

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

Board of Directors Meeting

NENEDD Offices

111 S 1st St, Norfolk, NE

Wednesday, April 28, 2010 at 7:15 p.m.

Minutes

- I. Call to Order:** The Northeast Nebraska Economic Development District Board of Directors meeting was called to order at 7:46 p.m. by Jeff Scherer, Chairman. Jeff Scherer 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. The following were present:

Jeff Scherer, NENEDD Chairman, Smeal Fire Apparatus	Kelvin Wurdeman, NENEDD Vice-Chairman, Wayne County Commissioner (By Phone)	Chris Miller, NENEDD Board Member, Don Miller Land Company (By Phone)
Kendrick Marshall, NENEDD Board Member, Nebraska Dept. of Labor	Skip Edwards, NENEDD Board Member, City of Fremont	Tina Welding, NENEDD Board Member, West Point Chamber of Commerce (By Phone)
John Lohr, NENEDD Board Member, City of Columbus (By Phone)	Sue Fuchtman, NENEDD Board Member, City of Norfolk	

Board Members Absent: Hank Thieman

Others Present:

Gaylord Wilcox, NED, Inc. President, 1 st National Bank of Schuyler/Howells	Rick Uhler, NED, Inc Board Member, Madison County	Lisa Walters, NED, Inc Board Member, Private Representative
Tom Higginbotham, NENEDD	Tina Engelbart, NENEDD	Patsy Taylor, NENEDD
Stephanie Hecht, NENEDD	Mickella Brabec, NENEDD	Jeff Christensen, NENEDD
Judy Joy, NENEDD	Lisa Hurley, NENEDD	

- III. Secretary's Report:** Skip Edwards made the motion to approve the agenda and the March 2010 minutes as mailed. Kelvin Wurdeman seconded the motion. Motion carries.

- IV. Treasurer's Report:** Patsy Taylor presented the March 2010 Treasurer's Report. Tina Welding made the motion to accept the March 2010 Treasurer's Report as presented. Kendrick Marshall seconded the motion. Motion carries.

V. Discussion Items

- A. Quarterly Department Reports:** Tom Higginbotham explained the purpose of quarterly department reports and encouraged board members to ask any questions they might have.

VI. Action Items

A. RLF – Best Cob, LLC - Request for Deed of Reconveyance on Fremont Property: Jeff Christensen led discussion. Due to economic condition in the corn cob processing industry and the broader economy have forced Best Cob, LLC to delay indefinitely any plans for building a processing facility in Fremont. Best Cob, LLC has received an offer to purchase the larger of the two parcels. The proceeds from that potential sale and from the expected sale of the smaller parcel would roughly equal the remaining balance on the real estate note held by Bank of Iowa, the primary lien holder. The sale of the property provides an opportunity for the property to be utilized by another entity and represents the best option for all parties involved. Best Cob, LLC is requesting NENEDD provide a Deed of Reconveyance on the real estate in the event of the sale of the property in order to provide a clean title to the purchaser. Best Cob, LLC proposes they would continue to make payments on the NENEDD loan until the loan is repaid in full under the current terms. NENEDD staff is recommending that we honor their request. NENEDD would keep lien on the Iowa property. Tina Welding made the motion to approve Best Cob, LLC request to provide Deed of Reconveyance and release liens on Fremont real estate to provide clean title to the purchaser in the event of the sale. Kendrick Marshall seconded the motion. Motion carries.

