

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

Board of Directors Meeting
NENEDD Offices
111 S 1st St, Norfolk NE 68701
Wednesday, October 26, 2011
Minutes

- I. Call to Order:** The Northeast Nebraska Economic Development District Board of Directors meeting was called to order at 7:47 p.m. by John F. Lohr, Chairman. John F. Lohr informed the public about the location of the Open Meetings Act LB 898 and that it is accessible to the public.
- II. Roll Call:** Tom Higginbotham read roll call.

Board Members Present:

John Lohr, NENEDD Chairman, City of Columbus
Kelvin Wurdeman, NENEDD Vice Chairman, Wayne County Commissioner (By Phone)
Tina Biteghe Bi Ndong, NENEDD Board Member, West Point Chamber of Commerce (By Phone)
Gaylord Wilcox, NENEDD Board Member, Homestead Bank, Schuyler/Howells/Albion
Ken Luettel, NENEDD Board Member, Boone County Commissioner, Petersburg (By Phone)
Rob Merrill, NENEDD Secretary/Treasurer, City of Norfolk
Chris Miller, NENEDD Board Member, Don Miller Land Company, Hartington (By Phone)

Board Members Absent:

Kendrick Marshall, NENEDD Board Member, Nebraska Department of Labor, Columbus
Mayor Scott Getzschman, NENEDD Board Member, City of Fremont

Others Present:

Rick Uhlir, NED, Inc President, Private Representative, Norfolk
Lisa Walters, NED, Inc Board Member, Private Representative, Norfolk (By Phone)
Deb Eggelston, NED, Inc Board Member, Scribner Economic Development (By Phone)
Nadine Hagedorn, NED, Inc Board Member, Citizens State Bank, West Point (By Phone)
Robert Wehrer, COO Representative from Village of Hadar
Delores Ruzicka, COO Representative from Village of Verdigre
Beth Deck, COO Representative from City of Norfolk
Tom Higginbotham, NENEDD
Mickella Brabec, NENEDD
Stephanie Hecht, NENEDD
Patsy Taylor, NENEDD
Jeff Christensen, NENEDD
Tina Engelbart, NENEDD

Holly Quinn, NENEDD
Scott Owen, NENEDD

- III. Introduction of Council of Officials Members:** John Lohr asked everyone attending the meeting to introduce themselves to the group. Council of Officials Representatives attending the meeting were Robert Wehrer, Village of Hadar and Delores Ruzicka, Village of Verdigre, and Beth Deck, City of Norfolk.
- IV. Secretary's Report:** Kelvin Wurdeman made a motion to approve the agenda and September 2011 minutes as published. Tina Biteghe Bi Ndong seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- V. Treasurer's Report:** Patsy Taylor presented the September 2011 Treasurer's report. Tina Biteghe Bi Ndong made a motion to approve the September 2011 Treasurer's report. Gaylord Wilcox seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- VI. Discussion Items**
- A. Audit Presentation:** Brock Hurley from Kruse, Schumacher, Smejkal, & Brockhaus, PC presented the NENEDD Audit at the NED, Inc Board meeting. Board members will have a month to review the audit and take action at the November, 2011 board meeting.
- B. Quarterly Department Reports:** John Lohr instructed Board members to read over the reports and contact staff members if they have questions.
- C. Vehicle Analysis:** Tom Higginbotham presented analysis.
- VII. Action Items**
- A. Business RLF – Loan Request ASC Lockers, LLC (Aaron Koch) – West Point:** Holly Quinn led discussion. Cedar Security Bank in Wynot has agreed to provide a Line of Credit for \$238,233 for the construction of the building. After the building is built they will turn this into a regular loan. Exact terms are unknown at this time. The bank will secure its loan with a primary security interest on all business property including the real estate. NENEDD will lend \$100,000 for the purchase of equipment and land. This loan will have a term of 15 years at an interest rate of 6.00% (fixed) with interest only for the first 6 months. NENEDD will have a subordinate lien position to the bank on all the business personal property and the real estate. NENEDD will also file a Deed of Trust on Aaron's personal residence in Wynot. (Knowing this will be sold in the future with Aaron's move to West Point. We will file on home in West Point if he purchases one.) A Personal Guaranty will be required from Aaron Koch. NENEDD will require life insurance on Aaron Koch for the amount of the loan for the life of the loan and will require insurance on the real estate and business assets. The City of West Point will lend \$75,000 for the construction of the building. The city's loan will have a term of 15 years with an interest rate of 2.75%. Tina Biteghe Bi Ndong made a motion to approve the loan for \$100,000 to ASC Lockers, LLC (Aaron Koch) as recommended by the RLF committee.

