

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

Board of Directors Meeting

NENEDD Offices

111 S 1st St, Norfolk, NE 68701

Wednesday, September 23, 2009 - 7:15 p.m.

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 August 2009 Minutes (as mailed)
- IV. Treasurer's Report**
 - A. August Treasurer's Report - Attachment #1
- V. Old Business**
 - A. RLF Report - Attachment #2
- VI. New Business**
 - A. RLF Loan – Attachment #3
 1. Arps Smokehouse and Locker, LLC (Brian Arps, Member) - Nickerson
 - B. City of Columbus Down Payment Assistance – Attachment #4

<u>Applicant #</u>	<u>Amount</u>	<u>Recommendation</u>
#100276	\$20,000	Approval
#100317	\$17,400	Approval
 - C. Resolution to certify EDA RLF Plan
 - D. Audit Update
 - E. New Building Discussion
 - F. Executive Director's Comments
- VII. Chairman's/Board Comments**

Next meeting: *The next meeting is on Wednesday, October 28, 2009 at 7:15 p.m.; location to be determined.*
- VIII. Adjournment**

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall
As of 8/31/2009

	Current Period Balance
Assets	
Cash in Bank - Checking	53,222.52
Savings Unrestricted - NPAIT 001	267,404.91
EDA RLF - NPAIT 002	233,138.75
Reserved Funds - NPAIT 013	75,658.16
Microloan Fund - NPAIT 003	6,682.75
Security Reserve Account	23,895.50
NE Regional RLF - NPAIT 004	294,382.81
Santee Micro Fund - NPAIT 012	8,002.05
IRP Loan Fund - NPAIT 006	385,938.11
HUD Business RLF - NPAIT 008	170,175.49
Unrestricted 2-Year CD	19,668.78
IRP Loss Reserve - NPAIT 009	15,068.24
Grants Receivable	3,084.00
Accounts Receivable	139,751.93
RLF Notes Receivable	1,412,123.33
Microloan Notes Receivable	45,117.38
NE Regional Notes Receivable	211,228.68
Prepaid Expense	287.06
IRP Fund Notes Receivable	1,323,377.11
HUD Business Loan Notes Receivable	59,197.67
Regional Rehab Notes Receivable	73,048.35
HUD Rehab Notes Receivable	89,408.03
IRP 2 NPAIT 015 Loan Loss Reserve	29,780.05
Housing Construction - NPAIT 016	1,307.73
Unrestricted CD-Midwest #882523	25,308.08
Cash in Bank - EDA Conference	1,031.93
Unrestricted CD-Midwest #881867	1,546.88
Allowance for Uncollectible A/R	(23,000.00)
Allowance for Uncollectible Notes	(493,000.00)
Furniture and Equipment	192,026.81
Accumulated Depreciation	(146,385.71)
Total Assets	4,498,477.38
Liabilities	
Accounts Payable	4,009.87
Other Payables	751.40
Stanton National Bank Line of Credit	36,014.00
Accrued FICA Payable	3,469.86
Federal Tax Withheld	1,776.96
State Tax Withheld	2,529.43
457 Withheld	778.96
Miscellaneous	(5.65)
Health Insurance Payable	(911.45)
Cafeteria Premium Payable	276.85
Unreimbursed Medical Payable	131.69
Annual Leave Payable	17,957.83
HSA Contributions	252.50
Accrued Unemployment	7.44
Accrued Workers Comp	(261.73)
Accrued Salaries	20,151.20
Microloan Note Payable	300,000.00

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall
As of 8/31/2009

	<u>Current Period Balance</u>
Lease Payable	13,989.05
IRP Loan Note Payable	625,275.77
IRP 2 Loan Note Payable	<u>483,769.49</u>
Total Liabilities	<u>1,509,963.47</u>
 Net Assets	
	<u>2,988,513.91</u>
Total Net Assets	<u>2,988,513.91</u>
 Total Net Assets and Liabilities	
	<u>4,498,477.38</u>

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures
 From 8/1/2009 Through 8/31/2009

