 13 CFR 307.15(a).

Administrative Costs: NENEDD will use RLF income to cover administrative costs in accordance with 13 CFR 307.12. It is anticipated that expenses will not exceed RLF income in the same fiscal year. Expenses will be kept at a minimum in order to maintain and grow the capital base. Any administrative costs which exceed RLF income will be paid from NENEDD membership dues. NENEDD will track RLF administrative costs through its financial software using a separate element code to charge for specific EDA RLF administrative costs. NENEDD will maintain adequate accounting and source documentation to substantiate the amount and percent of RLF income expended to the RLF in accordance with 13 CFR 307.13(b).

Capital Utilization & Sequestration: NENEDD will ensure that the RLF Portfolio is in compliance with applicable capital utilization standards and sequestration requirements by monitoring on a monthly basis as outlined in 13 CFR 307.16(c).

EDA Reporting: NENEDD will file, at minimum, an annual report with EDA in accordance with 13 CFR 307.14.
Audits: EDA RLF funds are subject to an annual audit requirement and the full value of the RLF (outstanding loans and available cash) will be shown every year on NENEDD’s Schedule of Expenditures of Federal Awards as outlined in subpart F to 2 CFR part 200 and Compliance Supplement, which is appendix XI to 2 CFR part 200, as applicable. If the dollar amount of the RLF qualifies the RLF as a major federal program, NENEDD will ensure that the auditor performs the required federal audit procedures.

Fidelity Bond Coverage: NENEDD will maintain fidelity bond coverage for persons authorized to handle funds under the grant award in the amount sufficient to protect the interest of EDA and the RLF as outlined in 13 CFR 307.13(b). At a minimum, the amount of coverage shall be the greater of the maximum loan amount allowed for in the EDA approved RLF Plan or 25 percent of the RLF capital base. Such coverage will exist at all times during the duration of the RLF’s operation. NENEDD will provide EDA with evidence of such coverage.

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.

NENEDD shall maintain and keep all applications as well as all other required documents, records and other evidence in conformance with the close out requirements. This includes keeping all original notes, loan agreements, personal guarantees and security agreements in a fireproof facility or container. Staff, through our GMS Revolving Loan software program, will track the RLF 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.

Compliance with applicable laws and regulations
NENEDD staff will ensure that potential borrowers comply with applicable laws and regulations including but not limited to 13 C.F.R. Part 307. This includes proper documentation for each applicant’s file, environmental reviews, and wage rate requirements of the Davis-Bacon Act.

Conflict of Interest
An “Interested Party” is defined in 13 C.F.R. § 300.3 as “any officer, employee or member of the board of directors or other governing board of NENEDD, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of NENEDD, such as agents, advisors, consultants, attorneys, accountants or shareholders.” An Interested Party also includes the Interested Party’s “Immediate Family” (defined in 13 C.F.R. § 300.3 as a person’s spouse, parents, grandparents, siblings, children and grandchildren, but does not include distant relatives, such as cousins, unless the distant relative lives in the same household as the person) and other persons directly connected to the Interested Party by law or through a business organization. In addition, “Immediate Family” includes a person’s “significant other” or partner in a domestic relationship with an “Interested Party.” NENEDD will establish safeguards to prohibit an Interested Party from using their position for a purpose that constitutes or presents the appearance of personal or organizational conflicts-of-interest or of personal gain. (See 13 C.F.R. § 302.17(a) and (b), 15 C.F.R. §§ 14.42 and 24.36(b)(3), and Forms SF-424B (Assurances – Non-Construction Projects) and SF-424D (Assurances – Construction Projects).) NENEDD shall maintain written standards of
conduct governing the performance of its employees engaged in the award and administration of contracts.

An Interested Party must not receive any direct or indirect, financial or personal benefits in connection with this Award or its use for payment or reimbursement of costs by or to NENEDD. A financial interest may include employment, stock ownership, a creditor or debtor relationship, or prospective employment with the organization selected or to be selected for a sub-award. An appearance of impairment of objectivity could result from an organizational conflict where, because of other activities or relationships with other persons or entities, a person is unable or potentially unable to render impartial assistance or advice. It also could result from non-financial gain to the individual, such as benefit to reputation or prestige in a professional field. (See 13 C.F.R. § 302.17(b).)

In addition to the rules set forth in 13 C.F.R. § 302.17(a) and (b), NENEDD must adhere to these special conflicts-of-interest rules set out in 13 C.F.R. § 302.17(c):

a. An Interested Party of a Recipient of an RLF Award shall not receive, directly or indirectly, any personal or financial benefits resulting from the disbursement of RLF loans.

b. A Recipient shall not lend RLF funds to an Interested Party.

c. Former board members of a Recipient and members of his or her Immediate Family shall not receive a loan from the RLF for a period of 2 years from the date that the board member last served on the RLF’s board of directors.

Amendment
In an ongoing effort to improve the quality of the RLF Program, the Board of Directors will accept suggestions from the public, program participants, program staff, or members of either NENEDD or NED, Inc. Board of Directors with regard to program guideline amendments. All suggestions received will be taken under consideration by the Board of Directors. Prior approval from EDA must be obtained prior to any modifications of the RLF Plan. Upon approval and adoption by the Board of Directors, the amendment will be included in the program guidelines.

