

**NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT**

Board of Directors Meeting

Tony's Steakhouse

84102 566<sup>th</sup> Ave, Stanton, NE 68779

Wednesday, January 27th, 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 7:48 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:** Tom Higginbotham 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, Boone County
Vicki Saunders, NENEDD Secretary/Treasurer, City of Norfolk	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	John Lohr, NENEDD Board Member, City of Columbus	

**Board Members Absent:** Chris Miller

**Others Present:**

Gaylord Wilcox, NED, Inc. President, 1 <sup>st</sup> National Bank of Schuyler/Howells	Lisa Walters, NED, Inc. Vice President, Private Representative, Norfolk	Mike Crosley, NED, Inc Board Member, Santee Sioux Nation
Melissa Graham, NED, Inc Board Member, Missa Sue's Salon & Spa	Russ Wilcox, NED, Inc. Secretary/Treasurer, Midwest Bank	
Tom Higginbotham, NENEDD	Tina Engelbart, NENEDD	Holly Quinn, NENEDD
Patsy Taylor, NENEDD	Mickella Brabec, NENEDD	Scott Owen, NENEDD
Jared Hahn, NENEDD	Jeff Christensen, NENEDD	

**III. Secretary's Report:** John Lohr made a motion to approve the agenda and the December 2009 minutes as mailed. Skip Edwards seconded the motion. Motion carried.

**IV. Treasurer's Report:** Patsy Taylor presented the December 2009 Treasurer's Report. Hank Thieman made a motion to approve the December 2009 Treasurer's Report. Kendrick Marshall seconded the motion. Motion carried.

**V. Discussion Items**

**A. Quarterly Loan Review (October, November, and December 2009):** Patsy Taylor led discussion on the quarterly loan review and the four loans of note. Loan #0309 – This property is up for sale with hopes of selling by March, 2010.

Loan #0412 – This loan was totally paid off in January, 2010. Loan #0513 – Followed protocol and attorney sent and filed default notice. Loan #0605 – Rescheduling agreement was approved by the board.

**VI. Quarterly Department Report:** Tom Higginbotham led discussion on the quarterly department reports. From the Business RLF department report stemmed a discussion on an anticipated loan subordination request from loan client #310003. The discussion was preliminary; no formal request has been made thus requiring no action by the board. The board members were encouraged to ask questions or make suggestions as to what they would like to see in future reports.

**VII. Action Items**

**A. RLF – Loan Approval for Michelle & Jess Kaiser, d/b/a Alotta Brownies - Fremont:** The Northeast RLF Board recommends a loan of \$20,000 to Michelle & Jess Kaiser, d/b/a Alotta Brownies for the purchase of furniture, fixtures, equipment, and working capital to expand and move the business to Fremont. Kendrick Marshall made a motion to approve the RLF committee's recommendation of \$20,000 to Michelle & Jess Kaiser, d/b/a Alotta Brownies. American National Bank in Fremont has agreed to provide a loan of \$20,000 and a line of credit of \$10,000 for this project. The bank's primary loan will have a term of 5 years and an interest rate of 6.95% (fixed). The bank will secure its loan with a primary interest on all business property, a deed of trust on Kaiser's residence in Blair and an assignment of life insurance. NENEDD will lend \$20,000 for the purchase of equipment, furniture, fixtures, and working capital to expand the business and locate in Fremont. This loan will have a term of 5 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position on the business personal property. NENEDD will also file a Deed of Trust on Mr. & Mrs. Kaiser's residence in Blair. They do intend on selling their home in Blair and moving to Fremont. At that time, the Blair home will be exchanged with the new home in Fremont as part of NENEDD's collateral. NENEDD will require an assignment of life insurance on Mr. & Mrs. Kaiser for the amount of the loan for the life of the loan. Tina Welding seconded the motion. Motion carried.

**B. RLF – Loan Approval for David & Sarah Ciancio, d/b/a Fullerton Hardware - Fullerton** The Northeast RLF Board recommends a loan of \$65,000 to David & Sarah Ciancio for the purchase the Fullerton Hardware business from the existing owner. Tina Welding made a motion to approve the RLF committee's recommendation of \$65,000 to David & Sarah Ciancio d/b/a Fullerton Hardware. Fullerton National Bank in Fullerton has agreed to provide a loan of \$85,000 for this project. The bank's primary loan will have a term of 15 years and an interest rate of 6.75 (variable). The bank will secure its loan with a primary interest on all business property including the hardware store real estate. NENEDD will lend \$65,000 for the purchase of the Fullerton Hardware store real estate and inventory. This loan will have a term of 15 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position on the business personal property including the hardware store real estate. NENEDD will also file a Deed of Trust on Mr. & Mrs. Ciancio's residence in Fullerton. NENEDD will require an assignment of life insurance on Mr. & Mrs.

Ciancio for the amount of the loan for the life of the loan. Kelvin Wurdeman seconded the motion. Motion carried.

