

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT
 Board of Directors Meeting
 Uptown Café
 801 10th St, Stanton, NE 68779
 Tuesday, February 24th, 2009, 7:30 p.m.
 Minutes

I. Call to Order: The Northeast Nebraska Economic Development District Board of Directors meeting was called to order at 7:30 p.m. by Jeff Scherer, Chairman. Jeff Scherer informed the public about the location of the Open Meetings Act and that it is accessible to the public (LB 898).

II. Roll Call: Tina Engelbart read roll call. The following were present:

Jeff Scherer, NENEDD Chairman, Smeal Fire Apparatus	Kelvin Wurdeman, NENEDD Vice-Chairman, Wayne County Commissioner	Hank Thieman, NENEDD Board Member, Petersburg
Kendrick Marshall, NENEDD Board Member, Nebraska Workforce Development	Luis Lucar, NENEDD Board Member, Lucar Video Productions (by phone)	

Board Members Absent: Bob Hartwig, Tina Welding, Vicki Saunders, John Lohr

Others Present:

Gaylord Wilcox, NED, Inc. President, 1 st National Bank of Schuyler/Howells	Lisa Walters, NED Inc Secretary/Treasurer, FRHS	Sister Margaret Garcia, NED, Inc Board Member, Immaculata Monestary
Rick Uhlir, NED, Inc. Board Member, Madison County	Tom Higginbotham, NENEDD	Tina Engelbart, NENEDD
Patsy Taylor, NENEDD	Mickella Brabec, NENEDD	Judy Joy, NENEDD

III. Secretary's Report: Hank Thieman made the motion to approve the agenda and the January 2009 minutes as mailed. Kelvin Wurdeman seconded the motion. Motion carried.

IV. Treasurer's Report: Patsy Taylor presented the January 2009 Treasurer's Report. Kelvin Wurdeman made a motion to approve the January 2009 Treasurer's Report. Kendrick Marshall seconded the motion. Motion carried.

V. Old Business:

A. RLF Report: Tom Higginbotham discussed the RLF report and informed the group that Business Loan Specialists Jeff Christensen and Holly Sisson were in North Platte doing training.

VI. New Business:

- A. Owner Occupied Rehabilitation Guideline Amendment:** Tom Higginbotham led discussion on the amendment to the Owner Occupied Rehabilitation guidelines. The staff suggested disbanding the Housing Board in order to streamline the OOR process. The other recommended change was to give clients with local funds available priority over clients without local funding. This change will allow more projects to be completed in a more timely manner. Discussion followed. Hank Thieman made the motion to amend the Owner Occupied Housing Rehabilitation Guidelines to disband the Housing board and to give clients with local funding priority. Kelvin Wurdeman seconded the motion. Motion carried.
- B. Resolution to Apply to USDA-RBEG – Disaster Funds:** Tom Higginbotham discussed the application to USDA-RBEG for Disaster Funds up to \$500,000. Hank Thieman moved to approve the application to USDA-RBEG for Disaster funds in an amount up to \$500,000. Kendrick Marshall seconded the motion. Motion carried.
- C. RLF Loans:**
- 1. Horizon BioFuels, Inc., Fremont** – Kelvin Wurdeman made the motion to approve the Northeast RLF Board’s recommendation of a loan of in the amount of \$100,000 to Horizon BioFuels, Inc. to purchase equipment and working capital to produce bio-mass (wood) fuel pellets. The primary lender in the project is US Bank in Fremont/Omaha. They have provided \$390,000 in financing for the project with a term of 5 years at 7.39% interest (fixed). US Bank has a primary lien position on all business assets which include the real estate and equipment at the Fremont plant. NENEDD would lend \$100,000 to be used towards the purchase of equipment and working capital. This loan would have fixed interest rate of 5.00% and a term of 7 years. NENEDD will have a second lien position to the bank on the same business assets including the real estate and equipment. NENEDD will also require personal guarantees from each of the ten principals. The City of Fremont funds may provide \$100,000 for equipment and working capital and will be subordinate to the bank and NENEDD. Hank Thieman seconded the motion. Motion carried.
 - 2. Tim Brunken, d/b/a Picket Fence Café, Columbus** – Hank Thieman made the motion the approve the Northeast RFL Board’s recommendation of a loan in the amount of \$30,000 to Tim Brunken, to purchase real estate of the Picket Fence Café in Columbus. First National Bank in Columbus has agreed to provide a 20 year real estate loan of \$75,000 at 7.50% (variable) and a ten year FFE loan of \$34,000 at 7.50% (variable) for this project. Nebraska Economic Development Corp (NEDCO) will also provide a 20 year SBA real estate loan of \$60,000 at 6.50% (fixed) The bank will secure its loan with a primary lien on all business property including real estate. NENEDD will lend \$30,000 towards the purchase of the real estate and FFE. NENEDD’s loan will have a term of fifteen years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position to the bank and NEDCO/SBA on all business and personal property including real estate. Tim and Cathy do not own the real estate where they reside. However, Tim has a very nice 2001 Dodge Ram ¾ ton pickup, valued at \$13,500. NENEDD will have first lien on this vehicle as additional collateral.