Grievance 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 Revolving Loan Fund, 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 Chairman 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.

Official Contact
The place of contact for this program shall be the office of NENEDD, 111 South 1st Street, Norfolk, Nebraska, 68701. Any grievances, suggestions, or requests for information should be directed to this office. 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 NENEDD in writing.
NENEDD Board Agenda

Object: Approve Amendment to NENEDD’s IRP Work Plan

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background: NENEDD & NED, Inc.’s current USDA-RD IRP 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. The 20- and 10-year SBA term loans are also still in place. SBA’s rules state that no other loans be paid off faster than the SBA loan. The exceptions might be TIF and/or CBDG funds on a 20-year term, and a bank loan of 20 years in conjunction with a 25-year 504 loan. There are many times on larger projects, where a SBA loan is part of the financing package in which NENEDD/NED, Inc. provides a loan. We did verify that NENEDD/NED, Inc. would not be allowed to have a 20-year loan in conjunction with a 25-year SBA 504 loan. This is noted in SBA’s SOP 50-10-5, page 272, and 13 CFR 120.912 page 306.

The last update included these changes:
- Increased lending limit per job from $20,000 to $35,000
- Increased standard total loan lending limit from $100,000 to $200,000
- Increased maximum lending term from 15 years to 20 years
- Expanded the service area from 17 to 25 counties

Explanation: NENEDD staff and the Northeast RLF Committee are recommending the approval of the amendment to the USDA-RD IRP Work Plan. This amendment is to be approved by resolution increasing the loan term to a maximum of 25 years.

Motion: Consideration for approval of resolution for an amendment to NENEDD’s USDA-RD IRP Work Plan as recommended by NENEDD staff and the Northeast RLF Committee.

CRR – Code of Federal Regulations
IRP - Intermediary Relending Program
RLF – Revolving Loan Fund
SBA – Small Business Administration
SOP – Standard Operating Procedure
USDA–RD – United States Department of Agriculture – Rural Development

Gary Jackson Rich Jablonski Glen Ellis
Troy Uhlir Judy Mutzenberger Dan Kathol Tina Biteghe Bi Ndong Loren Kucera

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)
Northeast Nebraska Economic Development District (NENEDD) and
Northeast Economic Development Inc. (NED, Inc.)
Revolving Loan Fund Program Guidelines and Procedures

PURPOSE

The purpose of the Northeast Revolving Loan Fund (RLF) 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 NENEDD/NED, Inc. service area. The
RLF 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 RLF 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 then help the
redevelopment of vacant or blighted buildings and land in the area.

COUNTIES NENEDD AND NED, INC. COVER

The RLF program covers 26 counties in northeast Nebraska. Each loan fund has its own
targeted territory that the loans can be used in. With one loan fund or another we cover
all 26 of these counties listed below:

Antelope, Boone, Boyd, Brown, Burt, Butler, Cedar, Cherry, Colfax, Cuming, Dakota,
Dixon, Dodge, Rural Douglas, Holt, Keya Paha, Knox, Madison, Nance, Pierce, Platte,
Rock, Stanton, Thurston, Washington and Wayne.

SOURCE OF LOAN FUNDS

- Economic Development Administration (EDA)
- United States Department of Agriculture (USDA)
- Housing and Urban Development (HUD)
- Community Development Block Grant (CDBG) from the Nebraska Department of
  Economic Development (DED)
- Local Community CDBG loan funds
- DED Business Innovation Act Microenterprise Loan
- Non-Profit Development Organization (NDO) Proceeds

Staff will follow rules and regulations that are specific to each loan fund. This includes
but is not limited to documents required for the applicant’s file, environmental reviews,
and Davis-Bacon wage requirements.
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

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
- Providing funds for the purpose of guarantying loans for any of such purposes
- Working Capital
- Debt Restructuring
- Equity Investment
- Public Infrastructure (streets, water, sewer, electrical) necessary to accommodate businesses
- Miscellaneous activities that continue to support economic development as approved by the board
- Administration costs related to servicing NENEDD/NED, Inc. ’s Revolving Loan Fund Program

2.0 PORTFOLIO STANDARDS AND TARGETS

2.1 The RLF 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 26-county area of northeast Nebraska. The applicant must identify sources of private financing.

2.2 Proposed standards of the RLF are as follows:

- 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 RLF portfolio
• Generally, RLF funding may not represent more than 40% of the total costs
• The RLF funding must be necessary and appropriate based upon a review of other possible financing assistance
• The RLF funding is reasonable in relation to the achieved public benefit
• The RLF 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
• Incentive loans can be greater than $200,000 and possibly have a lower interest based on job creation and recruitment
• Microloans under $50,000 can be done without bank participation
• At least 51% of the jobs created or retained must benefit persons of low to moderate income

In addition to the required selection criterion that financing is not otherwise available, NENEDD/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 RLF Committee

The RLF Committee is the review committee for all business loans for both NENEDD and NED, Inc. They will review and make a loan recommendation of approval or denial to the Board of Directors. The RLF Committee will also recommend changes in the policies and procedures of the RLF to the Board of Directors. This nine-member RLF 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 term commitment.