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Revenues							
Federal Grants-EDA	5,292.00	0.00	(5,292.00)	63,500.00	0.00	(63,500.00)	(100.00)%
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	162,085.36	2,085.36	1.30%
Dues-Counties	1,063.00	0.00	(1,063.00)	12,750.00	13,125.00	375.00	2.94%
Dues-Associates	1,333.00	750.00	(583.00)	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)%
NED, Inc. Management	2,500.00	0.00	(2,500.00)	30,000.00	0.00	(30,000.00)	(100.00)%
General Administration Fees	20,083.00	0.00	(20,083.00)	241,000.00	2,500.00	(238,500.00)	(98.96)%
Grant Writing Fees	250.00	0.00	(250.00)	3,000.00	750.00	(2,250.00)	(75.00)%
Down Payment Assistance	0.00	36,014.00	36,014.00	0.00	56,014.00	56,014.00	0.00%
Lead Based Paint Inspection	2,500.00	500.00	(2,000.00)	30,000.00	1,500.00	(28,500.00)	(95.00)%
Housing Study Revenue	2,917.00	3,000.00	83.00	35,000.00	6,000.00	(29,000.00)	(82.86)%
Blight Study Revenue	250.00	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
Housing Administration Fees	20,406.00	19.36	(20,386.64)	244,875.00	3,486.87	(241,388.13)	(98.58)%
Comp Plan Revenue	3,333.00	4,146.00	813.00	40,000.00	4,146.00	(35,854.00)	(89.64)%
Microenterprise Mngt Revenue	2,500.00	0.00	(2,500.00)	30,000.00	0.00	(30,000.00)	(100.00)%
Local RLF Contributions	5,000.00	1,000.00	(4,000.00)	60,000.00	1,500.00	(58,500.00)	(97.50)%
EDA Peer Project Revenue	250.00	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
Loan Closing Revenue	233.00	0.00	(233.00)	2,800.00	200.00	(2,600.00)	(92.86)%
NPAT Investment Income	417.00	440.57	23.57	5,000.00	858.95	(4,141.05)	(82.82)%
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	15,898.87	65.87	190,000.00	31,045.75	(158,954.25)	(83.66)%
Business Loan Late Fee	21.00	0.00	(21.00)	250.00	25.00	(225.00)	(90.00)%
Loan Processing Fee	583.00	1,320.00	737.00	7,000.00	1,320.00	(5,680.00)	(81.14)%
Annual Servicing Fees	833.00	1,381.46	548.46	10,000.00	2,761.17	(7,238.83)	(72.39)%
Special Projects	1,417.00	0.00	(1,417.00)	17,000.00	0.00	(17,000.00)	(100.00)%
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	92.30	(7.70)	1,200.00	189.40	(1,010.60)	(84.22)%
Interest Income	2,083.00	595.29	(1,487.71)	25,000.00	1,261.91	(23,738.09)	(94.95)%
Miscellaneous Income	42.00	0.00	(42.00)	500.00	0.00	(500.00)	(100.00)%
In-Kind Contributions	1,250.00	1,250.00	0.00	15,000.00	2,500.00	(12,500.00)	(83.33)%
Total Revenues	143,589.00	66,407.85	(77,181.15)	1,723,075.00	305,895.46	(1,417,179.54)	(82.25)%

Expenditures

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures
From 8/1/2009 Through 8/31/2009

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Salaries and Wages	52,392.00	48,503.42	3,888.58	628,700.00	97,813.86	530,886.14	84.44%
Fringe Benefits	13,098.00	10,057.54	3,040.46	157,175.00	20,803.67	136,371.33	86.76%
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	2,500.00	12,500.00	83.33%
Telephone	667.00	659.25	7.75	8,000.00	1,523.75	6,476.25	80.95%
Postage	500.00	503.55	(3.55)	6,000.00	503.55	5,496.45	91.61%
Office Supplies	833.00	122.33	710.67	10,000.00	745.81	9,254.19	92.54%
Training	417.00	0.00	417.00	5,000.00	300.00	4,700.00	94.00%
Travel-Board of Directors	42.00	0.00	42.00	500.00	0.00	500.00	100.00%
Travel-Staff	3,333.00	7,403.55	(4,070.55)	40,000.00	11,163.20	28,836.80	72.09%
Photo Expense	17.00	7.20	9.80	200.00	8.40	191.60	95.80%
Printing/Publishing	125.00	0.00	125.00	1,500.00	0.00	1,500.00	100.00%
Copier Expense	417.00	346.34	70.66	5,000.00	579.66	4,420.34	88.41%
Donations	2,183.00	0.00	2,183.00	26,200.00	3,125.00	23,075.00	88.07%
Computer Maintenance/Software	250.00	0.00	250.00	3,000.00	82.50	2,917.50	97.25%
Computer Equipment	167.00	0.00	167.00	2,000.00	0.00	2,000.00	100.00%
Electronic Mail	63.00	39.53	23.47	750.00	79.06	670.94	89.46%
Financial Software	375.00	100.00	275.00	4,500.00	3,512.00	988.00	21.96%
EDA Peer Project	417.00	0.00	417.00	5,000.00	0.00	5,000.00	100.00%
Loan Closing Expense	233.00	183.55	49.45	2,800.00	467.68	2,332.32	83.30%
Building Maintenance	250.00	228.75	21.25	3,000.00	457.50	2,542.50	84.75%
Utilities	542.00	547.39	(5.39)	6,500.00	1,135.67	5,364.33	82.53%
Dues/Memberships	417.00	281.00	136.00	5,000.00	281.00	4,719.00	94.38%
Subscriptions/Reference	42.00	0.00	42.00	500.00	0.00	500.00	100.00%
Advertising/Marketing	333.00	505.66	(172.66)	4,000.00	599.03	3,400.97	85.02%
Insurance	708.00	0.00	708.00	8,500.00	0.00	8,500.00	100.00%
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	0.00	1,500.00	100.00%
Audit Fees	558.00	0.00	558.00	6,700.00	0.00	6,700.00	100.00%
Other Professional Services	1,100.00	2,000.00	(900.00)	13,200.00	5,270.00	7,930.00	60.08%
Annual Staff Retreat Expense	42.00	0.00	42.00	500.00	0.00	500.00	100.00%
Depreciation Expense	0.00	1,112.45	(1,112.45)	0.00	2,224.90	(2,224.90)	0.00%
Annual Meeting Expense	333.00	0.00	333.00	4,000.00	2,686.90	1,313.10	32.83%
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	0.00	1,000.00	12,000.00	0.00	12,000.00	100.00%