NENEDD will require life insurance on Tim Brunken for the amount of the loan for the life of the loan. Tim will no longer work at his current job and will purchase his own health insurance. Kelvin Wurdeman seconded the motion. Motion carried.

3. Adam Kyncl & Ardell Kyncl, Kyncl Holdings, LLC, Norfolk - Hank Thieman made the motion to approve the Northeast RFL Board's recommendation of a loan in the amount of \$100,000 to Kyncl Holdings LLC to purchase the building that the Sears store is currently operating in. BankFirst in Norfolk has approved a loan of \$215,000 for this project. The bank's loan will be a term of 20 years with an interest rate of 6.75% (fixed) for 5 years, and then it adjusts to 5 year Treasury + 3.85%. The bank will secure its loan with a primary lien on all business property. NENEDD will lend \$100,000 for the building and will have a term of 15 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position to the bank on all business property. NENEDD will also file a Deed of Trust on Adam & Kendra Kyncl and Ardell & Marshall Kyncl's personal residence as additional collateral for this loan. NENEDD will require life insurance on both Adam Kyncl and Ardell Kyncl for the amount of the loan for the life of the loan and a personal guaranty will be signed by both Mr. & Mrs. Adam Kyncl and Mr. & Mrs. Ardell Kyncl. Kelvin Wurdeman seconded the motion. Motion passed.

D. RLF Collateral

1. Mid America Truck Wash, LLC (Chad & Sarah Ruda) – Fremont
Kelvin Wurdeman made a motion to execute a Deed of Reconveyance and then re-file a new Deed of Trust. The Ruda's have requested that we subordinate our lien we have on their personal residence so they can refinance their two existing mortgages. This will not put any additional funds in front of our lien position. NENEDD will actually execute a Deed of Reconveyance and then re-file a new Deed of Trust due to the fact with our existing Deed in place, the loan to value ratio is too high for the bank to refinance. MidAmerica Truck Wash has always been current its payments with NENEDD. Staff recommended we honor their request. Kendrick Marshall seconded the motion. Motion carried.

2. Soda Crackers, Inc d/b/a Country Kitchen (Vaughn & Donna Wiebusch) – Norfolk

Kendrick Marshall made a motion to release the lien on the Weibush home. NENEDD was notified on 12-4-08 that Country Café (formerly Country Kitchen) closed their doors. Jeff & Holly called and talked to Vaughn. He indicated that he would get back to us with what his final plans are, but in the meantime the restaurant and the Wiebusch's personal residence are both for sale.

2-10-09 - Vaughn called and told Patsy they sold the house and asked that NENEDD release its lien. The Wiebusch's have moved to Omaha. Vaughn mentioned they were upside down on their house loan, so no proceeds would probably come to NENEDD. Holly and Jeff talked to Wells Fargo "work-out" department on their loan (both biz and house) They said Weibusch's home sold for \$99,000. With fees, interest, loan closing, taxes, etc. Wells Fargo should have their 1st & 2nd mtg (\$87,000) taken care of. The bank also had a 3rd lien for the biz loan, but they would not worry about that as they think they will be okay on the biz real estate and equipment, etc.

Wells Fargo is having the home appraised prior to the sale closing. Assuming that the appraisal is close to the sale price, Wells Fargo will reconvey their 3rd lien. If the house appraisal comes back at much higher (i.e. \$130,000), and they are just unloading it for \$99,000 then there might be a problem. Either way, we will probably not see any proceeds from the sale of the house. However, we might be okay. They are also having the biz appraised. Vaughn is asking \$625,000 for biz. If the biz would sell for mid-\$500,000, then everyone would be paid off. Their appraisal is being done by an independent company through their office. We should know the results of that in about 15 days. The Wiebusch's have been cooperative and up front on all this, so NENEDD staff recommends releasing the house lien. Hank Thieman seconded the motion. Motion carried.

E. Budget Amendment – New Lead Gun: Tom Higginbotham briefly discussed need for a second lead gun. Hank Thieman made a motion to purchase a new lead gun. Kelvin Wurdeman seconded the motion. Motion carried.

F. Annual Meeting Dates The annual meeting will be held in West Point at the Nielsen Center sometime during July. The dates for the meeting are July 13th – 16th, July 20th – 23rd, and July 27th – 31st. The board members will check their calendars and let the NENEDD office know what date(s) work best for them.

VII. Chairman's/Board Comments:

Next meeting: *Wednesday, March 25th, 2009 at the NENEDD Offices, 111 S 1st St, Norfolk, NE 68701 at 7:30 p.m.*

VIII. Adjournment: There being no further business, Jeff Scherer adjourned the meeting at 8:26 p.m.