

**NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, MAY 26TH, 2010 - 7:15 P.M.**

*NENEDD Offices  
111 S 1<sup>st</sup> St, Norfolk, NE 68701*

**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 April 2010 Minutes (as mailed)
- IV. **Treasurer's Report**
  - A. April Treasurer's Report
- V. **Discussion Items**
  - A. Nominating Committee Report on NENEDD Board Vacancy
- VI. **Action Items**
  - A. Hardship Review Housing Rehabilitation Client #99530
  - B. RLF Change of Personal Loan Guaranty - Loan #0701 Mill Iron West (Jeff Christensen)
  - C. RLF Request to Reschedule Loan - Loan #308014 Arkfeld (Holly Quinn)
  - D. RLF Loan Approval – Jeff & Jill Ellis (Ellis Heating, Plumbing & A/C Inc) - Wayne (Holly Quinn)
  - E. RLF Loan Approval – Laurel BioComposite, LLC - Laurel (Holly Quinn)
  - F. Adopt NDO Regional CDBG RLF Plan and Enter into MOU Transferring Regional CDBG Fund Program Income to NED, Inc. (Jeff Christensen)
  - G. Corporate Resolution with BankFirst
- VII. **Chairman's/Board Comments**
- VIII. **Next Meeting Date:** The Semi-Annual Council of Officials will be June 30th, 2010 at Duster's Restaurant, 2804 13<sup>th</sup> St, Columbus, NE.
- IX. **Adjournment**

## April 2010 Treasurer's Report

### NENEDD Board Agenda Material

#### Item IV. A

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**Object:** Approval of April, 2010 Treasurer's Report

**Contact Person:** Patsy Taylor, Fiscal Officer

#### **For: Action**

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**Background:** NENEDD's April, 2010 Statement of Financial Position and the Statement of Revenues and Expenditures that reflects the April Budget, Actual and Budget Variance. Also stated is the FY 2010 Budget, July 1, 2009 through April 30, 2010 Actual, Budget Variance so far this fiscal year and Percent of the FY 2010 Budget remaining.

**Explanation:** Additional Information:

Business Loan Principal Received-\$46,606.23  
Housing Rehab Principal Received-\$4,603.02  
Business Loan Disbursements-\$100,000.00 (one loan closed)  
IRP #2 Loan Principal & Interest Paid-\$21,225.00

As per board approval at the April 28<sup>th</sup> board meeting, business loans #309018 and #0513 were written off in the amounts of \$97,958.17 and \$31,988.55, respectively, and are reflected under the loans written off expenditure line item on the Statement of Revenues & Expenditures,

**Motion:** Move to approve the April Treasurer's Report as presented.

**Northeast Nebraska Economic Development District**  
**Statement of Financial Position - Overall**  
**As of 04/30/2010**

	Current Period Balance
<b>Assets</b>	
Cash in Bank - Checking	7,653.17
Savings Unrestricted - NPAIT 001	271,334.45
EDA RLF - NPAIT 002	358,198.02
Reserved Funds - NPAIT 013	75,721.56
Microloan Fund - NPAIT 003	10,388.37
Security Reserve Account	24,254.60
NE Regional RLF - NPAIT 004	210,008.20
Santee Micro Fund - NPAIT 012	8,000.60
IRP Loan Fund - NPAIT 006	377,060.13
HUD Business RLF - NPAIT 008	79,190.87
Unrestricted 2-Year CD	19,999.36
IRP Loss Reserve - NPAIT 009	15,065.75
Accounts Receivable	140,072.01
Other Receivables	2,255.00
RLF Notes Receivable	1,217,773.80
Microloan Notes Receivable	35,940.21
NE Regional Notes Receivable	376,255.72
Prepaid Expense	642.04
IRP Fund Notes Receivable	1,295,149.99
HUD Business Loan Notes Receivable	150,238.79
Regional Rehab Notes Receivable	61,514.20
HUD Rehab Notes Receivable	76,751.93
IRP 2 NPAIT 015 Loan Loss Reserve	29,774.88
Housing Construction - NPAIT 016	1,308.10
Unrestricted CD-Midwest #882523	25,833.85
Cash in Bank - EDA Conference	592.15
Unrestricted CD-Midwest #881867	1,574.85
Allowance for Uncollectible A/R	(23,000.00)
Allowance for Uncollectible Notes	(493,000.00)
Furniture and Equipment	203,339.00
Accumulated Depreciation	(154,035.53)
<b>Total Assets</b>	<b>4,405,856.07</b>
<b>Liabilities</b>	
Accounts Payable	8,086.71
Stanton National Bank Line of Credit	2,255.00
Accrued FICA Payable	3,552.32
Federal Tax Withheld	1,857.48
State Tax Withheld	2,361.85
457 Withheld	822.25
Health Insurance Payable	84.20
Cafeteria Premium Payable	237.80
Unreimbursed Medical Payable	(117.60)
Annual Leave Payable	17,957.83
HSA Contributions	337.50
Accrued Unemployment	382.89
Accrued Workers Comp	(2,607.14)
Accrued Salaries	19,430.93
Microloan Note Payable	300,000.00
Lease Payable	11,514.85
IRP Loan Note Payable	599,701.03
IRP 2 Loan Note Payable	467,382.18

