

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

Board of Directors Meeting

NENEDD Offices

111 S 1st St, Norfolk, NE

Wednesday, May 26, 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 7:35 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	Lisa Walters, NED, Inc Board Member, Private Representative (By Phone)	Russ Wilcox, NED, Inc. Secretary/Treasurer, Midwest Bank
Melissa Graham, NED, Inc Board Member, Missa Sue's Salon & Spa (By Phone)	Tim Bearnes, Laurel	Lisa McFarland, NPPD (By Phone)
Lara Huskey, NDED (By Phone)	Tom Higginbotham, NENEDD (By Phone)	Patsy Taylor, NENEDD (By Phone)
Jamie Arens, NENEDD (By Phone)	Tina Engelbart, NENEDD (By Phone)	Jeff Christensen, NENEDD
Judy Joy, NENEDD	Mickella Brabec, NENEDD	Holly Quinn, NENEDD (By Phone)
Anne Thietje-Pantoja, NENEDD	Lisa Hurley, NENEDD	

III. Secretary's Report: Kelvin Wurdeman made the motion to approve the agenda and the April 2010 minutes as mailed. Tina Welding seconded the motion. Motion carries.

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

V. Discussion Items

A. Nominating Committee Report: Tom Higginbotham led the discussion. The Nominating Committee is made up of Jeff Scherer, Gaylord Wilcox, Kendrick Marshall and Melissa Graham. The Nominating Committee met on April 28th, 2010. City of Norfolk representative Vicki Saunders resigned from her position in March, 2010. Kendrick Marshall will be nominated to fill the Secretary/Treasurer position. Mayor Sue Fuchtman will fill the City of Norfolk's board position until a replacement can be selected. The committee met tonight to discuss board candidates and will meet again in June. The committee will present a formal slate of Board of Directors and Officers for approval at the June board meeting.

VI. Action Items

A. Hardship Review Housing Rehabilitation Client #99530: Judy Joy explained to the board client #99530's wife has recently passed away, decreasing the household income. It is the staff's recommendation to approve the hardship review application to be 100% forgivable loan over a 10 year period. Kelvin Wurdeman made a motion to approve client #99530 for a 100% forgivable loan. Skip Edwards seconded the motion. Motion carried.

B. RLF – Change of Personal Guaranty for Loan #0701 Mill Iron West: Jeff Christensen presented. NENEDD placed a loan of \$20,000 on 7-31-06 to Barbara Thompson d/b/a Mill Iron West in Fremont, Nebraska, for inventory and working capital. Unfortunately she is no longer in business but continues to pay her loan as promised and has never miss a payment or been late. NENEDD is the only lender in this microloan. The term was 5 years at an interest rate of 6.00% (fixed). NENEDD has the primary and only lien position on all business assets and NENEDD has a deed of trust on Ms. Thompson's personal residence and a life insurance assignment from Ms. Thompson for the amount of the loan for the life of the loan. Her business associate (at the time) Allan Assman also provided a personal guaranty for this loan. The loan balance as of 3-31-10 is \$6,341.29. Mr. Assman and Barbara are no longer associated and request that we release his personal guaranty. Barb's father Robert will provide a personal guaranty to replace Mr. Assman's guaranty. NENEDD staff recommends that NENEDD honor their request and change the personal guaranty. Skip Edwards made a motion to approve the request of Barbara Thompson to change the personal guaranty for loan #0701. Sue Fuchtman seconded the motion. Motion carried.

C. RLF – Request to Reschedule Loan for Loan #308014 Arkfeld: Holly Quinn presented the request. Beginning December 1, 2009, this loan was rescheduled for three months with no payments to be made but interest to still accrue. Beginning March 1, 2010, accrued interest was to be paid and regular payments to resume. This date has come and gone with no payments made. NENEDD Staff, Holly Quinn, along with staff from Elkhorn Valley Economic Development Co. conducted a Business Retention visit to determine ways to offer assistance to the company in any way possible. December, 2009 and January - May, 2010 payments are past due together with fees and interest that has continued to accrue. Beginning on June 1, 2010, payments will be deferred

for two (two) months with interest to still accrue. Past due fees and accrued interest will be added to the principal balance. As of August 1, 2010, the new principal balance will be \$92,333.81. Beginning on August 1, 2010, ARKFLED will resume regular full payments of principal and interest in the amount of \$1,460.86. On or about July 1, 2010, NENEDD and Arkfeld will review the repayment ability of Arkfeld or negotiate additional terms agreeable between NENEDD and Arkfeld. Chris Miller made a motion to approve the request from Arkfeld Mfg. to reschedule their loan agreement as recommended by NENEDD staff. John Lohr seconded the motion. Motion carried.