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures
From 8/1/2009 Through 8/31/2009

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Microenterprise Interest Exp.	1,000.00	999.99	0.01	12,000.00	1,999.98	10,000.02	83.33%
Loans Written Off	1,250.00	0.00	1,250.00	15,000.00	0.00	15,000.00	100.00%
Loans Forgivable Portion	459.00	459.00	0.00	5,508.00	918.00	4,590.00	83.33%
Down Payment Assistance	0.00	36,014.00	(36,014.00)	0.00	56,014.00	(56,014.00)	0.00%
Miscellaneous	0.00	6.00	(6.00)	0.00	12.50	(12.50)	0.00%
Total Expenditures	149,288.00	111,330.50	37,957.50	1,791,433.00	214,807.62	1,576,625.38	88.01%
Total Revenues Over (Under) Expenditures	(5,699.00)	(44,922.65)	(39,223.65)	(68,358.00)	91,087.84	159,445.84	(233.25)%

Additional Information:
 Business Loan Principal Received-\$34,204.32
 Housing Rehab Principal Received-\$1,961.61
 Business Loan Disbursements-\$00.00



*Northeast Nebraska
Economic Development District*

111 South 1st • Norfolk, NE 68701 • (402) 379-1150 • Fax (402) 379-9207

MEMO

Date: September 23, 2009

TO: NENEDD Board of Directors

**From: Jeff Christensen/Holly Quinn
Business Loan Specialists**

In the time period since the last meeting including the August 24, 2009, NENEDD Board of Director's meetings two new loans were approved. One loan was closed and one is waiting on SBA approval.

There is one new loan recommended for approval at this Board of Directors meeting:
Arps Smokehouse and Locker, LLC – Nickerson

One loan of note: LCH, Inc. – Mr. B's Convenience Store - Bloomfield

Other projects being addressed in the past 30 days:

Smokehouse / Locker (2) – start up
Restaurant (2) expansion
Dairy – existing
Consulting Firm – start up
Hydraulic Doors – start up
Photography – existing
Power Tower – start up

Pre-School/Daycare – buy existing
Bowling Alley – buy existing
Feeding Business - expansion
Hair Salon – start up
Computer repair – start up
Pharmacy – start up
Spreader – farming—expansion

- Holly/Jeff – NEF policy calls
- Holly – webinars
- Holly/Jeff – GROW conference call
- Jeff – Columbus CR meeting
- Holly/Jeff – Business and Industry Expo
- Jeff – CDFI reporting webinar
- Jeff – NEDA/micro panel conference call
- Holly/Jeff – MRP tour in Platte Center
- Holly/Jeff – CKPPD Loan for Burbach's Countryside Dairy, LLC – Hartington
- Holly/Jeff – SBA application for funds

Loan Applicant: Arps Smokehouse and Locker, LLC (Brian Arps, Member) - Nickerson

I. Project Overview and Description:

Brian Arps has been processing deer and smoking meat since 1997 as a hobby. Originally he started with five to seven deer in the first few years. Over time his hobby increased to 100 deer until 2007 when he started doing it as an actual business and now does 275 to 300 deer each of the last two years. Up to this point, Brian has been doing this from his small garage at his home in Arlington. Since forming his LLC in 2008, the City of Arlington has notified him he can no longer operate within the city limits leaving him no choice but to take it to the next level.