**Northeast Nebraska Economic Development District**  
**Statement of Financial Position - Overall**  
**As of 04/30/2010**

	<u>Current Period Balance</u>
Total Liabilities	<u>1,433,240.08</u>
Net Assets	
Total Net Assets	<u>2,972,615.99</u>
Total Net Assets and Liabilities	<u>4,405,856.07</u>

**Northeast Nebraska Economic Development District**  
**Statement of Revenues and Expenditures**  
From 04/01/2010 Through 04/30/2010

	Current Period		Current Period		Total Budget	Current Year		Total Budget		Percent Total Budget \$ Remaining
	Budget	Actual	Budget Variance	Actual		Actual	Variance			
<b>Revenues</b>										
Federal Grants-EDA	5,292.00	16,210.00	10,918.00		63,500.00	64,840.00	1,340.00	2.11%		
Donations	42.00	0.00	(42.00)		500.00	0.00	(500.00)	(100.00)%		
Dues-Community	13,333.00	0.00	(13,333.00)		160,000.00	163,260.22	3,260.22	2.04%		
Dues-Counties	1,063.00	0.00	(1,063.00)		12,750.00	13,635.42	885.42	6.94%		
Dues-Associates	1,333.00	0.00	(1,333.00)		16,000.00	13,390.00	(2,610.00)	(16.31)%		
Scholarships	17.00	0.00	(17.00)		200.00	0.00	(200.00)	(100.00)%		
Meeting Income	125.00	0.00	(125.00)		1,500.00	1,236.05	(263.95)	(17.60)%		
NEED, Inc. Management	2,500.00	2,500.00	0.00		30,000.00	25,000.00	(5,000.00)	(16.67)%		
General Administration Fees	20,083.00	20,855.92	772.92		241,000.00	183,161.00	(57,839.00)	(24.00)%		
Grant Writing Fees	250.00	3,250.00	3,000.00		3,000.00	4,000.00	1,000.00	33.33%		
Down Payment Assistance	0.00	0.00	0.00		0.00	109,394.00	109,394.00	0.00%		
Lead Based Paint Inspection	2,500.00	2,537.25	37.25		30,000.00	16,062.38	(13,937.62)	(46.46)%		
Housing Study Revenue	2,917.00	0.00	(2,917.00)		35,000.00	25,000.00	(10,000.00)	(28.57)%		
Blight Study Revenue	250.00	2,085.00	1,835.00		3,000.00	5,050.00	2,050.00	68.33%		
Housing Administration Fees	20,406.00	7,518.65	(12,887.35)		244,875.00	114,540.40	(130,334.60)	(53.22)%		
Comp Plan Revenue	3,333.00	5,349.35	2,016.35		40,000.00	44,951.19	4,951.19	12.38%		
Microenterprise Mngt Revenue	2,500.00	0.00	(2,500.00)		30,000.00	49,000.00	19,000.00	63.33%		
Local RLF Contributions	5,000.00	1,000.00	(4,000.00)		60,000.00	74,620.00	14,620.00	24.37%		
EDA Peer Project Revenue	250.00	0.00	(250.00)		3,000.00	12,314.00	9,314.00	310.47%		
Loan Closing Revenue	233.00	400.00	167.00		2,800.00	3,002.95	202.95	7.25%		
NP/IT Investment Income	417.00	497.11	80.11		5,000.00	4,629.39	(370.61)	(7.41)%		
Business Loan Principal	37,500.00	0.00	(37,500.00)		450,000.00	0.00	(450,000.00)	(100.00)%		
Business Loan Interest	15,833.00	14,636.82	(1,196.18)		190,000.00	144,695.63	(45,304.37)	(23.84)%		
Business Loan Late Fee	21.00	150.00	129.00		250.00	800.00	550.00	220.00%		
Loan Processing Fee	583.00	1,000.00	417.00		7,000.00	6,270.00	(730.00)	(10.43)%		
Annual Servicing Fees	833.00	1,086.42	253.42		10,000.00	12,597.37	2,597.37	25.97%		
Developer Costs	0.00	5,932.98	5,932.98		0.00	21,446.46	21,446.46	0.00%		
Special Projects	1,417.00	800.75	(616.25)		17,000.00	2,423.63	(14,576.37)	(85.74)%		
Housing Rehab Principal	2,083.00	0.00	(2,083.00)		25,000.00	0.00	(25,000.00)	(100.00)%		
Housing Rehab Interest	100.00	75.29	(24.71)		1,200.00	769.45	(430.55)	(35.88)%		
Interest Income	2,083.00	312.11	(1,770.89)		25,000.00	3,991.11	(21,008.89)	(84.04)%		
Miscellaneous Income	42.00	0.00	(42.00)		500.00	68.20	(431.80)	(86.36)%		
In-Kind Contributions	1,250.00	1,250.00	0.00		15,000.00	12,500.00	(2,500.00)	(16.67)%		
<b>Total Revenues</b>	<b>143,589.00</b>	<b>87,447.65</b>	<b>(56,141.35)</b>		<b>1,723,075.00</b>	<b>1,132,648.85</b>	<b>(590,426.15)</b>	<b>(34.27)%</b>		