B. RLF – Loan Approval for Verlyn (Buck) and Rose Ann Kracl: Jeff Christensen presented. The Northeast RLF Committee recommends that NENEDD provide a loan of \$50,000 to Verlyn (Buck) & Rose Ann Kracl, for the cost of construction of their new building/shop to be leased to Kracl's Garage, LLC in Schuyler. Pinnacle Bank in Schuyler will provide a loan of up to \$300,000 with a term of 20 years at 6.20% interest (variable) for the construction of a new building, tools, equipment, rollback/car carrier and working capital. The bank will secure its loan with a primary lien position on all business assets of Kracl Garage, LLC and business real estate owned by Buck and Rose Ann Kracl personally. NENEDD will lend \$50,000 for the cost of construction of their new building/shop for Kracl's garage in Schuyler. NENEDD's loan will have a term of 15 years at an interest rate of 6.00% (fixed). The City of Schuyler will also lend \$50,000 for the cost of construction of their new building/shop for Kracl's garage in Schuyler. Schuyler's loan will have a term of 15 years at an interest rate of 4.00% (fixed). NENEDD will have a second lien position subordinate the Pinnacle Bank, Schuyler, on the business assets of Kracl Garage, LLC and business real estate owned by Buck and Rose Ann Kracl personally. The City of Schuyler will have a third lien position subordinate to Pinnacle Bank and NENEDD on the business assets of Kracl Garage, LLC and business real estate owned by Buck and Rose Ann Kracl personally. NENEDD and the City of Schuyler will also file a Deed of Trust (shared collateral position) on the personal residence of Tim and Lori Kracl in Schuyler as additional security for this loan. Buck and Rose Ann will sign a guaranty on behalf of Kracl Garage, LLC as additional security for the NENEDD and Schuyler loans. NENEDD will require an assignment of life insurance from Tim and Dan Kracl for the amount of the loan for the life of the loan. Schuyler City Council members have concerns about the general appearance of the business location. Over the years there have been a lot of items that have accumulated including many old trucks. The Mayor has discussed this with them and are working on details as to clean up required as part of the covenants of the Schuyler loan. The NENEDD and Schuyler loans

will be contingent upon what ever details the City of Schuyler intends to place on the loan agreement. Kelvin Wurdeman made the motion to approve the loan application for Verlyn (Buck) & Rose Ann Kracl as presented and recommended by the Northeast RLF Committee. Skip Edwards seconded the motion. Motion carries.

C. RLF – Loan Approval for Clint & Tina Parr, d/b/a Last Chance Steakhouse and Lounge – Schuyler: Jeff Christensen presented. The Northeast RLF Committee recommends that NENEDD provide a loan of \$50,000 to Clinton and Tina Parr to purchase the building and real estate of the Last Chance Steak House and Lounge in Schuyler. First National Bank – Schuyler will provide a loan of \$188,000. This includes \$178,000 with a term of 25 years at 6.00% interest (variable) to purchase the building, real estate, and business personal property and provide a \$10,000 line of credit. The bank will secure its loan with a primary lien position on business assets including real estate. NENEDD will lend \$50,000 for the cost of purchasing the Last Chance. NENEDD’s loan will have a term of 15 years at an interest rate of 6.00% (fixed). The City of Schuyler will also lend \$50,000 for the cost of purchasing the Last Chance. NENEDD will have a second lien position subordinate the First National Bank - Schuyler, on the business assets including real estate and business property. The City of Schuyler will have a third lien position subordinate to First National Bank - Schuyler and NENEDD on the business assets including real estate and business property. NENEDD and the City of Schuyler will also file a Deed of Trust (shared collateral position) on the personal residence of Clinton and Tina Parr in Schuyler as additional security for this loan. NENEDD will require an assignment of life insurance from Clinton and Tina Parr for the amount of the loan for the life of the loan. In previous loans where NENEDD and the City of Schuyler have each loaned funds for the same project, we have shared a second collateral position. NENEDD staff is also requesting that if the City of Schuyler were to request a shared collateral position at the 5-4-10 City Council meeting, we would agree to their request. Chris Miller made the motion to approve the loan application for Clint & Tina Parr, d/b/a Last Chance Steak House and Lounge in Schuyler as presented and recommended by the Northeast RLF Committee. John Lohr seconded the motion. Motion carries.