Brian bought property at 211 Cedar Street in Nickerson to expand his deer processing. This includes three buildings of which one he will renovate into a smokehouse and locker facility (1,860 sq. ft.). Renovation includes putting in concrete floor, insulation, lighting, sewer, and purchasing a cooler to be installed on the property attached to the building. There is water at the property in one building, but Brian will need to run it from one building to the building he is going to use. This building also has a separate portion (527 sq. ft.) that is rented by a small auto repair shop. This will continue to be rented out for add'l \$150/mo plus utilities. The renter also takes care of the mowing and snow removal.

The total project cost is estimated to be \$155,000. This includes renovation costs (\$66,500) and the purchase of a cooler (\$11,000). There is also real estate, including three buildings (\$42,500), and equipment (\$35,000) that Brian Arps owns free and clear. Brian Arps and Two Rivers Bank in Blair are requesting that NENEDD provide a loan in the amount of \$35,000 for purchase of the cooler and building renovations. The bank will provide a loan of \$42,500. Mr. Arps will provide the real estate and equipment he owns valued at \$77,500 as his equity injection. The project will create 2.0 FTE jobs.

II. Sources and Uses:

Source	Bank	NENEDD	Equity	Total
Bldg renovation	\$42,500	\$24,000	-0-	\$66,500
Cooler	-0-	\$11,000	-0-	\$11,000
Real estate/Bldg	-0-	-0-	\$42,500	\$42,500
Equipment	-0-	-0-	\$35,000	\$35,000
TOTAL	\$42,500	\$35,000	\$77,500	\$155,000

III. Proposed Loan Package and Related Collateral:

The Northeast RLF Board recommends a loan of \$35,000 for renovations to the facility and to purchase a cooler to expand Arps Smokehouse and Locker, LLC. Two Rivers Bank in Blair has agreed to provide a loan of \$42,500 for this project. The bank's primary loan will have a term of 10 years and an interest rate of 7.50% (fixed). The bank will secure its loan with a primary lien on all business property including the real estate in Nickerson. NENEDD will lend \$35,000 for renovations to the facility and to purchase a cooler to expand Arps Smokehouse and Locker, LLC. 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 to the bank on all business and personal property including real estate in Nickerson. NENEDD will file a Deed of Trust on Brian Arps' residence in Arlington. NENEDD will also require a personal guaranty and an assignment of life insurance from Brian Arps for the amount of the loan for the life of the loan.

CITY OF COLUMBUS (NENEDD IS SUB-RECIPIENT)

MORTGAGE QUALIFYING WORK SHEET

Pinnacle Bank - Columbus

2008 COLUMBUS DPA APPLICANT: #100276

CREDIT SCORE: 680 Good TYPE: Equifax

PURCHASE PRICE: \$100,000 PROPERTY: 1222 5th Street, Columbus, NE 68601

Recommendation: Approval

Board mtg: 9/23/09

Closing date: 9/25/09

Maturity date:

	100,000.00
- PRIMARY LENDER CLOSING COSTS	5,088.72
- CITY OF COLUMBUS CLOSING COSTS	500.00
SUBTOTAL:	105,588.72
- DOWN PAYMENT REQUIRED BY HOMEOWNER	(3,988.72)
- MAXIMUM BANK LOAN	(81,600.00)
- CITY OF COLUMBUS DOWN PAYMENT ASSISTANCE	(20,000.00)
- OTHER SUBORDINATE FINANCING	0.00

APPRAISED VALUE: \$ 103,000.00

(MORTGAGE AMOUNT / SALE PRICE OR PURCHASE)

ESTIMATED LOAN TO VALUE RATIO % 0.82

TERM OF LOAN: USDA 30 YR INTEREST RATE: 5.50%

TYPE OF LOAN: (NIFA, CONVENTIONAL, ETC.) FSA/RHS (USDA/RHS)

HOUSING EXPENSE TO GROSS MONTHLY INCOME

(TOTAL GROSS ANNUAL INCOME FROM ALL SOURCES ÷ 12)