**Northeast Nebraska Economic Development District**  
**Statement of Revenues and Expenditures**  
**From 04/01/2010 Through 04/30/2010**

Expenditures	Current Period	Current Period	Current Period	Total Budget	Current Year	Total Budget	Percent Total Budget \$ Remaining
	Budget	Actual	Budget Variance		Actual	Variance	
Salaries and Wages	41,839.00	47,784.95	(5,945.95)	586,490.00	499,494.28	86,995.72	14.83%
Fringe Benefits	2,847.00	10,550.62	(7,703.62)	116,172.00	98,622.13	17,549.87	15.11%
Potential Lease Payments	2,500.00	0.00	2,500.00	30,000.00	0.00	30,000.00	100.00%
Rent In-Kind	1,250.00	1,250.00	0.00	15,000.00	12,500.00	2,500.00	16.67%
Telephone	667.00	998.83	(331.83)	8,000.00	9,239.80	(1,239.80)	(15.50)%
Postage	500.00	1,061.80	(561.80)	6,000.00	4,813.97	1,186.03	19.77%
Office Supplies	833.00	1,695.87	(862.87)	10,000.00	8,297.79	1,702.21	17.02%
Training	417.00	650.00	(233.00)	5,000.00	3,139.00	1,861.00	37.22%
Travel-Board of Directors	42.00	0.00	42.00	500.00	0.00	500.00	100.00%
Travel-Staff	6,649.00	4,121.85	2,527.15	53,264.00	47,367.37	5,896.63	11.07%
Photo Expense	17.00	15.00	2.00	200.00	43.80	156.20	78.10%
Printing/Publishing	125.00	0.00	125.00	1,500.00	1,336.00	164.00	10.93%
Copier Expense	417.00	436.94	(19.94)	5,000.00	3,343.33	1,656.67	33.13%
Donations	2,183.00	6,448.89	(4,265.89)	26,200.00	30,573.60	(4,373.60)	(16.69)%
Computer Maintenance/Software	1,387.00	414.14	972.86	7,546.00	2,019.80	5,526.20	73.23%
Computer Equipment	2,162.00	0.00	2,162.00	9,978.00	0.00	9,978.00	100.00%
Electronic Mail	63.00	39.53	23.47	750.00	456.32	293.68	39.16%
Financial Software	375.00	100.00	275.00	4,500.00	4,657.00	(157.00)	(3.49)%
Lead Testing Expense	0.00	0.00	0.00	0.00	1,000.00	(1,000.00)	0.00%
Equipment	250.00	0.00	250.00	1,000.00	0.00	1,000.00	100.00%
EDA Peer Project	417.00	2,635.40	(2,218.40)	5,000.00	13,316.46	(8,316.46)	(166.33)%
Loan Closing Expense	233.00	111.25	121.75	2,800.00	2,207.37	592.63	21.17%
Building Maintenance	250.00	228.75	21.25	3,000.00	2,834.89	165.11	5.50%
Utilities	542.00	547.39	(5.39)	6,500.00	4,567.57	1,932.43	29.73%
Dues/Memberships	417.00	6.00	411.00	5,000.00	3,928.00	1,072.00	21.44%
Subscriptions/Reference	42.00	0.00	42.00	500.00	232.00	268.00	53.60%
Advertising/Marketing	333.00	103.95	229.05	4,000.00	7,450.87	(3,450.87)	(86.27)%
