

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

Board of Directors Meeting

Taylor's Bar & Grill

116 S 2nd St, Pierce, NE 68767

Wednesday, April 29th, 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 8:06 p.m. by Kelvin Wurdeman, Vice Chairman. Kelvin Wurdeman informed the public about the location of the Open Meetings Act and that it is accessible to the public (LB 898).

II. Roll Call: Tom Higginbotham read roll call. The following were present:

Kelvin Wurdeman, NENEDD Vice-Chairman, Wayne County Commissioner	Tina Welding, NENEDD Board Member, West Point Chamber of Commerce	Hank Thieman, NENEDD Board Member, Petersburg
Kendrick Marshall, NENEDD Board Member, Nebraska Workforce Development	John Lohr, NENEDD Board Member, City of Columbus	Bob Hartwig, NENEDD Board Member, City of Fremont (by phone)

Board Members Absent: Jeff Scherer, Vicki Saunders, Luis Lucar

Others Present:

Gaylord Wilcox, NED, Inc. President, 1 st National Bank of Schuyler/Howells	Lisa Walters, NED Inc Secretary/Treasurer, FRHS	Rick Uhlir, NED, Inc. Board Member, Madison County
Wilfred Henry, NED, Inc. Vice President, Goldenrod Hills	Mike Crosley, NED, Inc. Board Member, Santee Sioux Nation	Tom Higginbotham, NENEDD
Tina Engelbart, NENEDD	Patsy Taylor, NENEDD	Anne Thietje- Pantoja, NENEDD
Scott Owen, NENEDD	Jeff Christensen, NENEDD	Holly Sisson, NENEDD
Brenda Anderson, NENEDD		

III. Secretary's Report: John Lohr made the motion to approve the agenda and the March 2009 minutes as mailed. Kendrick Marshall seconded the motion. Motion carried.

IV. Treasurer's Report: Patsy Taylor presented the March 2009 Treasurer's Report. Hank Thieman made a motion to approve the March 2009 Treasurer's Report. John Lohr seconded the motion. Motion carried.

V. Old Business:

A. RLF Report: Holly Sisson presented the RLF report.

B. RLF Loans: Northeast Nebraska Biodiesel, LLC – Change in Collateral

Jeff Christensen led discussion on the proposed change in collateral for Northeast Nebraska Biodiesel, LLC.

The USDA has approved the loan under the same package that you (NENEDD) have, and should have funds to move forward with in the near future. The appraisal is still in process, but I expect it soon.

Here is our snag, and it is rather a large one. Technochem who was the original supplier of the plant for the biodiesel plant and who Northeast Nebraska Biodiesel has filed a lawsuit against for failing to perform on the contract has filed mechanics liens against the Northeast Nebraska Biodiesel property for \$417,544.02 against the biodiesel facility and \$417,544.02 against the crush plant. The biodiesel board has met with Technochem to try and settle the matter, but it does not appear that will happen in the near future.

In visiting with the biodiesel plants attorney, he believes the biodiesel plant has a good case, but it could take a year before the case actually goes to trial. In addition, while there are a couple of strategies that can be implemented to remove the liens, they both will take a long time to force the liens to be removed.

My question for you is - If we are not able to get these liens removed, is your organization (NENEDD) willing to move forward under the same program we approved earlier, except that these mechanics liens would be ahead of you (NENEDD) and ahead of the USDA guaranteed loan on the plant. I have talked to Corey Young (USDA) and he is checking with his people. This is a major change in our collateral position, and I wish I had the appraisal back as that might all give us a little more comfort knowing how much collateral we really had. Doug Demers

In the phone conversation with Doug Demers, he said they have no basis to place a lien on the crush facility as it is a separate piece of real estate from the biodiesel plant. However, to get this erroneous lien removed will probably take up to a year. The \$400,000+ lien is also nearly \$200,000 more than the original dispute in their contract. As you recall NE NE Biodiesel has also filed a lawsuit claiming they did not receive services that they contracted for to get the plant up and running. NE NE Biodiesel tried to come to an agreement with Technochem that they both drop their lawsuits and go their separate ways, but they did not agree.