Rob Merrill seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.

- B. Business RLF – Interest Only Request for Laurel BioComposites, LLC – Laurel:** Holly Quinn led discussion. Tim Bearnes sent a letter explaining that since they haven't broken escrow on the plant yet (projected date is January 28, 2012), they would like to request interest only payments until escrow is broken. Interest only payments would start November 1st and will be extended for 6 months or until escrow is broken. Regular loan payments will resume after the 6 month interest only extension or when escrow is broken, whichever occurs first. Kelvin Wurdeman made a motion to approve the request for interest only payments for 6 months or when Laurel BioComposites, LLC breaks escrow, whichever comes first then regular loan payments will resume. Gaylord Wilcox seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- C. Business RLF – Loan Subordination Request from Showtime Sales & Marketing, Inc. and Pinnacle Bank:** Jeff Christensen presented. A \$100,000 NENEDD loan was placed with Showtime Sales in June of this year for renovation to a building in Fremont. In the time since the loan was closed, the renovations are taking place and will be done soon. Unfortunately, there were cost over-runs totaling approximately \$100,000. A detailed list of additional costs was provided to the RLF committee. There were several items that were due to city codes that needed to be addressed as well as simple over-sight in work to be done. The bank is willing to provide up to an additional \$100,000 to cover these costs and is asking that NENEDD subordinate to this additional financing. There is an updated appraisal being completed to verify the increased value in the real estate. The bank is confident there will be sufficient collateral for us to honor their request and still be collateralized. As with the vast majority of our loans, in addition to the business real estate and business personal property, we also have filed a Deed of Trust on their personal residence and have their personal guaranty. Gaylord Wilcox made a motion to approve the subordination request of Showtime Sales & Marketing, Inc. and Pinnacle Bank contingent upon a favorable appraisal of the business real estate as presented and recommended. John Lohr seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- D. Business RLF – In-House Approval by NENEDD Staff for Microloans of \$25,000 and Under:** Jeff Christensen presented. As NENEDD and NED, Inc. continue to find ways to assist microentrepreneur business owners and streamline our loan approval process, Tom Higginbotham, Executive Director, and NENEDD staff have discussed the possibilities of approving small micro loans in-house without RLF Committee recommendation and/or Board approval. This is partly due to the increased demand in the number of micro loans of \$25,000 and under. The Northeast RLF Committee met in September and October 2011, to discussed and provide input and has recommended allowing NENEDD Staff to underwrite and approve loans of \$25,000 and under. This will allow us to better serve our micro loan applicants giving us the authority to get them their loan proceeds quicker. Many times applicants are in need of funding sooner than our

time-line allows. This is due to the fact that the NENEDD & NED, Inc. Boards only meet once each month. As a result, banks have to consider making a “bridge” loan until we have completed our approval process, which, depending on the time of the month, could be 30 days. This may affect the window of opportunity for microentrepreneur business owners. The RLF Committee also suggested that as we make changes to the guidelines that could involve certain minimums be met, such as credit score, to be allowed to be approved in-house without RLF Committee review and recommendation. Tina Biteghe Bi Ndong made a motion to table Action Item VII. D until the November 30, 2011 Board of Directors meeting. Rob Merrill seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.

E. Business RLF – Request from Greater Norfolk Economic Development Foundation, Norfolk to Reschedule Loan:

Holly Quinn led discussion. Beginning November 1, 2010, this loan was rescheduled for twelve months with payments deferred and interest to still accrue. Beginning November 1, 2011, GNEDF will pay the accumulated interest for the previous 12 months (estimated to be \$2,579.25) and continue to defer regular payments for an additional 12 months with interest still to accrue. The rescheduling will be for November 1, 2011 and go thru November 1, 2012 and we will revisit the situation again at the board meeting October 2012. Tina Biteghe Bi Ndong made a motion to approve GNEDF’s request to reschedule their loan agreement for 1 year (12 months) as recommended by NENEDD staff. Kelvin Wurdeman seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.