Insurance	708.00	0.00	708.00	8,500.00	4,130.00	4,370.00	51.41%
Business Loan Disbursements	58,333.00	0.00	58,333.00	700,000.00	0.00	700,000.00	100.00%
Legal Services	125.00	0.00	125.00	1,500.00	1,097.89	402.11	26.81%
Audit Fees	558.00	0.00	558.00	6,700.00	5,784.00	916.00	13.67%
Other Professional Services	1,100.00	70.00	1,030.00	13,200.00	7,515.00	5,685.00	43.07%
Annual Staff Retreat Expense	42.00	0.00	42.00	500.00	0.00	500.00	100.00%
Depreciation Expense	0.00	1,514.20	(1,514.20)	0.00	9,874.72	(9,874.72)	0.00%
Annual Meeting Expense	333.00	0.00	333.00	4,000.00	2,686.90	1,313.10	32.83%

**Northeast Nebraska Economic Development District**  
Statement of Revenues and Expenditures  
From 04/01/2010 Through 04/30/2010

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Board Meeting Expense	17.00	0.00	17.00	200.00	0.00	200.00	100.00%
USDA IRP Principal Expense	3,500.00	0.00	3,500.00	42,000.00	0.00	42,000.00	100.00%
USDA Interest Expense	1,000.00	4,837.69	(3,837.69)	12,000.00	11,100.45	899.55	7.50%
Microenterprise Interest Exp.	1,000.00	916.66	83.34	12,000.00	9,583.25	2,416.75	20.14%
Loans Written Off	1,250.00	129,946.72	(128,696.72)	15,000.00	129,946.72	(114,946.72)	(766.31)%
Loans Forgivable Portion	459.00	459.00	0.00	5,508.00	4,590.00	918.00	16.67%
Down Payment Assistance	0.00	0.00	0.00	0.00	109,394.00	(109,394.00)	0.00%
Miscellaneous	0.00	77.89	(77.89)	0.00	314.65	(314.65)	0.00%
Total Expenditures	135,182.00	217,023.32	(81,841.32)	1,735,008.00	1,057,458.93	677,549.07	39.05%
Total Revenues Over (Under) Expenditures	8,407.00	(129,575.67)	(137,982.67)	(11,933.00)	75,189.92	87,122.92	(730.10)%

**Nominating Committee Report**  
**NENEDD Board Agenda Material**

**Item V. A**

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**Object:** Report from April Committee Meeting

**Contact Person:** Tom Higginbotham, Executive Director

**For: Discussion**

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**Background:** The Nominating Committee is made up of Jeff Scherer, Kendrick Marshall, Gaylord Wilcox and Melissa Graham. The Nominating Committee met on April 28<sup>th</sup>, 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 will meet in May and present a formal slate of Board of Directors and Officers for approval at the June board meeting.