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

3.2 The RLF 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 standard loan 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 personal (each individual owning 20% or more of the business)
- Resume
- Business formation paperwork
- Aging of accounts payable and receivable
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E.

- 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 to submit to the Northeast RLF Committee. Rate, terms, collateral and equity requirements will be finalized as negotiated between the applicant and the staff. Staff will keep minutes/record of all RLF 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
- Deed of Trust
- Financing Statement
- 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 no 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.

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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 RLF as well. All action taken on any given loan will be documented in the regular reports to the Board of Directors.

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If the first two payments are not made and the 3rd 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.

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 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 25 years. The term must be reasonable and prudent considering the purpose of the loan, expected repayment ability of the ultimate recipient, and the useful life of collateral. 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, and 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 of twenty-five (25) years. If businesses have been affected by disasters in federally and/or state-wide declared disaster areas, such as flooding, loans may be offered at 0.00%.

When EDA funds are used, the minimum interest rate will be four (4) percentage points below the lesser of the current money center prime rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event may the interest rate be less than four (4) percent. However, should the prime interest rate listed in the Wall Street Journal exceed fourteen (14) percent, the minimum RLF interest rate is not required to be raised above ten (10) percent if doing so compromises the ability of NENEDD/NED, Inc. to implement its financing strategy.
7.0 PROPOSED FEES AND CHARGES

7.1 Loan Processing Fees

NENEDD/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 RLF 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 NENEDD/NED, Inc. for all out-of-pocket expenses incurred in researching, preparing and submitting the loan package for a loan. If staff feels that NENEDD/NED, Inc. is not able to provide financial assistance, the processing fee will not be collected. If the loan is denied by the RLF Committee and/or Board of Directors, NENEDD/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. Once a loan has been recommended for approval by the RLF Committee and/or approved by the Board of Directors and the loan is denied by the client, there will be no refund of the processing fee.

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 NENEDD/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.

NENEDD/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 RLF 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 RLF Program, the Board of Directors will accept suggestions from the public, program participants, program staff, or members of either 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 GREIVANCES 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 Revolving Loan Fund, 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 and/or Chairman 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 NENEDD/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 NENEDD/NED, Inc. RLF Plan and the effective and efficient administration of NENEDD/NED, Inc.'s RLF 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/NED, Inc. 111 South 1st Street, Norfolk, Nebraska. Any grievances, suggestions, requests for applications and information should be directed to this office. Applications are also available on NENEDD/NED, Inc.’s website, 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 NENEDD/NED, Inc. in writing.

These guidelines are hereby approved by action of the Board of Directors of the Northeast Nebraska Economic Development District (NENEDD) this 25th day of September, 2019.

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Rich Jablonski, Chairman
NENEDD

These guidelines are hereby approved by action of the Board of Directors of Northeast Economic Development, Inc. (NED, Inc.) this this 25th day of September, 2019.

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John F. Lohr, President
NED, Inc.
RESOLUTION

A RESOLUTION OF THE CHAIRPERSON AND BOARD OF DIRECTORS OF THE NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT AMENDING THE LETTER OF CONDITIONS AND THE WORK PLAN RELATED TO ITS INTERMEDIARY RELENDING PROGRAM (IRP) LOANS WITH USDA-RURAL DEVELOPMENT TO INCREASE THE MAXIMUM LOAN TERM TO 25 YEARS.

BE IT RESOLVED BY THE CHAIRPERSON AND BOARD OF DIRECTORS OF THE NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT (NENEDD), that the Letter of Conditions and the Work Plan relating to its Intermediary Relending Program (IRP) loans with USDA-Rural Development be amended to increase the maximum loan term to 25 years.

Furthermore, be it resolved by the Board of Directors of NENEDD, that the Chairperson be authorized and directed to proceed with the formulation of any and all contracts, documents or other memoranda between NENEDD and USDA-RD so as to effect acceptance of the requested amendment of NENEDD’s USDA-IRP revolving loan fund


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CHAIRPERSON
Object: To adopt the Comprehensive Economic Development Strategy

Contact Person: Tina M. Engelbart/Thomas L. Higginbotham, Jr.

For: Action

Background: The Comprehensive Economic Development Strategy (CEDS) document is a requirement of the Economic Development Administration (EDA) from which NENEDD receives funding for planning activities. The CEDS analyzes the regional economy and serves as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action and identifying investment priorities and funding sources.

Explanation: This document is required to be updated every five years. Once the board adopts the CEDS, it will be forwarded to EDA for their review and acceptance. The annual scope of work for NENEDD comes directly from the SWOT (Strengths/Weaknesses/Opportunities/Threats) Analysis that is included in the CEDS.

Motion: Consideration to adopt the 2019-2023 Comprehensive Economic Development Strategy that was posted for public comment August 19 – September 17, 2019.