D. RLF – Loan Approval for Jeff & Jill Ellis (Ellis Heating, Plumbing & A/C Inc) - Wayne: Holly Quinn presented the loan. The Northeast RLF Committee recommends that NENEDD provide a loan to Jeff & Jill Ellis for \$100,000 to purchase real estate to move their business, Ellis Heating, Plumbing & A/C Inc., to Wayne. First National Bank of Wayne has agreed to provide a loan of \$180,000 for this project contingent upon NENEDD and the City of Wayne's participation in the project. The bank's primary loan of \$150,000 will have a term of 20 years at 6.5%. The bank will secure its loan with a primary lien on all business personal property including business real estate. The bank will also have a Line of Credit for \$30,000 at 6.5% amortized over 1 year. NENEDD will lend \$100,000 at 6% fixed for 15 years to purchase the real estate and FFE. NENEDD will take a subordinate line position behind the bank on all business personal property including business real estate. NENEDD will also file a Deed of Trust on Jeff & Jill Ellis' personal residence in Wayne as additional collateral for this loan. NENEDD will require life insurance on Jeff & Jill Ellis for the amount of the loan for the life of the loan. The City of Wayne will lend \$75,000 for 20 years at 4% for the purchase of real estate. They will take a subordinate position behind the bank and NENEDD on all business personal property including business real estate. (The City of Wayne will take to city council for final approval in June.) Kendrick Marshall made a motion to approve the loan application for Jeff & Jill Ellis, Ellis Heating, Plumbing & A/C, Inc. in Wayne as presented and recommended by the Northeast RLF Committee. Sue Fuchtman seconded the motion. Motion carried.

E. RLF – Loan Approval for Laurel BioComposite, LLC - Laurel: Holly Quinn presented the loan. Tim Bearnes from Laurel BioComposite was also available to answer questions. The Northeast RLF Committee recommends that NENEDD approve two loans for Laurel BioComposite, LLC in the amount of \$100,000 for the first loan and a bridge loan for \$150,000. Phase 1 - NENEDD will lend \$100,000 for working capital, 5% interest (fixed) for 5 years with interest only payments for the first 12 months. NENEDD will file a Deed of Trust on 5 acres, but will need to do a Deed of Reconveyance around September when AgCountry provides their loan. (The purchase price of the 5 acres is \$118, 200.) NENEDD's second loan for \$150,000 will be a short-term loan 0% interest and will be reimbursed by NDED through the City of Laurel. (No interest based on DED's rate offered to business receiving CDBG funds.) NENEDD expects that the process of drawing down funds from DED will not take any longer than 30-60 days from the date of the loan closed till NENEDD's bridge loan is paid off. NENEDD will only make this bridge loan once DED has approval on the CDBG funds. Phase 2 - AgCountry Farm Credit Services in North Dakota has provided a term letter for a \$9,000,000 loan and \$2,000,000 line of credit. They will be

coming into the project when the Company breaks escrow which is scheduled for August 31, 2010. NDED will provide a \$500,000 CDBG grant (\$350,000 for public works – grant) (\$150,000 business pays back to the NDO at 0% due by November 30, 2010). Tina Welding made a motion to approve the loan application for Laurel BioComposite, LLC as presented and recommended by the Northeast RLF Committee. John Lohr seconded the motion. Motion carried.

F. RLF – Adopt NDO Regional CDBG RLF Plan and Enter Into MOU Transferring Regional CDBG Fund Program Income to NED, Inc.: Jeff Christensen explained the request. The Nebraska Department of Economic Development (DED) recognizes Northeast Economic Development, Inc. (NED, Inc.) as a Non-Profit Development Organization (NDO). This allows NED, Inc. to be a Subrecipient of funds from local economic development revolving loan funds (program income) and utilize these funds in accordance with an approved RLF plan. NED, Inc. is requesting that NENEDD consider amending its RLF plan for its Regional CDBG RLF and enter into a Memorandum of Understanding transferring future Regional CDBG RLF program income to NED, Inc. to capitalize a NDO Regional RLF to be used in NED, Inc.’s northeast Nebraska service area. All future loans made by the NENEDD using its Regional CDBG Revolving Loan Fund program income will be assigned to NED, Inc., the Non-profit Development Organization (NDO), as defined by DED and will be reused for economic development activities as outlined in NED, Inc.’s NDO Revolving Loan Fund reuse plan. These transferred funds are then defederalized and are less restrictive and more flexible for future projects. Chris Miller made a motion to approve the request of NED, Inc. to amend NENEDD’s RLF plan for its Regional CDBG RLF and enter into a Memorandum of Understanding transferring future Regional CDBG RLF program income to NED, Inc. as recommended by NENEDD staff. Skip Edwards seconded the motion. Motion carried.

G. Corporation Resolution with BankFirst: Patsy Taylor explained resolution. NENEDD contracted with the City of Pierce to administer their reuse program. A savings account was set up at BankFirst for the collection of their loan payments that will be remitted to the City quarterly. Since a new account was set up a corporate resolution for the new account is required by BankFirst. John Lohr made a motion to approve the corporate resolution with BankFirst. Sue Fuchtmann seconded the motion. Motion carried.

VII. Chairman’s/Board Comments: Jeff Scherer thanked the staff for their hard work and thanked Lara Huskey and Tim Bearnese for their attendance and participation.

VIII. Next Meeting Date: *The Annual Council of Officials meeting will be June 30th, 2010 at Duster’s Restaurant, 2804 13th St, Columbus, NE.*

IX. Adjournment: There being no further business, Chairman Jeff Scherer adjourned the meeting at 8:25 p.m.