

**NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 28TH, 2010 - 2:00 P.M.**

*Midland Lutheran College Dining Hall
9th & Pebble, Fremont, NE*

AGENDA

- I. **Call to Order:** Inform the public about the location of the Open Meetings Act and that it is accessible to the public (LB 898).
- II. **Roll Call**
- III. **Secretary's Report**
 - A. Approval of Agenda
 - B. Approval of June 2010 Minutes (as mailed)
- IV. **Treasurer's Report - None**
- V. **Discussion Items - None**
- VI. **Action Items**
 - A. RLF -- Change of Personal Guaranty for Loan #307006 (Jeff Christensen)
 - B. RLF -- Deed of Reconveyance for Loan #308007 (Jeff Christensen)
 - C. RLF -- Loan Approval for Rief Design & Mfg., LLC -- Adam & Steve Rief -- Bancroft (Jeff Christensen)
 - D. RLF -- Request to Reschedule Loan for Loan #308014 (Holly Quinn)
- VII. **Chairman's/Board Comments**
- VIII. **Next Meeting Date:** The next meeting will be August 25, 2010 at 7:30 p.m. in Niobrara, Nebraska; location to be determined.
- IX. **Adjournment**

Northeast
Nebraska
Economic
Development
District

Progress Requires Direction

RLF – Change of Personal Guaranty for Loan #307006

NENEDD Board Agenda Material

Item VI. A

Object: Approve request to change personal guaranty for loan #307006.

Contact Person: Jeff Christensen

For: Action

Background:

NENEDD placed a loan of \$100,000 on 3-2-09 to Horizon Biofuels in Fremont, Nebraska, for equipment and working capital. The term is 7 years at an interest rate of 5.00% (fixed). NENEDD has a subordinate (2nd) lien position to the bank on all business assets including real estate. NENEDD also has a Personal Guaranty from each of the ten principals in the business. The loan balance is \$86,625.27 including the July payment. All payments have been made as promised.

One of the owners, Dan Martinez, has sold his shares of the business to Michael Hudson and has requested that we release his Personal Guaranty. We have not received the usual underwriting information such as personal financial statement nor run a credit report at this point. However, upon receiving this information and having a favorable review, NENEDD staff recommends Mr. Martinez's request to release his Personal Guaranty.

Motion: To approve the request of Dan Martinez, to release his personal guaranty for loan # 307006. This will be replaced by the new owner, Michael Hudson contingent upon a favorable review of financial and credit information.

RLF – Deed of Reconveyance for Loan #308007

NENEDD Board Agenda Material

Item VI. B

Object: Approve request for Deed of Reconveyance on loan #308007

Contact Person: Jeff Christensen

For: Action

Background: On 10-4-07 NENEDD placed a loan with Snyder Fire Equipment for \$100,000 (7 year term). The balance is \$67,498.96 including the July payment. All payments have been made as promised. Collateral includes a shared second lien position with NEDCO on all business assets including real estate and business property. NENEDD also has Deeds of Trust on Mark and Michelle Kreikemeier's personal residence in Snyder, Bruce and Bonnie Kreikemeier's personal residence in West Point, and Tom and Karen Kreikemeier's personal residence in Snyder. A Personal Guaranty is provided by Mark and Michelle Kreikemeier, Bruce and Bonnie Kreikemeier, Tom and Karen Kreikemeier, and a Corporate Guaranty provided by Danko Emergency Equipment Company as additional security to this loan. NENEDD also has life insurance on Mark, Bruce, and Tom Kreikemeier for the amount of the loan for the life of the loan.

Explanation: Tom Kreikemeier wishes to refinance their personal residence with no additional funds paid out. They are requesting that NENEDD execute a Deed of Reconveyance to allow their new mortgage company to have primary lien position. NENEDD will refile a new Deed of Trust subordinate to the new mortgage company. NENEDD staff recommends approving the request for the Deed of Reconveyance.

Motion: To approve the request for a Deed of Reconveyance on the personal residence for loan #308007 as recommended by NENEDD staff.

RLF – Loan Approval for Rief Design & Mfg., LLC – Adam & Steve Rief - Bancroft

NENEDD Board Agenda Material

Item VI. C

Object: Approve a loan for Rief Design & Mfg., LLC – Adam & Steve Rief - Bancroft

Contact Person: Jeff Christensen

For: Action

Project Overview and Description:

Rief Design and Mfg. LLC was founded in January 2006 by Steve and Adam Rief. The current building they operate and manufacture out of is too small to build multiple items at once causing them to loose sales. They are requesting \$35,000 from NENEDD to construct a new building to meet their needs. Rief Design specializes in custom manufacturing of agricultural equipment as well as general welding on and off site. They have continued to expand business every year and are in need of this new facility to operate at full potential. The old building will continue to be used mainly for the painting of the products they design and manufacture.