I briefly discussed this with Corey (USDA) at another meeting last week. He has indicated that USDA and the bank may increase their commitment to buy out this lien that has been placed. However the bank has lending limits that it must evaluate to see if this is possible.

The Northeast RLF Board recommends that the project move forward with the change in collateral as described above contingent upon USDA's continued approval and involvement. Kendrick Marshall made a motion to approve the Northeast Nebraska Biodiesel, LLC change in collateral. Hank Thieman seconded the motion. The motion carried with four in favor and one opposed.

VI. New Business:

A. RLF Loans:

1. Sneakers, Inc. (Brent & Linda Kamrath) Norfolk/Columbus

The Northeast RLF Board recommends a loan of \$35,000 to Sneakers, Inc. to purchase initial inventory, furniture, fixtures, and leasehold improvements to expand their business to a new location in Norfolk. Hank Thieman made a motion to

approve the RLF Board's recommendation of a loan for \$35,000. Kendrick Marshall seconded the motion; John Lohr abstained. First National Bank in Columbus has agreed to provide a loan of \$83,000 for this project. The bank's primary loan will have a term of seven years and an interest rate of 6.25% (variable). The bank will secure its loan with a primary lien on all business property and a deed of trust on Kamrath's personal residence in Columbus. NENEDD will lend \$35,000 towards the purchase of initial inventory, furniture, fixtures and leasehold improvements to expand their business to a new location in Norfolk. NENEDD's loan will have a term of seven years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position to the bank on all business and personal property. NENEDD will also file a Deed of Trust on the Kamrath's personal residence in Columbus. NENEDD will require the Kamrath's to sign personal guaranties and assign life insurance on Brent and Linda Kamrath for the amount of the loan for the life of the loan to NENEDD. Motion carries.

2. Glitter Grooming (Alicia Nebuda) West Point

The RLF committee recommends a loan of \$35,000 to Alicia Nebuda d/b/a Glitter Grooming, for the purchase of a building, renovations and FFE. Bob Hartwig made a motion to approve the RLF Board's recommendation of a loan of \$35,000 contingent upon the location being in accordance with city zoning laws. John Lohr seconded the motion. The loan would be amortized over 10 years at 5.00% interest (fixed). NENEDD will have a first lien position on all business and personal property. NENEDD will also file a Deed of Trust on Jeff & Alicia Nebuda's personal residence as additional collateral for this loan. NENEDD will require life insurance on Alicia Nebuda for the amount of the loan for the life of the loan and a personal guaranty will be required from Jeff & Alicia Nebuda. Motion carried.

B. EDA Certifying Resolution: Tom Higginbotham discussed the resolution which needs to be done every six months. John Lohr made a motion to approve the certifying resolution. Tina Welding seconded the motion. Motion carried.

C. Down Payment Assistance Program Guideline Amendment: Tom Higginbotham reported on the proposed guideline amendments. The amendment would change the income eligibility, currently at 80% AMI or both existing and newly constructed housing units, to up to 100% AMI on newly constructed and leave existing housing at 80%. The amount of down payment assistance would go from \$20,000 to \$30,000. Hank Thieman made a motion to approve the change on income eligibility up to 100% AMI on new construction and increasing the amount of down payment assistance from \$20,000 to \$30,000. John Lohr seconded the motion. Motion carried.

D. Resolution and Line of Credit – Stanton National Bank: Patsy Taylor reported on the resolution for Stanton National Bank. Tina Welding made a motion to approve a \$150,000 line of credit with Stanton National Bank. Kendrick Marshall seconded the motion. Motion carried.

E. Quarterly Loan Review (Jan, Feb, and Mar): Patsy Taylor reported; there are currently no loans of concern.

F. Appoint Budget Committee: The board members appointed to the Budget committee are Jeff Scherer, Kendrick Marshall and Kelvin Wurdeman.

VII. Executive Session – Not Needed

VIII. Chairman's/Board Comments: Tom Higginbotham discussed the process for board member replacement as there are two board members whose terms expire June 30, 2009.

Next meeting: *Wednesday, May 27th, 2009 at NENEDD Offices, 111 S 1st St, Norfolk, NE.*

IX. Adjournment: There being no further business, Kelvin Wurdeman adjourned the meeting at 8:47 p.m.