**Hardship Review Housing Rehabilitation Client #99530**

**NENEDD Board Agenda Materials**

**Item VI. A**

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**Object:** Hardship Review for Client #99530 for 100% Forgivable Loan

**Contact Person:** Judy Joy

**For: Action**

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**Background:** Client was currently at 50% Payback Loan – 50% Forgivable Loan

**Explanation:** Client's wife has recently passed away and household income has decreased. Currently has \$1303.16 left on payback loan and \$1066.23 on the forgivable loan. If approved the total amounts of both loans would be 100% forgivable over a 10 year period. It is the staff's recommendation to approve the hardship review application to be 100% forgivable loan over a 10 year period.

**Motion:** To approve client #99530 for a 100% forgivable loan.

**RLF – Change of Personal Guaranty for Loan #0701**

**NENEDD Board Agenda Material**

**Item VI. B**

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**Object:** Approve request to change personal guaranty for loan #0701.

**Contact Person:** Jeff Christensen

**For: Action**

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**Background:**

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.

In May, 2008, Barb requested that we release Mr. Assman's Guaranty. It was not approved at that time as the board pointed out that since we needed the additional collateral when we initially did the loan and the business then was not doing well, or not even completely in business, then they felt we still needed the guaranty as collateral. If there was some other collateral available to replace Allan's guaranty, they are more than willing to work with her on that.

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.

**Motion:** To approve the request of Barbara Thompson, to change the personal guaranty for loan # 0701.

**RLF – Request to Reschedule Loan for Loan #308014**

**NENEDD Board Agenda Material**

**Item VI. C**

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

**Contact Person:** Holly Quinn

**For: Action**

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**Explanation:** 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.

Unfortunately, the company has been shut down for several months. During this time Anthony Arkfeld, President, is working on several projects and trying to develop new business ventures this summer.

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.

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

**RLF – Loan Approval for Jeff & Jill Ellis (Ellis Heating, Plumbing & A/C Inc) - Wayne**

**NENEDD Board Agenda Material**

**Item VI. D**

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**Object:** Approve a loan for Jeff & Jill Ellis (Ellis Heating, Plumbing & A/C Inc.)

**Contact Person:** Holly Quinn

**For: Action**

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**Project Overview and Description:**

Jeff and Jill Ellis started Ellis Plumbing, Heating & A/C Inc., in November 2004. Jeff and Jill were a sole proprietorship and incorporated the business in 2009. Jeff and Jill are purchasing the real estate personally and the business will be making rent payments to them to cover the debt. The business operates year round and services and installs all aspects of plumbing, heating and air-conditioning, commercial as well as residential and new construction and remodels. The company is located two miles outside of Wayne and they are looking to move the business within city limits. This will give them a larger building to work out of and allow more convenience for their trucks and customers. The company is licensed for HVAC in Norfolk and Wayne and plumbing in Wayne. They serve about a 75 mile radius of Wayne including 5,000+ customers in their immediate market area.

Along with having a new building, they would like to add a small showroom, an office and update the sewer cleaning equipment. They have added duct cleaning to their services as a way to expand their target market. They have also recently added sewer and drain cleaning and have purchased a sewer camera for inspections.

Total project costs are estimated to be \$ 393,000. This includes the purchase of real estate (\$264,000), refinancing an existing SBA loan (\$50,000), working capital (\$30,000) and FFE (11,000). First National Bank of Wayne is looking at providing a loan for \$180,000, which includes \$30,000 as a line of credit, refinancing an existing \$50,000 that was a SBA Express Loan and providing \$100,000 for the purchase of real estate. They are asking that NENEDD provide \$100,000 and the City of Wayne to provide \$75,000 for the purchase of the building (\$164,000 and \$11,000 for the purchase of FFE). Jeff and Jill have recently injected \$30,000 cash into the business and purchased the duct cleaning system for \$8,000. This project will retain 2 FTE and create 3 FTE jobs.

**Sources and Uses:**

Source	Bank	NENEDD	Wayne	Equity	Total
Real Estate/Building	\$100,000	\$89,000	\$75,000	-0-	\$264,000
Working Capital	\$30,000	-0-	-0-	\$30,000	\$60,000
Other	\$50,000	-0-	-0-	-0-	\$50,000
FFE	-0-	11,000	-0-	\$8,000	\$19,000
<b>Total</b>	\$180,000	\$100,000	\$75,000	\$38,000	\$393,000

**V. Proposed Loan Package and Related Collateral:**

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.)