**C. RLF – Release of Personal Guaranty for Loan #0603:** Jeff Christensen led discussion. A request has been made to release Tina and Ryan of their personal guaranty. They have not been involved in the business since they moved to South Dakota. Kathy and Gayle, the remaining owners, have come to an agreement and reimbursed Tina & Ryan all the money they put in. NENEDD staff has reviewed the business financials since the purchase. They have been profitable each year. NENEDD staff has also reviewed Kathy & Gayle's personal financial statement and new credit report and feel we have adequate collateral of the 44 acres owned by Kathy & Gayle. The change in management has not had a negative effect on the business. Their son-in-law has been managing the business since Tina left. NENEDD staff recommends releasing the personal guaranty of Tina and Ryan as they requested. John Lohr made a motion to table this item of business until the February 24<sup>th</sup> meeting in order for staff to find out more details. Skip Edwards seconded the motion. Motion carried.

**D. RLF – Loan Approval for Modern Dynamics, Inc. – Billy & Denise Czaplá – Columbus:** The Northeast RLF Board recommends a loan of \$25,000 to Modern Dynamics, Inc. for the purchase of furniture, fixtures, equipment, and working capital to expand the business. Hank Thieman made a motion to approve the RLF Committee's recommendation of \$25,000 to Modern Dynamics – Billy & Denise Czaplá. First National Bank in Columbus has agreed to provide an additional business loan of \$25,000 for this project in addition to an existing \$25,000 line of credit. The bank's primary business loan will have a term of 5 years and an interest rate of 6.95% (fixed). The bank will secure its loan with a primary interest on all business property of Modern Dynamics, Inc. and will be co-signed by Billy's father. NENEDD will lend \$25,000 for the purchase of equipment, furniture, fixtures, and working capital to expand the business. This loan will have a term of 5 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position on the business personal property of Modern Dynamics, Inc. NENEDD will file a first lien on a vehicle to be purchased for an extra salesman. NENEDD will also file Deeds of Trust on Mr. & Mrs. Czaplá's personal residence in Columbus, the business real estate of 4-C Investments, LLC (Little Messengers Daycare-Columbus) and a rental property at Duncan, NE. They do intend on selling the property in Duncan sometime in 2010. At that time, NENEDD will release that lien. If additional real estate is purchased to replace this property a Deed of Trust will be placed on that property. NENEDD will require an additional assignment of life insurance on Mr. & Mrs. Czaplá for the amount of the loan for the life of the loan and personal guaranty signed by Mr. & Mrs. Czaplá. Kendrick Marshall seconded the motion. Motion carried. Board member Lohr abstained from the vote.

**E. RLF – Loan Approval for Patzel Enterprises, Inc. – Mitch Patzel – Albion**  
The Northeast RLF Board recommends a loan of \$50,000 to Mitch Patzel for the purchase of the real estate building and furniture, fixtures, and equipment. John Lohr made a motion to approve the RLF committee's loan recommendation of \$50,000 to Mitch Patzel contingent upon *1. Interest only payments for the first three years for the owner's carry-back. If profitable at the end of the three years, then principle and interest payments may begin. 2. Attend/participate in*

*entrepreneur classes at the CEC (Columbus Entrepreneurship Center) or equivalent. 3. Client provides Profit & Loss statements quarterly to NENEDD staff.* Citizens State Bank in Spalding is considering two separate loans. The first/primary loan in the amount of \$100,000 will be in a primary lien position on all business assets including real estate, FFE, and inventory. This primary loan will have a term of 10 years at an interest rate yet to be determined. A second/subordinate bank loan in the amount of \$50,000 will be secured only by CD's provided by Boone County Economic Development and Albion Economic Development for \$25,000 each (\$50,000 total). This second bank loan will have an estimated term of 5 years at an interest rate of 5.00% (fixed) this is yet to be determined also, but was pulled from another loan previously done with Albion Economic Development. NENEDD will lend \$50,000 to Patzel Enterprises Inc. for the purchase of the real estate building and FFE. NENEDD's loan will have a term of 10 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position on all business and personal property only to the bank's primary \$100,000 loan. NENEDD will also file a subordinate Deed of Trust on Mitch and Maria Patzel's personal residence in Boone County (474 acres of farm land) as additional collateral for this loan. NENEDD will require life insurance on Mitch Patzel for the amount of the loan for the life of the loan and a personal guaranty will be required from Mitch and Maria Patzel. Boone County ED and Albion ED will be in a subordinate position behind NENEDD. The current owner, Larry Rasmussen, will also be doing a carry-back loan for \$50,000 for 5 years at 5% and will take a subordinate position behind the bank, NENEDD, and local economic groups. Skip Edwards seconded the motion. Motion carried. Board member Thieman abstained from the vote.

- VIII. Chairman's/Board Comments:** Jeff Scherer thanked the board members and staff for their hard work and participation. He also welcomed Jared Hahn.
- IX. Next Meeting Date:** *The next meeting is on Wednesday February 24<sup>th</sup>, 2010 at 7:15 p.m. at the NENEDD offices, 111 S 1<sup>st</sup> St, Norfolk, NE 68701.*
- X. Adjournment:** There being no further business, Chairman Jeff Scherer adjourned the meeting at 8:50 p.m.