F. Business RLF – Request from Bloomin’ Ranch Service, LLC to Reschedule Loan:

Holly Quinn presented. In February 2011, Bloomin Ranch Service, LLC filed Bankruptcy. We have received three payments from the Trustees office in Utah. Recently we received word that the bankruptcy case was dismissed. Therefore the Lindbloom’s are to contact the creditors and workout payment arrangements. Original balance was \$35,000 for 4 years at 5% fixed interest. Original payment was \$806. Currently the principle balance on the loan is \$27,753.95. They have accrued interest of \$233.36 through 9/15/2011, \$50 in late fees and an annual service fee due November 1, 2011 that needs to be paid by the end of the year to get caught up. Lance and Michelle are requesting that we reschedule their loan changing their payments to \$362/month. This would reschedule their loan for 8 years at 5.5% fixed. Tina Biteghe Bi Ndong made a motion to approve Bloomin Ranch Service, LLC’s request to reschedule their loan for 8 years term at 5.5% fixed interest with payments of \$362/mo. starting January 1, 2012. They must pay the accrued interest of \$233.36, annual service fee of \$138.77 and the late fee of \$50 (\$422.13 total) by December 31, 2011. Gaylord Wilcox seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.

G. Owner Occupied Rehabilitation Applicant #100515 for City of Pierce Rehabilitation Program:

Scott Owen presented. The house under consideration is economically feasible for the Pierce Housing Rehabilitation Program. Rob Merrill made a motion to approve Owner Occupied Rehabilitation

Applicant #100515 for \$30,000 for City of Pierce Rehabilitation Assistance. Gaylord Wilcox seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.

- H. Owner Occupied Rehabilitation Applicant #100446 for City of Pierce Rehabilitation Program:** Scott Owen presented. The house under consideration is economically feasible for the Pierce Housing Rehabilitation Program. Kelvin Wurdeman made a motion to approve applicant #100446 for \$25,000 for Pierce Rehabilitation Assistance. Rob Merrill seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- I. Change Monthly Board Meetings to Conference Call November 2011 – March 2012:** Tom Higginbotham led discussion. After discussion with the board chairman on the travel issues during the winter months we have decided to have the board meetings during the winter months in Norfolk with the option for board members to call in. Chris Miller made a motion to approve the scheduling of the board meetings for November 2011 through March 2012 in Norfolk, NE with the option of board members to call in via conference call. Ken Luettel seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- J. Quarterly Loan Review:** Patsy Taylor led discussion. The loan receivables for all of NENEDD funding sources were included in the agenda packet. Business Loan #308014 – The client has filed personal and business bankruptcy. Two banks ahead of us have pursued foreclosure and regained assets leaving us without collateral. We have exhausted all avenues in the collection of this loan and feel it is time to write off the balance of this loan and the accrued interest. The principal balance to write off is \$87,278.84 and the accrued interest through September 30, 2011 is \$8,434.22. Gaylord Wilcox made a motion to approve the write-off of Loan #308014 in the principal amount of \$87,278.84 and accrued interest through September 30, 2011 in the amount of \$8,434.22. Tina Biteghe Bi Ndong seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.
- VIII. Chairman's/Board Comments** – John Lohr thanked the staff for their hard work and the board members for attending the meeting.
- IX. Next Meeting Date:** The NENEDD Board of Directors will meet Wednesday, November 30, 2011 at 7:15 p.m. at the Norfolk City Council Conference Room, 309 Madison Ave, in Norfolk, NE.
- X. Adjournment:** Rob Merrill made a motion to adjourn the meeting at 9:00 p.m. Gaylord Wilcox seconded the motion. Ayes: Wurdeman, Biteghe Bi Ndong, Wilcox, Luettel, and Merrill. Nays: None. Absent: Marshall and Getzschman. Motion carried.