**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.

**RLF – Loan Approval for Laurel BioComposite, LLC - Laurel  
NENEDD Board Agenda Material**

**Item VI. E**

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**Object:** Approve a loan for Laurel BioComposite, LLC - Laurel

**Contact Person:** Holly Quinn

**For: Action**

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**Project Overview and Description:**

Laurel BioComposite, herein referred to as the Company, is a start up business that needs working capital for research and development to complete Phase 1. They are requesting \$250,000 total with NENEDD providing a regular loan for \$100,000 and a bridge loan for Nebraska Department of Economic Development for \$150,000 on a short-term basis until DED has gone through and received approval for CDBG funds. Laurel BioComposite was started in December 2007 as an LLC. The main purpose of this company is to produce a biobased plastic resin enhancer (LignoMaxx) from distillers dried grains with solubles or other lignin containing materials. Plastics product manufacturing is the fourth largest manufacturing group in the United States. Generally there are two major segments in the plastic industry, thermosets and thermoplastics. The company has decided to start out making powder thermosets. The company has done extensive research and has found that LignoMaxx can be used as a substitute or replacement for part of the higher priced resin as well as part or all of the filler in many thermoplastic products. Laurel BioComposite is projecting that LignoMaxx can be sold consistently at 75-80% of the price of polypropylene and polyethylene.

There are two phases to the project. Phase 1 is working capital for research and development. They are near the end of Phase 1 and over the months they have been developing, testing, promoting their product and identifying their market. They have spent \$1M during this phase. The Company has made offerings to investors during this phase and has over \$4M in the bank and anticipates a total of \$8M by the end of their offering term, August 31, 2010. NENEDD is being asked to participate with two loans totaling \$250,000. NENEDD will provide a \$100,000 for working capital, but the Company will need an additional bridge loan of \$150,000 on a short term basis. Nebraska Department of Economic Development is involved in the financing of the infrastructure, Phase 2. DED will approve a \$350,000 Community Development Block Grant (CDBG) to the City of Laurel. DED will also be providing \$150,000 for working capital (this will replace our \$150,000).

Total project costs for Phase 1 are estimated to be \$1,300,000. (GAP = \$250,000) The Company has asked the District to provide two loans totaling \$250,000. Loan #1 - \$100,000 and Loan #2 - \$150,000. Both loans will be for working capital to conduct research and development. Security National Bank in Laurel has already provided the Company with a line of credit for \$50,000. The Company has also injected \$1,000,000 of their own equity (seed money raised) into the project.

Total project costs for Phase 2 are estimated to be \$19,350,000 for the construction of the plant, purchase of the land and working capital. AgCountry Bank in North Dakota will be coming into the project around August 31 to provide a loan for \$9,000,000 and a line of credit for \$2,000,000. (AgCountry has provided a terms letter.) By August 31, they are to have \$8,000,000 of investor equity in escrow. Nebraska Department of Economic Development is providing them with a Community Development Block Grant for a total of \$500,000 (\$350,000 for public works infrastructure and \$150,000 for working capital). (Their \$150,000 will replace our \$150,000.) This business will be creating 30 new FTE jobs.

**IV. Sources and Uses: All Phases**

Source	Bank #1 AgCountry	NENEDD #1	NENEDD CDBG Bridge Loan #2	CDBG	Bank # 2 Sec Nat'l	Investors Equity in Escrow	Equity Invested To Date	Total
Real Estate/Building	\$9,000,000					\$8,000,000		\$17,000,000
Working Capital		\$100,000	\$150,000				\$1,000,000	\$1,250,000
Other				\$350,000				\$350,000
Line of Credit (W/C)	\$2,000,000				\$50,000			\$2,050,000
<b>Total</b>	<b>\$11,000,000</b>	<b>\$100,000</b>	<b>\$150,000</b>	<b>\$350,000</b>	<b>\$50,000</b>	<b>\$8,000,000</b>	<b>\$1,000,000</b>	<b>\$20,650,000</b>