D. EDA Planning Grant: Tom Higginbotham reported on the Annual EDA planning grant application for \$61,000. The Economic Development Administration (EDA) invites the Northeast Nebraska Economic Development District to submit an application for funding of eligible planning and implementation activities under Partnership Planning Program. The year NENEDD is eligible to receive an additional \$10,000 over our base grant of \$51,000. Skip Edwards made the motion to approve the Resolution authorizing Chairman to sign the EDA planning application and all documents. Kendrick Marshall seconded the motion. Motion carries.

E. Housing Rehabilitation Program Guidelines: Judy Joy explained the Housing Program Guidelines need to have clarification of language in various sections of the guidelines to meet Nebraska Department of Economic Development requirements. Each of the changes was explained. John Lohr made the motion to approve the updates to the NED, Inc. Housing Rehabilitation Program Guidelines. Tina Welding seconded the motion. Motion carries.

F. NENEDD Down Payment Assistance Guidelines: Judy Joy explained the Down Payment Assistance Guidelines need to have clarification of language in various sections of the guidelines to meet Nebraska Department of Economic Development requirements. Each of the changes was explained. John Lohr made the motion to approve the updates to the NENEDD Down Payment Assistance Guidelines. Kelvin Wurdeman seconded the motion. Motion carries.

G. NENEDD Housing Reuse Plan: Judy Joy explained the Housing Reuse Plan needs to have clarification of language in various sections of the guidelines to meet Nebraska Department of Economic Development requirements. Each of the changes was explained. Kendrick Marshall made the motion to approve the updates to the NENEDD Housing Reuse Plan. John Lohr seconded the motion. Motion carries.

H. Quarterly Loan Review – January, February & March, 2010: Patsy Taylor gave the report.

Business Loan #310003 – May 1st we will be withdrawing the late payment plus late fees out of client account.

Business Loan #309018 – The bank involved followed through with a trustee sale. Staff is recommending the write off of the balance of this loan in the amount of \$97,958.17. Spoke with the banker involved and there will not be enough proceeds when the bank sells the property & equipment for NENEDD to attain any funds. Per our attorney's recommendation we will request a breakdown of any sale proceeds versus expenses for proof that funds available to NENEDD are zero.

Business Loan #0513 – Client filed bankruptcy. We filed a creditor's claim with the Bankruptcy Court. The bankruptcy was discharged. Staff is recommending the write off of the balance of this loan in the amount of \$31,988.55. The property is up for trustee sale April 28th implemented by the first lien holder (bank). Pending the sale of the property and correspondence with the bank involved and our attorney it is our determination that there will not be sufficient proceeds for NENEDD to attain any.

Business Loan #0605 – Rescheduling agreement was approved by the board. No payments due until November 1, 2010.

Skip Edwards made the motion to approve write off of business loan #309018 in the amount of \$97,958.17 and business loan #0513 in the amount of \$31,988.55. John Lohr seconded the motion. Motion carries.

I. NENEDD Budget Committee: Tom Higginbotham led the discussion. The annual budget committee reviews and recommends to the full board of directors the annual budget as prepared by staff. Skip Edwards made the motion to approve the Chairman's appointment of Kelvin Wurdeman, Kendrick Marshall, John Lohr and Jeff Scherer to serve on the budget committee. Tina Welding seconded the motion. Motion carries.

J. Appoint Kendrick Marshall to Serve in the Vacant Position of Secretary/Treasurer through June 30, 2010: John Lohr made the motion to appoint Kendrick Marshall as Secretary/Treasurer through June 30, 2010. Tina Welding seconded the motion. Motion carries.

VII. Chairman's/Board Comments: Jeff Scherer thanked the staff for their hard work and welcomed Sue Fuchtman to the board of directors.

VIII. Next Meeting Date: *The next meeting is on Wednesday May 26th, 2010 at 7:15 p.m. at the NENEDD Offices, 111 S 1st St, Norfolk, NE 68701.*

IX. Adjournment: There being no further business, Chairman Jeff Scherer adjourned the meeting at 8:37 p.m.