The products they design are new and innovative equipment that is more efficient than other brands that is mainly used for agriculture applications. Their products can be custom ordered to fit customer's exact needs. Their first product was the Squeege-it Scraper. This is a set of hydraulic folding wings that attach to a tractor's 3-pt hitch used to scrape feed lots. A short video of this being used is on their website www.riefdesign.com. It has performed wonderfully and has had great reviews from the customers. A complete list of products and services is included. Currently they are working on a contract with Sapp Bros. to build approximately 50 fuel tanks a year (30-500 gallon, 15-1,000 gallon & 5-2,000 gallon tanks). They are also trying to pursue a deal building fuel tanks for Central Valley Ag.

The total project costs are estimated to be \$128,0150. This includes purchasing 3.8 acres of land that is adjacent to Steve's personal acreage and the construction of a 60' x 80' steel building seven miles west of Bancroft. The Rief's and First National Bank Northeast in Oakland are requesting that NENEDD provide a loan in the amount of \$35,000 for the construction of a new building at a new site west of Bancroft. The Bank has approved a loan of up to \$58,000 for the same and to purchase the real estate. Adam and Steve Rief are providing sweat equity of \$38,640 in the form of cash for site prep, concrete work and electrical/plumbing installation. The project will create at least 1 FTE jobs and retain 2 jobs (3.total)

Sources and Uses

Source	NENEDD	Equity	Total
Renovation	-0-	\$5,400	\$5,400
FFE	\$26,000	\$1,450	\$27,450
Working Capital	\$9,000	\$2,000	\$11,000
Total	\$35,000	\$8,850	\$43,850

Proposed Loan Package and Related Collateral:

The Northeast RLF Committee recommends a loan of \$35,000 to Rief Design & Manufacturing, LLC for the construction of a new building at a new site west of Bancroft. First National Bank Northeast in Oakland has agreed to provide a loan of up to \$58,000 for this project. The bank's primary loan will have a term of 20 years at an interest rate of 5.95% (variable). The bank will secure its loan with a primary deed of trust on 3.8 acres being purchased for the site of the new facility and a second lien position on equipment and accounts receivable. Rief's have a working capital loan with Wells Fargo who has first lien position on the equipment and accounts receivable. NENEDD will lend Rief Design & Mfg, LLC \$35,000 for the construction of a new building at a new site west of Bancroft. This loan will have a term of 15 years at an interest rate of 6.00% (fixed). NENEDD will have a subordinate (3rd) lien position on the business personal property and second position on the 3.8 acres of real estate being purchased for the new building. NENEDD will also file a Deed of Trust on Steve Rief's acreage residence also west of Bancroft. NENEDD will require an assignment of life insurance on Adam and Steve Rief for the amount of the loan for the life of the loan. Adam Rief, Steve and Sarah Rief (Steve's wife) will personally guaranty the Rief Design & Mfg., LLC loan.

Motion: To approve the loan application of Rief Design & Manufacturing, LLC for the construction of a new building at a new site west of Bancroft, as presented and recommended by the Northeast RLF Committee.

RLF – Request to Reschedule Loan for Loan #308014

NENEDD Board Agenda Material

Item VI. D

Object: Approve request from Arkfeld Mfg. & Dist. Co., Inc. to reschedule their loan

Contact Person: Holly Quinn

For: Action

Explanation: Email from Anthony Arkfeld:

Sorry for the email delay – just got my computer up and running again after 3-weeks of flood mayhem. We have a temporary office set up at Nebraska Life magazine (good for phone orders/some minor accounting only) at this point in time. Our business office is completely decimated (unusable) and our production is still ¾ down. We can only work on small items that use hand tools for the time being, so cash flow is nearly non-existent at this point.

We are not able to meet the August 1st payment, and yes please do what you can to reschedule the loan if possible. We did have flood insurance through FEMA, but they have not yet provided any financial relief for us to even begin to rebuild. We have been in contact with Mike Flood's office in an attempt to get the right people at FEMA to "react" to our claim. Hopefully we will see some action soon! We are missing out on several business opportunities on the hydrogen project that could have turned the company around by now! Thanks for your help and concern, Anthony

Beginning on August 1, 2010, payments will be deferred for six (6) months with no interest to accrue. As of February 1, 2011, the new principal balance will be \$92,333.81. Beginning on February 1, 2011, ARKFLED will resume regular full payments of principal and interest in the amount of \$1,460.86. On or about January 1, 2011, NENEDD and ARKFELD will review the repayment ability of ARKFELD or negotiate additional terms agreeable between NENEDD and ARKFELD.

Motion: To approve Arkfeld Mfg. request to reschedule their loan agreement as recommended by NENEDD staff.