**Sources for Phase 1**

Source	NENEDD #1	NENEDD CDBG Bridge Loan #2	Bank – Sec Nat'l	Equity Invested to date	Total
Real Estate/Building					
Working Capital	\$100,000	\$150,000		\$1,000,000	\$1,250,000
Line of Credit (W/C)			\$50,000		\$50,000
<b>Total</b>	<b>\$100,000</b>	<b>\$150,000</b>	<b>\$50,000</b>	<b>\$1,000,000</b>	<b>\$1,300,000</b>

**Sources for Phase 2**

Source	Bank #1 AgCountry	Investors Equity in Escrow	Total
Real Estate/Building	\$9,000,000	\$8,000,000	\$17,000,000
Working Capital			
Line of Credit (W/C)	\$2,000,000		\$2,000,000
<b>Total</b>	<b>\$11,000,000</b>	<b>\$8,000,000</b>	<b>\$19,000,000</b>

**V. Proposed Loan Package and Related Collateral:**

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).

**Motion:** To approve the loan application for Laurel BioComposite, LLC as presented and recommended by the Northeast RLF Committee.

**RLF – Adopt NDO Regional CDBG RLF Plan and Enter into MOU Transferring Regional CDBG Fund Program Income to NED, Inc.**

**NENEDD Board Agenda Material**

**Item VI. F**

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**Objects:**

- Adopt NDO Regional CDBG RLF Plan
- Enter into MOU Transferring Regional CDBG Fund Program Income to NED, Inc.

**Contact Person:** Jeff Christensen

**For: Action**

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**Background:** 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.

**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.

RESOLUTION

A RESOLUTION OF THE NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT, ACCEPTING AND ADOPTING THE NORTHEAST ECONOMIC DEVELOPMENT, INC.'S (NED, INC.) REGIONAL BUSINESS REVOLVOING LOAN FUND GUIDELINES, WHICH ARE ATTACHED HERETO.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT THAT FUTURE LOANS MADE USING REGIONAL COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT REUSE FUNDS WILL ADHERE TO THE CURRENT NED, INC. BUSINESS REVOLVING LOAN FUND GUIDELINES AS APPROVED BY THE NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT. IT IS EXPRESSLY UNDERSTOOD THAT FUTURE LOANS MADE BY THE NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT, USING ITS REGIONAL COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT REUSE FUNDS WILL BE ASSIGNED TO NED, INC., AND WILL BE REUSED FOR ECONOMIC DEVELOPMENT ACTIVITIES AS OUTLINED IN NED, INC.'S NON-PROFIT DEVELOPMENT ORGANIZATION (NDO) REVOLVING LOAN FUND REUSE PLAN, IS HEREBY APPROVED AND ADOPTED.

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2010.

\_\_\_\_\_  
CHAIRMAN

Item VI. F

MEMORANDUM OF UNDERSTANDING  
BETWEEN NORTHEAST ECONOMIC DEVELOPMENT, INC., NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT, AND  
NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT

This Memorandum of Understanding (“MOU”) is entered into between the Northeast Economic Development, Inc. (NED, Inc.) and the Northeast Nebraska Economic Development District (NENEDD) and Nebraska Department of Economic Development (NDED),

WHEREAS, the NENEDD is the recipient of Regional Community Development Block Grant (CDBG) Funds and,

NOW, THEREFORE, in consideration of the mutual promises, covenants and provisions contained herein and the mutual benefits to be derived therefrom, the parties hereto agree program income from the Regional CDBG economic development funds as follows:

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 NDED and will be reused for economic development activities as outlined in NED, Inc’s NDO Revolving Loan Fund reuse plan (*See Attachment A*).

This MOU is hereby executed by its duly authorized representatives.

\_\_\_\_\_  
**Gaylord Wilcox, President, NED, Inc.**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Jeff Scherer, Chairman, NENEDD**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**NDED Representative**

\_\_\_\_\_  
**Date**

## Corporation Resolution with BankFirst

### NENEDD Board Agenda Material

#### Item VI. G

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**Object:** Corporate Resolution with BankFirst

**Contact Person:** Patsy Taylor, Fiscal Officer

#### **For: Action**

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**Background:** 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.

**Explanation:** Since a new account was set up a corporate resolution for the new account is required by BankFirst.

**Motion:** Move to approve the corporate resolution with BankFirst.