TOTAL GROSS MONTHLY INCOME: 2,921.35

MONTHLY EXPENSES (P + I ONLY): 463.32

REAL ESTATE TAXES: 84.70

INSURANCE (HAZARD): 58.34

INSURANCE (PRIVATE MORTGAGE INSURANCE): 0.00

TOTAL HOUSING EXPENSE: 606.36

HOUSING EXPENSE: 606.36

GROSS MONTHLY INCOME: 2,921.35

RATIO HOUSING EXPENSE DEBT: 20.76%

CONVENTIONAL - MAXIMUM RATIO IS 25% to 28%

HOUSING EXPENSE PLUS OTHER MONTHLY DEBT TO GROSS MONTHLY INCOME

(DO NOT INCLUDE DEBTS WITH LESS THAN 10 PAYMENTS REMAINING)

TOTAL HOUSING EXPENSE: 606.36

CREDIT CARDS: 0.00

AUTOMOBILE PAYMENTS: 286.00

OTHER DEBT (PERSONAL LOAN): 0.00

OTHER DEBT: 0.00

TOTAL: 892.36

HOUSING EXPENSE PLUS OTHER DEBT: 892.36

GROSS MONTHLY INCOME: 2,921.35

RATIO MONTHLY DEBT: 30.55%

CONVENTIONAL - MAXIMUM RATIO IS 33% to 40%

HQS Inspection: Completed by: Scott Owen

Date: 9/10/2009

Approval contingent upon repairs made by closing date 9/25/09

NOTES:

CITY OF COLUMBUS (NENEDD IS SUB-RECIPIENT)

MORTGAGE QUALIFYING WORK SHEET

Pinnacle Bank - Columbus

2008 COLUMBUS DPA APPLICANT: 100317

CREDIT SCORE: 633 Fair TYPE: Equifax

PURCHASE PRICE: \$87,000 PROPERTY: 2221 19th Street, Columbus, NE 68601

Recommendation: Approval

Board mtg: 9/23/09

Closing date: 9/30/09

Maturity date: _____

	<u>87,000.00</u>
- PRIMARY LENDER CLOSING COSTS	<u>3,668.62</u>
- CITY OF COLUMBUS CLOSING COSTS	<u>500.00</u>
SUBTOTAL:	<u>91,168.62</u>
- DOWN PAYMENT REQUIRED BY HOMEOWNER	<u>(1,268.62)</u>
- MAXIMUM BANK LOAN	<u>(72,500.00)</u>
- CITY OF COLUMBUS DOWN PAYMENT ASSISTANCE	<u>(17,400.00)</u>
- OTHER SUBORDINATE FINANCING	<u>0.00</u>

APPRAISED VALUE: \$92,000

(MORTGAGE AMOUNT / SALE PRICE OR PURCHASE)

ESTIMATED LOAN TO VALUE RATIO % (0.83)

TERM OF LOAN: USDA/RHS 30 YR INTEREST RATE: 5.50%

TYPE OF LOAN: (NIFA, CONVENTIONAL, ETC.) FSA/RHS (USDA/RHS)

HOUSING EXPENSE TO GROSS MONTHLY INCOME

(TOTAL GROSS ANNUAL INCOME FROM ALL SOURCES ÷ 12)

TOTAL GROSS MONTHLY INCOME: 2,596.06

MONTHLY EXPENSES (P + I ONLY): 411.65

REAL ESTATE TAXES: 104.17

INSURANCE (HAZARD): 55.50

INSURANCE (PRIVATE MORTGAGE INSURANCE): 0.00

TOTAL HOUSING EXPENSE: 571.32

HOUSING EXPENSE: 571.32

GROSS MONTHLY INCOME: 2,596.06

RATIO HOUSING EXPENSE DEBT: 22.01%

CONVENTIONAL - MAXIMUM RATIO IS 25% to 28%

HOUSING EXPENSE PLUS OTHER MONTHLY DEBT TO GROSS MONTHLY INCOME

(DO NOT INCLUDE DEBTS WITH LESS THAN 10 PAYMENTS REMAINING)

TOTAL HOUSING EXPENSE: 571.32

CREDIT CARDS: 0.00

AUTOMOBILE PAYMENTS: 271.00

OTHER DEBT (PERSONAL LOAN): 0.00

OTHER DEBT: 0.00

TOTAL: 842.32

HOUSING EXPENSE PLUS OTHER DEBT: 842.32

GROSS MONTHLY INCOME: 2,596.06

RATIO MONTHLY DEBT: 32.45%

CONVENTIONAL - MAXIMUM RATIO IS 33% to 40%

HQS Inspection: Completed by: Scott Owen

Date: 9/16/09

Approval contingent upon minor repairs done by closing on 9/30/09

NOTES: